

## STRATEGIC INVESTOR

On August 18, 2004, HSBC subscribed for 7,774,942,580 shares (the "Subscription Shares"), representing 19.90% of our issued share capital, in the form of Unlisted Foreign Shares, for approximately US\$1.75 billion in cash.

### Investor Rights Agreement

As part of and as a condition to HSBC's subscription, we entered into the investor rights agreement with HSBC (the "Investor Rights Agreement"), in which the parties agreed, among other things, to the following:

- If, during the period ending on the listing of our Shares outside of the PRC through an initial public offering, we issue any additional Shares, or any rights to acquire additional Shares, or any other securities convertible into additional Shares, HSBC will, subject to all applicable PRC laws and regulations and certain limited exceptions relating to stock option plans and business combinations involving our Company, have the right to purchase such number of additional Shares or rights or securities to be issued by us so as to maintain HSBC's percentage interest in our Company immediately prior to such issuance.

Pursuant to this right, HSBC has advised us that it intends to subscribe for an additional number of H Shares to be issued by us under the Global Offering in order to maintain its percentage interest in our Company at 19.90% following the completion of the Global Offering (assuming no additional Ordinary Shares are issued under the HSBC Price Adjustment Top-Up). Assuming HSBC will subscribe for additional H Shares to maintain its percentage interest in our Company at 19.90%, upon completion of the Global Offering and the conversion of its legal person shares in our Company into H Shares, it is expected that HSBC will own 8,940,211,580 H Shares, representing 19.90% of the enlarged issued share capital of our Company (assuming no additional Ordinary Shares are issued under the Over-allotment Option or the HSBC Price Adjustment Top-Up). If the Over-allotment Option is exercised, HSBC would have the right to subscribe for additional H Shares to be issued under the Over-allotment Option so as to maintain its percentage interest at the 19.90% level (assuming no new Shares are issued under the HSBC Price Adjustment Top-Up) and has advised us that it intends to exercise such right. Assuming HSBC will, in the event that the Over-allotment Option is exercised, subscribe for additional H Shares to maintain its percentage interest in our Company at 19.90%, it is expected that, upon completion of the Global Offering and the conversion of its legal person shares in our Company into H Shares, HSBC will own 9,115,002,580 H Shares, representing 19.90% of the enlarged issued share capital of our Company (assuming no additional Ordinary Shares are issued under the HSBC Price Adjustment Top-Up). Any H Shares so subscribed by HSBC will be subscribed under the same terms as those generally offered to other investors under the Global Offering. After the listing of our H Shares, such anti-dilution right of HSBC will lapse and cease to apply, except in connection with the exercise of the Over-allotment Option.

- HSBC may not transfer the Subscription Shares or the additional Shares subscribed by it pursuant to the anti-dilution right of HSBC referred to above until after August 18, 2008, except (1) to any of the affiliates of HSBC or (2) in any public offering of Shares of our Company, HSBC has the right to include in such public offering Shares of our Company held by HSBC at that time, provided that prior to August 18, 2008, HSBC may not include for sale in such public offering more than 25% of the Shares of our Company held by HSBC.
- During the period ending on our initial public offering involving the listing of our Shares outside of the PRC, if we wish to issue any additional Shares, or other securities convertible into additional Shares, in a private placement (other than any issuances in a private placement in the PRC to entities organized or incorporated and existing in the PRC in which no foreign person owns, directly or indirectly, voting securities), or if we launch a public offering, and the price per share in such issuance or public offering is to be below the price per share paid by HSBC under the share subscription agreement for the 19.90%

## STRATEGIC INVESTOR

equity interest in our Company (the “Share Subscription Price”), we must make cash payments and/or issue bonus Shares to HSBC, the amount and/or number of which will be calculated by reference to the difference between the price paid by HSBC under the share subscription agreement and the price for the same number of new Shares under the new issuance or public offering (“HSBC Price Adjustment Top-Up”), before we may complete the new issuance or public offering. Save for any cash payments and/or bonus Shares to be made or issued to HSBC under the HSBC Price Adjustment Top-Up in connection with the Global Offering, the HSBC Price Adjustment Top-Up shall cease to apply after the listing of our H Shares. The Share Subscription Price is lower than the minimum price of the indicative Offer Price range. Based on such price range, it is expected that the HSBC Price Adjustment Top-Up right will not be exercised.

- If, during the period between August 19, 2008 and August 18, 2009, HSBC desires to transfer any of its Shares in our Company (other than transfers of Shares to HSBC’s affiliates or to entities formed from business combinations involving HSBC or pursuant to an exercise by HSBC of its right to include its Shares in any public offering of our Company), it is obliged to first submit a written offer to our Company.
- During the period ending on August 17, 2007, HSBC may not acquire, or offer to acquire, by means of a purchase, tender or exchange offer, business combination or in any other manner, directly or indirectly, ownership or control of any equity securities of our Company other than through a transaction contemplated under the Investor Rights Agreement or the Credit Cards Cooperation Agreement, through transactions in the ordinary and usual course of business, or through an acquisition by HSBC in any rights issuance by our Company to all of our shareholders or any open market acquisition in order to maintain its percentage interest in our Company.
- If we conduct a public offering outside of the PRC, we will use all reasonable efforts to assist HSBC to apply for approvals from the relevant PRC governmental entities to convert the Ordinary Shares of our Company held by HSBC in the form of legal person shares into overseas listed foreign invested shares, and to apply for a listing of these shares on the relevant stock exchanges at the same time as the listing of our Shares. All the legal person shares held by HSBC will be converted into H Shares at the time the H Shares offered in the Global Offering are issued. After such conversion, our obligation to assist HSBC to apply for approvals to convert its legal person shares into H Shares will cease to apply. HSBC may not, subject to certain limited exceptions, sell, or otherwise transfer, its converted H Shares until after August 18, 2008.
- HSBC has the right to nominate two candidates to serve on our Board as Directors. The appointment of such candidates as our Directors must be approved by our shareholders. Our shareholders are not obligated to approve such appointment. HSBC has agreed to waive its right to nominate two candidates to serve on our Board as Directors upon listing of our H Shares on the Hong Kong Stock Exchange. Our Articles of Association provide that any shareholder, individually or collectively, having more than 5% of our shares with voting rights would have a right to nominate any number of candidate(s) to be elected as our Director(s) at our shareholders’ meeting. In addition, if there is any casual vacancy on our Board, the shareholder with its nominated Director serving on our Board would not have the right to nominate another candidate to fill such casual vacancy. There is no limit to the number of Directors that may be nominated in one resolution.
- HSBC also has the right to have one of the two directors on our Board designated by HSBC to be appointed to the audit committee and the personnel and compensation committee of our Board. In addition, HSBC has the right, but without any obligation, to require us to engage a person designated by HSBC to serve in a senior management position at our Company to be agreed between HSBC and us from time to time. The appointment of the HSBC-designated director as a member of the audit committee and the personnel and compensation committee of our Board and also the appointment of the HSBC-designated senior management officer will be subject to the approval of our Board

## STRATEGIC INVESTOR

and our Directors will appropriately exercise their fiduciary duties in approving such appointments.

- We are required to provide to HSBC (1) annual audited financial statements prepared in accordance with IFRS within 120 days after the end of each fiscal year, (2) unaudited financial statements prepared in accordance with IFRS for the three months ending March 31, the six months ending June 30 and the nine months ending September 30 in each fiscal year, within 2 months after the end of the first, second and third fiscal quarters, respectively, and (3) all other relevant financial and operating data and other information with respect to our business as HSBC may reasonably require for the purpose of preparing its own financial information or making any filings and disclosure required by applicable laws and regulations. We will make available to the public the unaudited financial statements for the first three months, six months and nine months of each fiscal year at the same time as they are provided to HSBC and such unaudited financial statements will be prepared and published in accordance with the requirements applicable to interim reports under the Hong Kong Listing Rules. HSBC may request information outside of our published financial statements when such information is required as part of any regulatory filings with or in response to any inquiries from applicable regulators, including the Hong Kong Stock Exchange, or is needed to assist HSBC in preparing its own financial information. We are also required to provide to HSBC any annual operating budget or any business plan within 30 days after its adoption by our Board. However, HSBC has agreed to waive such right to receive any annual operating budget or business plan upon listing of our H Shares on the Hong Kong Stock Exchange.
- During the period from August 18, 2008 to August 18, 2012, HSBC has the right, subject to certain conditions, to increase its percentage equity interest in our Company. The conditions for the exercise by HSBC of this right include:
  - the then applicable PRC laws and regulations have increased the maximum percentage ownership in a PRC-invested financial institution permitted to be held by a single financial institution organized or incorporated outside of the PRC;
  - the listing rules applicable to our Company permit such increase in the percentage interest held by HSBC;
  - PRC regulatory approvals have been received;
  - HSBC's percentage interest in our Company after the exercise of this right will not exceed 40% and will not render us a non-Chinese-invested financial institution under applicable PRC laws and regulations;
  - HSBC will hold no less than 7,774,942,580 of our Company's Shares (other than as a result of sales, transfers or dispositions of such shares required by PRC laws and regulations) at the time of the exercise of this right; and
  - if HSBC's percentage interest in our Company after the exercise of this right would exceed the percentage interest of the MOF (or its legal successors) (as at August 18, 2004), HSBC may exercise this right only upon the receipt of consent and approval by the MOF.

HSBC would exercise this right only if our Company would be able to satisfy the minimum public float requirement required under the Hong Kong Listing Rules or as agreed with the Hong Kong Stock Exchange from time to time.

New Shares will be issued by us if HSBC exercises this right. Such issue will be conducted in accordance with the requirements of the Articles of Association, including but not limited to the requirement to convene separate class meetings with respect to the relevant class of Shares. Approval by the relevant class of shareholders will be required.

If HSBC exercises this right upon the satisfaction of the above conditions, the following will apply:

- If at the time of HSBC's exercise of this right, any of our Shares are listed on a stock exchange outside the PRC as specified in the Investor Rights Agreement,

## STRATEGIC INVESTOR

we will use reasonable efforts to obtain approvals from the relevant governmental entities for the issuance of overseas-listed foreign-invested shares to HSBC.

- If such approvals are received within four months after HSBC first notifies us of its intention to exercise its right to increase its percentage equity interest in our Company, overseas-listed foreign-invested shares will be issued to HSBC, and the purchase price per share for such shares will be the aggregate of the average of the per share high and low closing prices of our listed Shares (or if no closing price is reported, the average of the average bid and the average ask prices for the particular month in which no high and low closing prices are reported), as reported by an authoritative source designated in good faith by our Board, for each of the nine consecutive calendar months immediately prior to the date HSBC first notifies us of its intention to exercise this right (or if our listing on the relevant stock exchange outside the PRC occurred less than nine months prior to such date, each of the calendar months in the period immediately prior to such date) divided by nine (or if our listing on the relevant stock exchange outside the PRC occurred less than nine months prior to such date, such number of calendar months in the period immediately prior to such date); and
  - If such approvals are not received within the four-month period, legal person shares will be issued to HSBC, and the total purchase price for such shares will be the average of the values determined by two independent third-party valuers jointly selected by us and HSBC, taking into account a discount for the lack of liquidity of legal person shares.
- If at the time of HSBC's exercise of this right, none of our Shares are listed on a stock exchange outside of the PRC as specified in the Investor Rights Agreement, legal person shares will be issued to HSBC, and the purchase price per share for such shares will be the average of the values determined by two independent third-party valuers jointly selected by us and HSBC. However, if the total purchase price, as determined by the two independent third-party valuers, is less than 1.8 times the shareholders' equity as determined pursuant to IFRS and as set forth on our last audited balance sheet available prior to the date of HSBC's purchase of our Shares pursuant to this right ("NAV") attributable to the Shares to be purchased by HSBC, the total purchase price will be the product of 1.8 and such NAV. If the total purchase price, as determined by the two independent third-party valuers, is more than 2.5 times the NAV attributable to the Shares to be purchased by HSBC, the total purchase price will be the product of 2.5 and such NAV.
  - If HSBC exercises this right and undertakes the purchase of additional Shares as a part of our public offering outside the PRC, such Shares will be included in such public offering, and the purchase price for such Shares will be the price for our Shares in such public offering.
- After August 18, 2008, we will provide reasonable assistance to HSBC for the sale, either by means of a private placement or as otherwise permitted by the Investor Rights Agreement, of the Shares held by HSBC, provided that we are only obligated to provide such assistance during our regular business hours upon the receipt of reasonable advance notice from HSBC and on the condition that HSBC reimburses all costs incurred by us for providing such assistance. In addition, we are obligated to provide such assistance only once in any twelve-month period.
  - During the period ending on August 17, 2009, our Company may not issue, or offer to issue, any Shares or any shares of any other class of our Company, or any rights to

## STRATEGIC INVESTOR

acquire such shares, or any securities convertible into such shares, to any financial institution incorporated outside the PRC or an affiliate of such financial institution which, in the reasonable opinion of HSBC, is a competitor of HSBC, except for any single acquisition by such financial institution or an affiliate of such financial institution of not more than 2% of our Shares, and any acquisition by any investment fund or asset management company on behalf of its clients of our Shares in any public offering of our Company.

- During the period ending on August 17, 2009, HSBC may not acquire, or offer to acquire, more than 5% of any equity securities or any securities convertible into such securities of any direct material competitor of our Company as defined in the Investor Rights Agreement, except through a transaction arising directly or indirectly in the context of any existing or approved investment of HSBC, or through a transaction arising in the context of any acquisition or joint venture or business cooperation involving HSBC and a financial institution outside of the PRC, or through transactions in the ordinary and usual course of business.
- Under the Investor Rights Agreement, we are obligated to appoint the investment banking division of HSBC to be a joint bookrunner, joint global coordinator and joint lead manager in any public offering of any of our Shares, subject to applicable laws and regulations, applicable listing rules and the terms and conditions of a customary underwriting agreement.
- Under the Investor Rights Agreement, HSBC is not obliged to provide a non-competition undertaking to us in connection with any public offering of our Company in Mainland China.
- The Investor Rights Agreement provides for all of HSBC's rights thereunder to terminate as and when HSBC voluntarily reduces its percentage interest in our Company to less than 4.975% of our share capital.

### **Credit Cards Cooperation Agreement**

As part of and as a condition to HSBC's investment in our Company, we entered into the credit cards cooperation agreement with HSBC ("Credit Cards Cooperation Agreement"), in which the parties agreed, among other things, to the following:

- HSBC and we will establish a business unit ("Business Unit") as a stand-alone unit with its own assets, liabilities and personnel within our Company. The business scope of the Business Unit will be the issuance of credit cards (in any currency) and quasi-credit cards (in any currency) and the provision of Renminbi-denominated unsecured consumer finance products and services in the PRC, excluding debit cards, the HSBC Premier™ business, products and services our Company is not permitted to undertake under the then applicable PRC laws and regulations, and products and services offered to foreign passport holders (including Hong Kong, Macau and Taiwan passport holders) if the offer is not permitted under the then applicable PRC laws and regulations.

HSBC does not currently carry on a business of issuing credit cards in Mainland China as foreign banks are not permitted to issue credit cards in Mainland China under current PRC regulations.

The Business Unit was established on October 25, 2004. As of April 30, 2005, the Business Unit had 376 employees and approximately 56,632 credit cards in issue. Approximately 26,000 of such credit cards were issued by the Business Unit after its establishment. The total assets and liabilities of the Business Unit as of April 30, 2005 were approximately RMB71.7 million and RMB91.6 million, respectively. As of May 13, 2005, our new dual-currency credit card product and service using both HSBC's branding and our branding were officially launched.

## STRATEGIC INVESTOR

- The Business Unit has a management committee composed of two members appointed by us, two members appointed by HSBC and three members selected jointly by HSBC and us from five candidates selected by an independent intermediary in accordance with the criteria agreed to by the parties. The management committee provides leadership to, and exercises supervision over, the chief executive officer, the deputy chief executive officer and other members of the senior management of the Business Unit, and makes decisions by way of resolutions approved by a majority of the members present at a meeting or, if no meeting is held, consented to in writing by all the members. The approval of the management committee is required for certain important matters as set forth in the Credit Cards Cooperation Agreement. These matters include approval of five-year business plans, annual operating plans and all financial statements of the Business Unit, any appointment, removal and replacement of members of the senior management of the Business Unit and any approval of the authority of senior management members.
- The chief executive officer of the Business Unit, with the assistance of its deputy chief executive officer and other senior management members, manages the day-to-day business of the Business Unit and implements the decisions of the management committee. The chairman of the management committee is appointed by our Company. HSBC designates the chief executive officer of the Business Unit and the heads of certain departments, namely, risk management and control, marketing, sales and distribution (including product development), human resources and legal and compliance. We designate the deputy chief executive officer of the Business Unit, the deputy heads of the departments listed in the previous sentence, and the heads of the departments of finance, information technology, operations and internal audit.
- The products and services of the Business Unit will use both HSBC's branding and our branding, although HSBC and we may also agree to market the products and services of the Business Unit under any other brands.
- The Business Unit will bear its own costs, liabilities and expenses and have its own income and assets in relation to its business. As the Business Unit is a functional department within our Company before it is converted into a Sino-foreign joint venture (the "EJV"), we bear all the costs and enjoy all the income of the Business Unit, and no such costs and income are borne and enjoyed by HSBC except indirectly in its capacity as a shareholder of our Company.
- The parties will apply to convert the Business Unit into the EJV, subject to applicable PRC laws and regulations:
  - HSBC and we will agree on our respective maximum contributions to the registered capital of the EJV and the form and content of each of the joint venture agreement and the articles of association of the EJV, which shall set out all the terms, including all key terms required to implement the provisions of the Credit Cards Cooperation Agreement regarding the EJV, no later than three months prior to our annual general meeting to be convened within six months of the financial year ending December 31, 2005. We have undertaken to HSBC that we will propose or procure to be proposed at such general meeting, for consideration by our independent shareholders, resolutions to approve the agreed forms of the joint venture agreement and the articles of association of the EJV and the establishment of the EJV on the basis thereof as and when it is approved by the relevant PRC governmental entities and to authorise the Board to approve matters relating to the establishment of the EJV. We have also undertaken to HSBC that we will comply with the applicable requirements of the Hong Kong Listing Rules in connection with the resolutions to be proposed or the establishment of the EJV.
  - We agreed that, before PRC laws and regulations permit the establishment of a Sino-foreign joint venture to conduct the business of the Business Unit, the parties will apply every 18 months for the conversion of the Business Unit into a joint venture in

## STRATEGIC INVESTOR

which HSBC holds 50% of the equity interest. If PRC laws and regulations permit the establishment of a joint venture, the parties will apply within 60 days to establish a joint venture in which HSBC is allowed to hold the maximum equity interest permitted under the then applicable PRC laws and regulations (provided the maximum equity interest that HSBC is permitted to hold in the EJV is equal to or less than 50%). In addition, we agreed that if the maximum equity interest that HSBC is permitted to hold in the EJV is more than 50%, we will negotiate with HSBC as to any percentage interest in the registered capital of the EJV over 50%, if any, to be held by HSBC.

- After the establishment of the EJV and except where there is a change in law permitting an increase in the maximum foreign percentage interest in the EJV, the parties will maintain their respective percentage interests in the EJV and make additional capital contributions to the EJV in proportion to such respective percentage interests as and when required for the growth of the business of the EJV. Where there is a change in law after the establishment of the EJV that permits an increase in the maximum foreign percentage interest in the EJV, HSBC may, if it so desires, make an additional capital contribution to the EJV in order to increase its percentage interest in the EJV to the higher maximum foreign percentage interest permitted to be held. However, if such higher maximum foreign percentage interest permitted to be held in the EJV pursuant to the change in law exceeds 50%, the parties shall enter into discussions in good faith with respect to the proportion in excess of 50% to be held by HSBC, if any, in the EJV.
- Before applying to convert the Business Unit into a joint venture, the parties will agree on all key terms of the joint venture agreement and other related agreements with respect to the EJV. The joint venture agreement and related agreements will reflect and implement the material terms of the EJV set out in the Credit Cards Cooperation Agreement.
- HSBC and we agreed that, unless and until HSBC's involvement in the Business Unit becomes "passive" (which occurs if HSBC withdraws its members on the management committee of the Business Unit or senior management members of the Business Unit designated by it, if HSBC terminates its exclusivity obligations, or if HSBC terminates its brand license to the Business Unit), we will select each other as the exclusive partner in the EJV. However, HSBC's involvement in the Business Unit will not become passive prior to August 18, 2007.
- HSBC will use its reasonable endeavors to transfer, subject to the consent of the customers thereof, its then-existing credit card business in the PRC that falls within the Business Unit's scope of business as defined in the Credit Cards Cooperation Agreement (and, in particular, that excludes the HSBC Premier™ business) to the Business Unit no later than 12 months from the date of the Credit Cards Cooperation Agreement (i.e. August 17, 2005). No consideration is specified in the Credit Cards Cooperation Agreement for such transfer.
- After the establishment of the EJV, we will transfer all customer assets and customer liabilities of the Business Unit to the EJV in equal amounts at the carrying value reflected in the latest available audited financial statements of the Business Unit prepared in accordance with IFRS, enter into agreements with the EJV regarding our provision of various services to the EJV and the fees and commissions to be paid by the EJV to us for such services (which services shall include the provision of full access to our sales and distribution network for marketing and selling the EJV's products and services and the provision of information regarding our retail customers) and enter into a brand license with the EJV. The value of all customer liabilities transferred shall be equal in value to all customer assets transferred. HSBC will also enter into a brand license with the EJV. We will also transfer or provide the use of all assets, liabilities, businesses and personnel of the Business Unit to the EJV upon its

<b>STRATEGIC INVESTOR</b>
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establishment, including intellectual property rights used by the Business Unit, information technology systems, credit records and customer data.

- After the establishment of the EJV, if either party wishes to transfer its equity interest in the EJV, the other party has a right of first refusal. The purchase price will be the average of the values determined by two independent third party valuers jointly selected by the parties. However, if the purchase price so determined is less than 1.8 times the shareholders' equity (as defined in the Credit Cards Cooperation Agreement) of the EJV attributable to the shares to be transferred, the purchase price will be the product of 1.8 and such shareholders' equity. If the total price, as determined by two independent third party valuers, is more than 2.5 times such shareholders' equity of the EJV attributable to the shares to be transferred, the purchase price will be the product of 2.5 and such shareholders' equity.
- HSBC and we will make our contributions to the registered capital of the EJV in cash. The subscription price is set forth in the Credit Cards Cooperation Agreement. HSBC has agreed to pay a 30% premium for up to 49% of its joint venture interest, and a 55% premium for any joint venture interest over 49%. HSBC's subscription price with respect to additional contributions to the registered capital of the EJV after a change in PRC law is also set forth in the Credit Cards Cooperation Agreement. We and HSBC have agreed on the following terms with respect to the determination of the subscription prices of their respective capital contributions to the EJV as set out in the Credit Cards Cooperation Agreement:
  - The subscription price of our capital contribution = Registered Capital x our Company's percentage interest in the registered capital of the EJV x 1.0.
  - If HSBC's percentage interest in the registered capital of the EJV (the "HSBC JV Interest") is 49% or below, the subscription price for the HSBC JV Interest shall be determined as follows:  
 Subscription Price = Registered Capital x HSBC JV Interest x 1.30
  - If HSBC's percentage interest in the registered capital of the EJV is above 49%, the total subscription price for the HSBC JV Interest and the portion of HSBC's percentage interest in the registered capital of the EJV that exceeds 49% (the "Additional HSBC JV Interest") shall be determined as follows:  
 Subscription Price = (Registered Capital x 49% x 1.30) + (Registered Capital x Additional HSBC JV Interest x 1.55)
  - "Registered Capital" shall be equal to:
    - (i) the minimum requirement with respect to the registered capital of the EJV pursuant to PRC GAAP and applicable PRC laws and regulations in effect at the time of the establishment of the EJV, or
    - (ii) if neither PRC GAAP nor applicable PRC laws and regulations provide for any minimum requirement for the registered capital of the EJV at the time of establishment of the EJV:
      - (a) if the HSBC JV Interest is 49% or below, the amount determined as follows:

NAV

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(0.3 x HSBC JV Interest) + 1



<b>STRATEGIC INVESTOR</b>
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- (b) if HSBC's percentage interest in the registered capital of the EJV is above 49%, the amount determined as follows:

$$\frac{\text{NAV}}{(0.3 \times 49\%) + (0.55 \times \text{Additional HSBC JV Interest}) + 1}$$

Where, in each of clauses (a) and (b), "NAV" is 4% of the value of the risk-weighted assets (which are the risk-weighted assets as audited in accordance with IFRS and adopting relevant guidelines issued by the PRC banking regulatory authorities from time to time) of the Business Unit at the time of the establishment of the EJV.

- With respect to any subsequent contribution (the "Subsequent Contribution") that HSBC desires to make to the registered capital of the EJV, following a change in law after the establishment of the EJV, in order to increase its percentage interest in the registered capital of the EJV, the subscription price for the Subsequent Contribution shall be determined as follows:

- (a) If, after the Subsequent Contribution, HSBC's percentage interest in the registered capital of the EJV increases to 49% or below, the subscription price for the Subsequent Contribution shall be calculated as follows:

$$\left( \frac{X - (X \times Y)}{(1 - Z)} - X \right) \times \text{NAV} \times 1.30/X$$

where:

- X = the EJV's total registered capital PRIOR to the Subsequent Contribution;
- Y = HSBC's percentage interest in the registered capital of the EJV PRIOR to HSBC making the Subsequent Contribution;
- Z = HSBC's percentage interest in the registered capital of the EJV AFTER HSBC makes the Subsequent Contribution; and
- NAV = the amount corresponding to the line item entitled "total shareholders' equity" in the most recent audited balance sheet of the EJV prior to the Subsequent Contribution.

- (b) If, prior to the Subsequent Contribution, HSBC's percentage interest in the registered capital of the EJV was below 49% and, after the Subsequent Contribution, increases to above 49%, the subscription price for the Subsequent Contribution shall be calculated as follows:

$$\left( \frac{X - (X \times Y)}{51\%} - X \right) \times \text{NAV} \times 1.3/X + \left( \frac{X^1 - (X^1 \times 49\%)}{(1 - Z)} - X^1 \right) \times \text{NAV} \times 1.55/X^1$$

$$\text{Where } X^1 = \left( \frac{X - (X \times Y)}{51\%} \right)$$

and where X, Y, Z and NAV are as defined in paragraph (a) above.

<b>STRATEGIC INVESTOR</b>
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- (c) If, prior to the Subsequent Contribution, HSBC's percentage interest in the registered capital of the EJV exceeded 49% and, after the Subsequent Contribution, remains above 49%, the subscription price for the Subsequent Contribution shall be calculated as follows:

$$\left( \frac{X - (X \times Y)}{(1 - Z)} - X \right) \times \text{NAV} \times 1.55/X$$

where X, Y, Z and NAV are as defined in paragraph (a) above.

- The EJV will have a board of directors comprising directors appointed by HSBC and us, and the right to appoint members of the board of directors of the EJV will be apportioned between the parties in accordance with their respective joint venture interest. After the establishment of the EJV, the management committee of the Business Unit will become the executive committee of the EJV with the same structure, powers and functions. The board of directors of the EJV will resolve disputed matters that HSBC's representatives or our representatives on the executive committee submit to it for resolution. If and when HSBC's interest in the EJV reaches the lower of 33% or the maximum percentage interest in the EJV permitted under applicable PRC laws and regulations, the adoption of the following matters will be approved only if duly approved by the board of directors of the EJV with the affirmative votes of at least one board member appointed by us and one board member appointed by HSBC:
  - (a) any amendments to the Articles of Association of the EJV;
  - (b) termination, suspension or dissolution of the EJV;
  - (c) any increase or decrease in the registered capital of the EJV;
  - (d) any merger, consolidation or split-up of the EJV;
  - (e) any change in the nature of the business scope of the EJV;
  - (f) any transaction between the EJV and any of the parties or their Affiliates not in the ordinary course of business, where the aggregate value of such transaction exceeds RMB1,000,000;
  - (g) any investment by the EJV or disposal of any assets of the EJV, where the aggregate value of such investment or disposal exceeds 50% of the then registered capital of the EJV;
  - (h) any issuance of shares in the EJV, including the granting of share options and any issuances to third parties; and
  - (i) any material dealings with respect to the intellectual property rights of the EJV.
- If HSBC's involvement in the business unit becomes "passive", among other things, all provisions in the credit cards cooperation agreement regarding the EJV will be terminated. Instead, HSBC will only have a matching right with respect to any Sino-foreign joint ventures to be formed by us with another overseas party.
- Both HSBC and our Company agreed that each party will, subject to certain limited exceptions, only conduct the business as defined in the Credit Cards Cooperation Agreement in the PRC through the Business Unit, and will not establish any wholly owned

## STRATEGIC INVESTOR

subsidiaries to conduct such business in the PRC nor enter into or acquire interests in partnerships, investments, joint ventures, distribution, management or other similar transactions or arrangements with respect to any aspect of such business with any person with respect to the conduct of such business in the PRC.

- Under the Credit Cards Cooperation Agreement, neither HSBC nor we need to pay each other any consideration for the cooperation and services rendered thereunder.
- HSBC and we each have the right to terminate the Credit Cards Cooperation Agreement by mutual agreement, by reason of the other party's material breach, and by 90 days' prior notice to the other party at any time after August 18, 2014.

If the EJV is established and where HSBC and our Company each holds 50% of its equity interest, we will account for our 50% interest in the EJV either on a full consolidation basis or a proportionate consolidation basis and the financial information of the EJV, as appropriately consolidated, will therefore be covered in our accounts and reports to shareholders.

### **Technical Support and Assistance Agreement**

As part of HSBC's investment in our Company, we also entered into the technical support and assistance agreement with HSBC (the "Technical Support and Assistance Agreement"), pursuant to which HSBC will provide us with advice and guidance in relation to international practices in several areas at such times and in such forms as set forth in an annual technical support and assistance plan formulated jointly by HSBC and us, including the following areas:

- risk management;
- corporate governance;
- internal audit and control;
- financial accounting, reporting and control;
- balance sheet management;
- human resources management; and
- other areas as identified by HSBC and agreed with us in an annual technical support and assistance plan.

While HSBC will be providing us with advice and guidance in the above areas, we will remain responsible for designing and managing the systems and procedures in respect of our normal banking transactions.

Under the Technical Support and Assistance Agreement, we do not need to pay HSBC any consideration for the advice and guidance rendered thereunder.

Unless terminated earlier under the terms thereof, the term of the Technical Support and Assistance Agreement is for a period of three years, expiring on August 18, 2007. The Technical Support and Assistance Agreement may be renewed at the sole discretion of HSBC by serving notice on our Company no later than 30 days before the expiration of the initial term of three years or of any subsequent term following a renewal. If the Technical Support and Assistance Agreement is renewed, it will continue for a term of three years. HSBC may at any time terminate the technical support and assistance agreement by giving us not less than three months' prior written notice. In addition, in the event that HSBC's shareholding in our Company falls to less than 4.975%, this agreement shall be terminated automatically.

### **Licence Agreement**

As part of HSBC's investment in our Company, we also entered into a licence agreement with HSBC (the "Licence Agreement"), pursuant to which HSBC granted to us a licence for the Business Unit to use certain trademarks owned by HSBC and a sub-licence for the Business Unit to use certain trademarks owned by the holding company of HSBC. Both the licence and the sub-licence are granted on a royalty-free, non-exclusive and non-transferable basis. These trademarks are to be used in connection with credit cards and quasi-credit cards, stationery (including business cards) and advertising (including print advertising such as leaflets, giveaways, posters and billboards, radio advertising, television advertising, Internet advertising, direct mail and telemarketing). The initial term of the Licence Agreement is three years commencing on August 18, 2004, and it is renewable for subsequent two-year terms at HSBC's sole discretion by serving notice on us no later than three months prior to the expiration of the term. A nominal consideration of RMB1.00 is payable under the Licence Agreement.

The following rights conferred upon HSBC under the Investor Rights Agreement will cease to apply after the listing of our H Shares, except where they are exercisable as part of or in connection with the listing of our H Shares, including the exercise of the Over-allotment Option:

- the right to purchase additional Shares so as to maintain HSBC's percentage interest in our Company;
- the HSBC Price Adjustment Top-Up; and
- the right to receive assistance from us to apply for approvals from the relevant PRC governmental entities to convert our Ordinary Shares held by HSBC in the form of legal person shares into H Shares.

In addition, HSBC agrees to waive, with effect from the Listing Date, the following rights conferred upon it under the Investor Rights Agreement:

- the right to nominate two candidates to serve on our Board as Directors; and
- the right to receive any annual operating budget or any business plan within 30 days after its adoption by our Board.

All other rights of HSBC under the Investor Rights Agreement, the Credit Cards Cooperation Agreement, the Technical Support and Assistance Agreement and the Licence Agreement are contractual rights conferred upon HSBC in its capacity as our strategic investor (and not in its capacity as one of our shareholders) and shall remain unchanged and continue in force after the listing of our H Shares.

In addition, HSBC has not been granted any additional rights in its capacity as one of our shareholders.