

Set out below is a summary of the principal provisions of our Articles of Association, the principal objective of which is to provide potential investors with an overview of our Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to potential investors. Copies of the full English and Chinese texts of the Articles of Association are available for inspection as mentioned in "Appendix X – Documents Delivered to the Registrar of Companies and Available for Inspection".

Our Articles of Association were adopted by our shareholders at an extraordinary shareholders' meeting on September 23, 2004, and became effective upon the approval by the CBRC on March 22, 2005.

Directors and other senior officers

Power to allot and issue shares

There is no provision in the Articles empowering the Directors to allot and issue shares.

In order to increase the capital of our Company, our Board must formulate a proposal and submit it for approval by the shareholders at a general meeting. Any such increase is subject to the prior approval of the relevant regulatory authorities of the PRC.

Power to dispose of fixed assets of our Company

Without the prior approval of shareholders at a general meeting, our Board shall not dispose of, or agree to dispose of, any of our fixed assets where the aggregate of the expected value of the proposed disposal, and the total consideration for any such disposal of any fixed assets that has been completed within four months immediately preceding the proposed disposal exceeds 33% of the value of our fixed assets as shown in our latest audited balance sheet.

A disposal in this context includes the transfer of property rights in the fixed assets but does not include the pledge of fixed assets as security.

A disposal of fixed assets remains valid notwithstanding the breach of the first paragraph of this provision.

Our Board shall perform its duties in compliance with applicable laws and regulations and our Articles and resolutions passed by our shareholders at a general meeting.

Compensation or payment to Directors, Supervisors and other senior officers

Our Company shall, with the prior approval of shareholders at a general meeting, fix the amount of remuneration of our Directors and Supervisors by written agreement. Remuneration includes:

- (1) remuneration for services as a Director, Supervisor, the President or senior officers;
- (2) remuneration for services as a director, supervisor or senior officers of our subsidiaries;
- (3) remuneration for other management services provided to our Company and our subsidiaries; and
- (4) payment to Directors or Supervisors as compensation for loss of, or retirement from, office.

Directors or Supervisors shall not initiate any proceedings against us for any of the above remuneration payable to them unless such remuneration has been agreed to by written agreement as aforesaid.

The written agreement between us and our Directors or Supervisors in relation to remuneration should provide that in the event that we are acquired by a third party, our Directors and Supervisors shall, subject to the prior approval of our shareholders at a general meeting, be entitled to receive compensation or other payment in respect of his loss of, or retirement from, office. For the purpose of this paragraph, an acquisition includes:

- (1) an offer made by any person to all of our shareholders; or
- (2) an offer made by any person with a view to become a “controlling shareholder” as defined in the Articles.

If the relevant Director or Supervisor does not comply with the aforesaid provisions, any sum so received by him shall be passed to those persons who have sold their shares as a result of the aforementioned offer. The expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant Director or Supervisor and shall not be paid from that sum.

Loans to Directors, Supervisors, the President and other senior officers

We may make loans or provide loan guarantees on normal commercial terms to our Directors, Supervisors, the President and other senior officers or their related parties. Unsecured loans to such persons are prohibited.

Regardless of the terms of the loan, any Director, Supervisor, the President or senior officer or their related parties receiving funds in violation of the above provisions shall repay such funds to us immediately.

A guarantee provided by our Company in breach of the above provisions shall be unenforceable against our Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of any of the Directors, Supervisors, managers and other senior officers of our Company and at the time the loan was advanced the lender did not know the relevant circumstances; or
- (2) the collateral provided by our Company has been lawfully disposed of by the lender to a bona fide purchaser.

For these purposes:

- (a) a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor; and
- (b) a definition of an associate as referred to in subsection Duties below applies, mutatis mutandis, to this provision.

Financial assistance for the acquisition of our shares

We shall not, at any time, provide any form of financial assistance to a person who is acquiring or intends to acquire our shares. Such person includes a person who directly or indirectly assumes any obligation as a result of the acquisition of our shares.

We shall not, at any time, provide any form of financial assistance to reduce or discharge the obligations of the aforementioned person.

The following, among others, are not prohibited:

- (1) the provision of financial assistance in good faith and in our interest, where the principal purpose of the assistance is not for the acquisition of our shares;
- (2) the lawful distribution of assets by way of dividends;
- (3) a distribution of scrip dividends;
- (4) a reduction of registered capital, a repurchase of our shares or a reorganization of our share capital structure in accordance with our Articles;
- (5) loans made within our scope of business, provided that our net assets are not thereby reduced or to the extent that they are reduced, the loans are made from distributable profits; and
- (6) contributions made to our employee share ownership schemes, provided that our net assets are not thereby reduced or to the extent that they are reduced, the contributions are made out of distributable profits.

In the preceding paragraph,

- (a) "Financial assistance" includes (without limitation):
 - (i) gifts;
 - (ii) guarantees (including the undertaking of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligors), compensation (other than compensation resulting from our own default), or release or waiver of any right;
 - (iii) the provision of a loan or signing of a contract requiring us to perform obligations before other parties to the contract, and the change of such loan or the parties of such contract and the assignment of such loan or the rights under such contract; or
 - (iv) any other form of financial assistance given when we are insolvent or have no net assets, or which would result in a significant reduction of our net assets.
- (b) "Assumption of obligations" includes the assumption of obligations by contract or other arrangement by the obligors (irrespective of whether such contract or arrangement is enforceable or whether such obligation is borne solely by the aforementioned persons or jointly with other persons) or by any other means which would result in a change in such person's financial position.

Disclosure of contractual interests with us

When a Director, Supervisor, the President and senior officers, directly or indirectly, enters or plans to enter into a contract with us (other than a service contract), transaction or arrangement in which he or she is materially interested, disclosure of the nature and extent of such interest must be made to our Board as soon as possible regardless of whether approval from our Board is required under normal circumstances. A Director shall not be counted in the quorum, and shall not be entitled to vote, at a meeting to approve any contract, transaction or arrangement in which such Director or any of his or her related persons has a material interest. Unless the interested person has disclosed such interest to our Board in accordance with the Articles, and the contract, transaction or arrangement has been approved by our Board, such contract, transaction or arrangement is voidable unless the counterparty is in good faith acting without notice of the breach of duty by such interested person.

Remuneration

The remuneration of Directors shall be approved by shareholders at a general meeting, as referred to under the paragraph headed “Compensation or payments to Directors, Supervisors and other senior officers” above.

Retirement, appointment and removal

Our Company shall have a Board of Directors. Our Board shall consist of five to 19 Directors, where not less than three of the Directors shall be independent Directors and no more than one-third of senior officers shall serve as our Directors. Our Board shall have one chairman and one or two vice-chairmen.

Directors shall be elected by shareholders at a general meeting. Each Director so elected shall hold office for three years. 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 nominated Directors specified in one resolution. A written notice of the intention to nominate a director by shareholders is required to be given to the Company no later than 14 days prior to the date of such meeting and a written notice by that person indicating his acceptance of such nomination is required to be given to the Company no later than seven days prior to the date of such meeting. At the expiry of a Director's term of office, the term is renewable upon re-election. The term, including any renewed term, of an independent Director shall not, in any event, exceed three years.

A nomination and remuneration committee established by our Board shall be responsible for seeking shareholders' views and collecting any nomination proposal therefrom. The committee is also responsible for assessing the qualifications of each candidate for being a director of a commercial bank as stipulated by the PRC Company Law, the PRC Commercial Banking Law and related laws, administrative regulations, and the code of practice of banking business. Our Board shall examine the information reported by the nomination and remuneration committee and propose the same to shareholders at a general meeting through a written proposal.

The chairman and the vice-chairmen of our Board shall be elected and removed by more than one-half of all the members of our Board. The term of office of each of the chairman and the vice-chairmen of our Board shall be three years and shall be renewable upon re-election.

There is no provision in the Articles of Association that imposes a requirement for the mandatory retirement of Directors.

The Directors shall not be required to hold qualification shares.

A person may not serve as a Director, Supervisor, the President or other senior officer of our Company if such person:

- (1) does not have, or has limited, capacity for civil conduct;
- (2) has been sentenced for corruption, bribery, infringement of properties, misappropriation of properties or other crimes detrimental to social economic order, or has been deprived of his political rights for crimes and where less than five years have elapsed since the sentence was served or the date of completion of such deprivation;
- (3) is a former director, factory manager or manager of a company or enterprise which was insolvent or has been put into liquidation as a result of mismanagement and who is personally liable for the insolvency of such company or enterprise, and where less than

five years have elapsed since the date of the insolvency or the date of the completion of the liquidation of such company or enterprise;

- (4) is a former legal representative of a company or enterprise the business licence of which was revoked due to the violation of law, and who incurred personal liability therefor, where less than three years have elapsed since the date of the revocation of such business licence;
- (5) has been removed from office by other commercial banks or institutions for breach of the duty of good faith, loyalty and diligence;
- (6) is a former key officer of a financial institution which engages in highly risky business operation and who cannot be proved to have responsibilities for the dissolution or asset losses of such financial institution;
- (7) is a shareholder or employee of the shareholder whose balance of loans from the Company has exceeded the audited book net value of the equity held for the preceding year (excluding the loans guaranteed by the pledge of certificate of deposit or government bonds);
- (8) is a person or employee of an enterprise that has failed to repay its outstanding loans from the Company;
- (9) has a relatively large amount of personal debt which has become overdue;
- (10) is currently under criminal investigation by judicial authorities for violation of criminal laws, and where such investigation has not yet been concluded;
- (11) according to laws and regulations, cannot act as a leader of an enterprise;
- (12) is not a natural person;
- (13) has been banned from the securities market by the CSRC; or
- (14) has been convicted by a competent authority for violation of relevant securities regulations, and such conviction involved fraudulent or dishonest acts, and where less than five years have elapsed from the date of such conviction.

The validity of an act carried out by a Director, the President or other senior officer on our behalf, with respect to a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Borrowing powers

The Articles do not specifically provide for the manner in which borrowing powers may be exercised nor do they contain any specific provision in respect of the manner in which such borrowing powers may be amended, except for: (a) provisions which authorize Directors to formulate proposals for the issuance of debentures and other securities by our Company; and (b) provisions which provide that the issuance of debentures and other securities shall be approved by the shareholders at a general meeting by a special resolution.

Duties

In addition to obligations imposed by laws, regulations or the listing rules of the stock exchange on which our shares are listed, each of our Directors, Supervisors, the President and other senior officers

shall be accountable to all of our shareholders when exercising powers entrusted to him or her by our Company, including:

- (1) to procure our Company to operate within the scope of business stipulated in our business licence;
- (2) to act in good faith and in the best interests of our Company;
- (3) not to in any way expropriate our properties, including (without limitation) opportunities which are beneficial to us;
- (4) not to expropriate the rights of our individual shareholders, including (without limitation) rights to distributions and voting rights, except in a restructuring of our Company which has been submitted to the shareholders for approval in accordance with our Articles.

Each of our Directors, Supervisors, the President and other senior officers has a duty to exercise his powers and discharge his duties with care, diligence and skill that a reasonably prudent person would do in comparable circumstances.

Each of our Directors, Supervisors, the President and other senior officers shall exercise his or her powers or perform his or her duties in accordance with fiduciary principles, and shall not put himself or herself in a position where his or her duty may conflict with his or her personal interests. This principle includes (without limitation) the following duties:

- (1) to act in good faith and in the best interests of our Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to personally exercise the vested discretion and not to act under the control of the others and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless provided in the Articles or with the informed consent of the shareholders given in a general meeting, shall not enter into any contract, transaction or arrangement with our Company;
- (6) shall not use our properties for his or her own benefit without the informed consent of the shareholders given in a general meeting;
- (7) shall not exploit his or her position to accept bribes or other illegal income or expropriate our properties in any way, including (without limitation) opportunities which are beneficial to us;
- (8) shall not accept commissions in connection with our transactions without the informed consent of the shareholders given in a general meeting;
- (9) to comply with our Articles, and perform its duties faithfully, protect our interests and not to exploit his or her position and power to advance his or her own interests;
- (10) shall not compete with us in any way, save with the informed consent of the shareholders given in a general meeting;

- (11) shall not misappropriate our funds or to lend such funds to the others, not use our assets to open deposit accounts in his or her own name or in any other name or to use such assets to secure the debts of any of our shareholders or any other personal liabilities;
- (12) shall not release any confidential information which has been obtained during his or her term of office without the informed consent of the shareholders in a general meeting; nor shall he or she use such information otherwise than for our benefit, provided that disclosure of such information to the court or other governmental authorities is permitted if:
 - (i) the law so requires;
 - (ii) public interest so warrants; or
 - (iii) the interests of the relevant Director, Supervisor, the President or other senior officer so require.

Each Director, Supervisor, the President or other senior officer shall not direct the following persons or entities ("associates") to act in a manner in which he or she is prohibited from doing:

- (1) his or her spouse or minor child;
- (2) the trustee of Directors, Supervisors, the President or other senior officer or that of any person described in sub-paragraph (1) above;
- (3) the partner of Directors, Supervisors, the President or other senior officer or that of any person referred to in sub-paragraph (1) or (2) above;
- (4) a company in which the Directors, Supervisors, the President or other senior officers, jointly or severally with one or more of the persons referred to in sub-paragraphs (1), (2) and (3) above, or other Directors, Supervisors, the President and other senior officers, have de facto controlling interest; or
- (5) the directors, supervisors, presidents and other senior officers of a company which is being controlled in the manner set out in (4) above.

The fiduciary duties of the Directors, Supervisors, the President and other senior officers of our Company do not necessarily cease with the termination of their respective office. The duty of confidentiality in respect of our commercial secrets survives such termination. Other duties may continue for a period as the principle of fairness may require, depending on the duration lapsed between the termination and the act concerned, and the circumstances and terms under which the relationship between us and the relevant Director, Supervisor, the President and the senior officer was terminated.

In addition to any right and remedy provided by the laws and administrative regulations, where a Director, Supervisor, the President or other senior officer of our Company breaches the duties owed to us, we are entitled to:

- (1) demand that such Director, Supervisor, the President or other senior officer compensate us for losses we suffered as a result of such breach;
- (2) rescind any contract or transaction entered into between us and such Director, Supervisor, the President or other senior officer and between us and a third party (where such third party knows or should have known that such Director, Supervisor, the President or other senior officer representing us has breached his or her duties owed to us);

- (3) demand that such Director, Supervisor, the President or other senior officer account for profits made as a result of the breach of such duties;
- (4) recover any amount which should have been received by us but which was received by such Director, Supervisor, the President or other senior officer instead, including (without limitation) commissions; and
- (5) demand repayment of interest earned or which may have been earned by such Director, Supervisor, the President or other senior officer on amounts that should have been paid to us.

Save as otherwise provided in our Articles, a Director, Supervisor, the President or other senior officer of our Company may be relieved of liability for specific breaches of certain duties by the informed consent of the shareholders given at a general meeting.

Amendment of constitutional documents

We may amend the Articles in accordance with the requirements of laws, administrative regulations and the Articles.

The Articles shall be amended in accordance with the following procedures:

- (1) our Board shall submit a proposal for the amendment of the Articles to our shareholders;
- (2) our Board shall convene a general meeting; and
- (3) more than two-thirds of shareholders present at the meeting need to vote in favor of the amendment to give effect to the amendment.

Where the amendments to the Articles which have been approved by a resolution at a general meeting are subject to approval by the relevant competent authority pursuant to the laws of the PRC, the amendments will become effective upon approval by the original competent authority. Where the amendments to the Articles involve the contents of the Mandatory Provisions, they will become effective only upon the approval by the relevant authorities with the mandate granted by the State Council. Where there is any change in our registration particulars, an application to the relevant authorities shall be made for such change in accordance with the law.

Variation of rights of existing shares or classes of shares

Any proposal by us to vary or abrogate the rights conferred on any class of shares ("class rights") shall be approved by a special resolution (defined below) of shareholders at a general meeting and by shareholders of that class at a separate meeting convened in accordance with the Articles. The following circumstances shall be considered a variation or abrogation of the class rights of shareholders:

- (1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting or equity rights or privileges equal or superior to the shares of that class;
- (2) an exchange of all or part of the shares of that class for shares of another class or an exchange or creation of a right to exchange all or part of the shares of another class for shares of that class;
- (3) the cancellation or reduction of rights to accrued or cumulative dividends attached to shares of that class;

- (4) the reduction or cancellation of preferential rights attached to shares of that class to receive dividends or to participate in the distribution of assets on a priority basis in the event of our liquidation;
- (5) the addition, cancellation or reduction of conversion rights, options, voting rights, transferring rights, pre-emptive rights, or rights to acquire securities of our Company attached to shares of that class;
- (6) the cancellation or reduction of rights attached to shares of that class to receive payment payable by us in certain currencies;
- (7) the creation of a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of that class;
- (8) the restriction of the transfer or ownership of the shares of that class or the increase in the types of restrictions attaching thereto;
- (9) the issue of rights to subscribe for, or to convert the existing shares into, shares of that class or another class;
- (10) the increase of the rights or privileges of shares of other classes;
- (11) the restructuring of our Company in such a way that results in the disproportionate distribution of obligations between the various classes of shareholders; or
- (12) the change or abrogation of the provisions contained in the chapter of the Articles regarding voting procedures for shareholders of different classes.

Shareholders of the affected class, whether or not they are entitled to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning (2) to (8) and (11) to (12) above, but interested shareholder(s) (defined below) shall not be entitled to vote at the relevant class meetings.

Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the total voting rights of shareholders of that class attending the relevant meeting who, according to the Articles, are entitled to vote.

Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the share register 45 days before the date of the class meeting. Such notice shall contain matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver a written reply confirming his attendance to us 20 days before the date of the class meeting.

Our Company may hold a class meeting if the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class entitling to vote at such meeting. Otherwise, our Company may hold a class meeting if it makes a public announcement within five days before the date of the meeting notifying the shareholders of the matters to be considered, the date and the place of the class meeting.

Notice of class meetings need only be sent to shareholders who are entitled to vote thereat.

Meetings of a class of shareholders shall be conducted in a manner as similar as possible to that of general meetings of shareholders, and provisions in our Articles relating to a shareholders' general meeting shall apply to a meeting of a class of shareholders.

Special procedures for voting by a class of shareholders shall not apply in the following circumstances:

- (1) where we issue, upon the approval of our shareholders by a special resolution at a general meeting, either separately or concurrently at an interval of not less than 12 months, Domestic Shares (as defined in our Articles) and overseas listed Foreign Shares (as defined in our Articles) which do not exceed 20% of the respective outstanding shares; and
- (2) where our plan to issue Domestic Shares and overseas listed Foreign Shares is completed within 15 months from the date of approval of the securities, regulatory and administrative authorities under the State Council.

For the purposes of the class rights provisions, an “interested shareholder” is:

- (1) in the case of a repurchase of our shares by way of a general offer to all our shareholders on a pro rata basis or by way of a public transaction on a stock exchange pursuant to our Articles, a “controlling shareholder” within the meaning of our Articles;
- (2) in the case of a repurchase of our shares by an off-market agreement pursuant to our Articles, a holder of shares to which the proposed agreement relates;
- (3) in the case of a restructuring of our Company, a shareholder who bears a relatively lower proportion of obligation vis-à-vis the obligations imposed on shareholders of that class under the proposed restructuring or a shareholder who has an interest in the proposed restructuring different from the general interests of other shareholders of that class.

Resolutions – majority required

Resolutions of shareholders’ general meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by shareholders (including proxies) representing more than one-half of the total voting rights attending the meeting.

A special resolution shall be passed by shareholders (including proxies) representing more than two-thirds of the total voting rights attending the meeting.

Voting rights (generally, on a poll and right to demand a poll)

When a shareholder (including his or her proxy) votes at a shareholders’ general meeting, he or she may exercise such voting rights represented by the number of shares with voting rights. Each share shall have one vote.

At any shareholders’ general meeting, a resolution shall be decided by a show of hands unless a poll is demanded under Hong Kong Listing Rules or before or after a vote is carried out by a show of hands by any of the following persons:

- (a) the chairman of the meeting;
- (b) at least two shareholders present in person or by proxy who are entitled to vote; or
- (c) one or more shareholders present in person or by proxy and representing 10% or more of the total voting rights at the meeting.

The demand for a poll may be withdrawn by the person who demands the same.

Unless a poll is demanded under Hong Kong Listing Rules or by any shareholders, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. It is not required to provide evidence on the number or proportion of votes in favor of or against such resolution.

A poll demanded on the election of the chairman, or on a question of adjournment, shall be taken immediately. A poll demanded on any other issue shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which the poll has been demanded may be transacted, pending the taking of the poll. The result of the poll shall be deemed to be a resolution passed in the meeting at which a poll was demanded. On a poll taken at a meeting, a shareholder (including proxies) entitled to two or more votes need not cast all his votes in the same way.

In the case where there is an equal number of votes for and against a resolution, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Where a shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall be excluded.

Requirements for annual general meetings

Our Board shall convene an annual general meeting once a year within six months from the end of the preceding financial year.

Accounts and audit

We establish our financial, accounting and internal audit systems in accordance with applicable laws, administrative regulations and requirements formulated by relevant government authorities of the PRC.

Our Board shall place before the shareholders at every annual general meeting such financial reports to be prepared by our Company as required by the relevant laws, administrative regulations and directives promulgated by competent regional government and relevant authorities.

Our financial reports shall be made available for shareholders' inspection at our Company 20 days before the date of an annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports.

Our financial statements shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with applicable international accounting standards or that of the place outside the PRC where our Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the different accounting standards, such discrepancies shall be stated in the financial statements. The amount used to calculate the distribution of our after-tax profits will be determined using the accounting standard that produces the lower figure.

Interim results or financial information published or disclosed by our Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with the applicable international or overseas accounting standards or that of the place outside the PRC where our Company's shares are listed.

Our Company shall publish its financial reports every six months. An interim report shall be published within 60 days after the expiration of the first six months of a financial year; and an annual financial report shall be published within 120 days after the expiration of each financial year. The annual financial report shall be audited.

Notice of meetings and business to be conducted thereat

Shareholders at a general meeting shall exercise its functions and powers according to the laws.

We shall not, without the prior approval of shareholders in a general meeting, enter into any contract with any person (other than a Director, Supervisor, the President or other senior officer) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of our business.

Shareholders' general meetings can be categorized into annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by our Board.

Our Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following circumstances:

- (1) where the number of Directors is less than the number stipulated in the PRC Company Law or two-thirds of the number specified in our Articles;
- (2) where the unrecovered losses of our Company amount to one-third of the total amount of its share capital;
- (3) where shareholder(s) holding 10% or more of our Company's issued and outstanding shares carrying voting rights request(s) in writing to convene an extraordinary general meeting;
- (4) when more than half of the independent Directors (in any event no less than two independent Directors) request to convene an extraordinary general meeting;
- (5) when more than half of the external Supervisors (in any event no less than two external Supervisors) request to convene an extraordinary general meeting; and
- (6) whenever our Board deems necessary or the Board of Supervisors so requests.

When our Company convenes a shareholders' general meeting, written notice of the meeting shall be given not less than 45 days before the date of the meeting to all shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholder as shown in the register of shareholders; such notice shall specify the matters to be considered and the date and the place of the meeting. However, in the case of holders of Domestic Shares and Unlisted Foreign Shares, notice may also be given by way of public announcement in one or more newspapers designated by the securities regulatory authority of the State Council within the interval between 45 to 50 days prior to the date of the meeting. After the publication of such announcement, the holders of Domestic Shares and Unlisted Foreign Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. A shareholder who intends to attend the meeting shall deliver to our Company written notice of his intended attendance at such meeting 20 days before the date of the meeting.

After issuing the notice of meeting, our Board shall not submit any new proposal that is not contained in the notice. Amendments to proposals already contained in the notice should be published 15 days before the date of the shareholders' general meeting. Otherwise, the meeting shall be postponed accordingly to maintain the minimum 15 days' notice period.

Any one or more shareholder(s), individually or collectively, having more than 5% of our shares with voting rights or the Board of Supervisors would have a right to propose motions for annual general meetings. Where such motions are not contained in the notice issued by the Board and where the motion covers matters specified in Article 63 of our Articles, the party making such motion shall file the proposal with our Board 10 days before the date of the meeting for the announcement of the proposal after verification. The largest shareholder cannot make any proposal for distribution at a shareholders' annual general meeting if such notice is not filed and published ten days before the date of that meeting.

An extraordinary general meeting shall only resolve on matters stated in the notice of the meeting.

Our Company shall, based on the written replies it receives 20 days before the date of a shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. Where the number of voting shares represented by the shareholders who intend to attend the meeting amounts to more than one-half of our Company's total voting shares, the meeting may be convened. Otherwise, our Company may only hold a meeting after it has made a public announcement within five days before the date of the meeting notifying the shareholders of the matters to be considered, the place and date of the meeting.

A notice of meeting shall:

- (1) be in writing;
- (2) specify the record date by reference to which shareholders are entitled to attend the meeting;
- (3) specify the place, date and the time of the meeting;
- (4) state the matters to be discussed at the meeting;
- (5) provide such information and explanation as are necessary for the shareholders to make informed decisions on the proposals put before them. This principle applies, but is not limited to, where a proposal is made to merge with another company, to repurchase our shares, to reorganize our share capital, or to restructure in any other way. The terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and a detailed explanation of the reasons and effects of such proposal;
- (6) disclose the nature and extent, if any, of the material interests of any Director, Supervisor, the President or other senior officer in the proposed transaction and, if the effect the proposed transaction will have on them in their capacity as shareholders insofar as it is different from the effect on the interests of the shareholders of the same class, explain such difference;
- (7) contain the full text of any special resolution to be proposed at the meeting;
- (8) contain a clear explanatory statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on its behalf and that a proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting; and
- (10) set out the name and telephone number of the contact person for meetings.

The following matters shall be approved by way of ordinary resolution of the shareholders' general meeting:

- (1) work reports of our Board and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans formulated by our Board;
- (3) appointment and removal of the members of our Board and members of the Board of Supervisors, their remuneration and manner of payment;
- (4) annual reports, annual budgets, annual final accounts, balance sheets and profit and loss accounts and other financial statements of our Company;
- (5) appointment and removal of accountant's firm; and
- (6) matters other than those required by the laws and administrative regulations or by our Articles to be adopted by special resolution.

The following matters shall be approved by way of special resolution of the shareholders' general meeting:

- (1) increase or reduction in the share capital and the issuance of shares of any class, warrants and other similar securities;
- (2) issuance of debentures;
- (3) any spin-off, merger, dissolution and liquidation;
- (4) amendment of the Articles;
- (5) repurchase of our shares; and
- (6) any other matters considered by the shareholders at a general meeting, resolved by way of an ordinary resolution, to be of a nature which may have a material impact on us and should be adopted by a special resolution.

When considering a related party transaction (as defined in the relevant regulations of the relevant regulatory authorities (including but not limited to CBRC and relevant securities regulatory authority) and the relevant internal regulations of our Company (which at the date of this prospectus are the Administrative Measures Regarding Related Party Transactions) at a shareholders' general meeting, the related shareholders shall not vote and the number of shares represented by those connected shareholders shall not be counted in the quorum.

Transfer of shares

Our Company's H Shares are freely transferrable and are not subject to liens unless any laws or administrative regulations provide otherwise.

The shareholders will be allowed to hold the increase of shares of our Company after our Company is priorly informed and applies to the CBRC for its approval where the shareholders intend to hold more than 10% of the total amount of shares of our Company by acquiring shares of our Company.

The change of shareholders that hold more than 5% of the total capital or total amount of shares of our Company shall be approved by the CBRC.

Our Company shall maintain a register of shareholders containing the following particulars:

- (1) the name and address (residence), the occupation or nature of each shareholder;
- (2) the quantity and the class of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder; and
- (6) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholdings in our Company.

Our Company shall maintain a complete register of shareholders comprising of the following parts:

- (1) the register of shareholders maintained at our headquarters (other than those described in sub-paragraphs (2) and (3) below);
- (2) the register of shareholders in respect of the holders of our overseas listed Foreign Shares, which is maintained in the same place as the overseas stock exchange on which those shares are listed; and
- (3) the register of shareholders shall be maintained in such other place as our Board may consider necessary for the listing of our Shares.

We may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of overseas listed Foreign Shares overseas and appoint an overseas agent to manage such share register. The original share register for holders of H Shares shall be maintained in Hong Kong.

A duplicate of the register of shareholders for holders of overseas listed Foreign Shares shall be maintained at our headquarters. The appointed overseas agent shall ensure consistency between the original and the duplicate registers of shareholders at all times. Where there is any inconsistency between the original and the duplicate register of shareholders, the original register of shareholders shall prevail.

Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

Power of our Company to purchase our own shares

Subject to the provisions of the Articles, we may reduce our registered share capital.

We may, in accordance with the procedures set out in the Articles and with the approval of the relevant government authority, repurchase our issued and outstanding shares under the following circumstances:

- (1) cancellation of shares to reduce our capital;
- (2) merging with another company that holds our shares; or
- (3) other circumstances permitted by the laws and administrative regulations.

We may repurchase shares in one of the following ways, with the approval of the relevant government authority:

- (1) by making a general offer for the repurchase of shares to all shareholders on a pro rata basis;
- (2) by repurchasing shares through public transactions on a stock exchange; or
- (3) by repurchasing shares by means of an off-market agreement.

We shall obtain the prior approval of the shareholders at a general meeting (in the manner stipulated in our Articles) before we can repurchase shares outside of the stock exchange by means of an off-market agreement. We may, by obtaining the prior approval of the shareholders at a general meeting, release, vary or waive any right under an agreement so executed.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement stipulating the obligation to repurchase shares or an agreement conferring the right to repurchase shares.

We shall not assign an agreement for the repurchase of our shares or any right stipulated in such an agreement.

Shares which have been legally repurchased by us shall be cancelled within 10 days or a shorter period prescribed by the laws of the place where the shares are listed, and we shall apply to the original companies' registration authority for registration of the change of our registered capital.

The aggregate par value of the cancelled shares shall be deducted from our registered share capital.

Unless we are in the course of liquidation, we shall comply with the following provisions in relation to the repurchase of our issued shares:

- (1) where we repurchase shares at par value, payment shall be made out of our distributable profits book balance or out of proceeds of a new issue of shares made for that purpose;
- (2) where we repurchase shares at a premium over its par value, payment up to the par value may be made out of our distributable profits book balance or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of our distributable profits book balance;
 - (ii) if the shares being repurchased were issued at a premium over its par value, payment shall be made out of our distributable profits book balance or out of the

proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate of premiums we received on the issue of the shares repurchased nor shall it exceed the book value of our capital surplus (including the premiums on the new issue) at the time of the repurchase;

- (3) we shall make the following payments out of our distributable profits:
- (i) payment for the acquisition of the right to repurchase our shares;
 - (ii) payment for the variation of any contract for the repurchase of our shares;
 - (iii) payment for the release of obligation(s) under any contract for our repurchase of shares;
- (4) after our registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from our distributable profits for payment of the par value of repurchased shares shall be transferred to our capital surplus.

Power for any of our subsidiaries to own shares in our Company

There is no provision in the Articles restricting the ownership of shares in us by any of our subsidiaries.

Dividends and other methods of profit distribution

We may distribute dividends in the following ways:

- (a) cash; or
- (b) shares.

We shall appoint receiving agents for holders of the H Shares. Such receiving agents shall receive dividends declared and all other amounts payable to holders of H Shares by us.

The receiving agents we appoint shall comply with the relevant requirements of the laws of the place where our shares are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of H Shares shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In the event that holders of H shares do not claim a dividend for a long period of time after it has been declared, our Company is entitled to forfeit their entitlement to such dividend from six years after the date on which the dividend was declared.

Proxies

Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more other persons (whether a shareholder or not) as its proxy to attend and vote on its behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (1) the shareholders' right to speak at the meeting;
- (2) the right to demand, solely or jointly, a poll; and
- (3) the right to vote by hand or on a poll, but if more than one proxy is appointed, the proxies may only vote on a poll. If the said shareholder is a recognized clearinghouse (or its agent) as defined by the laws and regulations of the place where our shares are listed, the shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting or any class meeting; however, if more than one person is authorized, the power of attorney shall clearly indicate the number and types of shares covered by the authorization. Such persons so authorized may represent the recognized clearing house (or its agent) and act as its proxy to exercise rights, as if they were individual shareholders.

The instrument appointing a proxy shall be in writing under the hand of the appointor or its attorney duly authorized in writing or, if the appointor is a legal person, either under seal or under the hand of its director or duly authorized attorney. The instrument appointing a proxy and, if such instrument is signed by a person under a power of attorney on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, shall be deposited at our headquarters or at some other place specified for that purpose in the notice of meeting, not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution.

If the appointor is a legal person, its legal representative or such person as authorized by a resolution of its board of directors or other governing body, may attend general meetings of our shareholders as a representative of the appointor.

Any form issued to a shareholder by our Board for the appointment of a proxy shall enable the shareholder to freely instruct the proxy to vote in favor of or against the motions. Instructions shall be given in respect of each individual resolution to be voted on at the meeting. Such form shall contain a statement indicating that, in the absence of specific instructions by the shareholder, the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that our Company has not received any written notice in respect of such matter before the commencement of the relevant meeting.

Calls on shares and forfeiture of shares

There is no provision in our Articles relating to the making of calls on shares or for the forfeiture of shares.

Rights of shareholders (including inspection of register)

Our shareholders shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend and vote at shareholders' general meetings;
- (3) the right to supervise management over our business operations, and the right to present proposals or to raise enquiries;
- (4) the right to transfer or pledge shares in accordance with the laws, administrative regulations or provisions of our Articles;
- (5) the right to obtain relevant information in accordance with the provisions of our Articles, including:
 - (i) the right to obtain a copy of our Articles, subject to payment of its costs;
 - (ii) the right to inspect and copy, subject to payment of a reasonable fee:
 - (a) information on individual holding of shares;
 - (b) all parts of the register of shareholders;
 - (c) personal particulars of each of our Directors, Supervisors, President and other senior officers, including:
 - (A) present and former name and alias;
 - (B) principal address (residence);
 - (C) nationality;
 - (D) full-time and all other part-time occupations and duties;
 - (E) identification documents and their respective document numbers thereof;
 - (d) reports on the state of our share capital;
 - (e) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares we repurchased since the end of the last financial year and the aggregate amount we paid for this purpose;
 - (f) minutes of shareholders' general meetings; and
 - (g) the semi-annual financial report and annual financial report;
- (6) in the event of our winding-up or liquidation, to participate in the distribution of our remaining assets according to the rights attached to the number of shares held; and
- (7) other rights conferred by the laws, administrative regulations and our Articles.

Quorum for meetings and separate class meetings

A class meeting may be convened if we receive from shareholders more than one-half of the total number of voting shares of that class 20 days before the relevant meeting notice of intention to attend the meeting. Otherwise, we may hold a class meeting if we make a public announcement within five days before the date of the original meeting notifying shareholders of the matters to be considered, the date and place of the class meeting.

Rights of minority shareholders in relation to fraud or oppression

In addition to the obligations imposed by laws and administrative regulations or the listing rules of the stock exchanges on which our shares are listed, a controlling shareholder (as defined below) shall not exercise his voting rights in a manner prejudicial to the interests of the other shareholders in whole or in part regarding the following matters:

- (1) relieving a Director or Supervisor of his duty to act in good faith and in our best interests;
- (2) approving the expropriation by a Director or Supervisor (for his own benefit or for the benefit of the others) of our assets in any way, including (without limitation) opportunities beneficial to us; or
- (3) approving the expropriation by a Director or Supervisor (for its own benefit or for the benefit of the others) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights (except in accordance with the restructuring of our Company which has been submitted for approval by the shareholders in a general meeting in accordance with our Articles).

A “controlling shareholder” means a person who (acting alone or in concert with others):

- (1) has the power to elect more than half of the members of our Board;
- (2) has the power to exercise, or to control the exercise of, 30% or more of the voting rights in us;
- (3) holds 30% or more of our issued and outstanding shares; or
- (4) has de facto control over us in any other way.

See also “Variation of rights of existing shares or classes of shares” above.

Procedures on liquidation

We shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed by our shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of our Company;
- (3) we are legally declared insolvent due to our failure to repay debts as they become due; or
- (4) we are ordered to close down due to violation of the laws and administrative regulations.

A liquidation committee shall be set up within 15 days after our Company is dissolved pursuant to sub-paragraph (1) above, and the composition of the liquidation committee shall be determined by an ordinary resolution of shareholders in a general meeting. Where we are dissolved pursuant to

sub-paragraph (2) above, liquidation procedures shall be conducted by parties in accordance with the merger or division agreement.

Where we are dissolved under sub-paragraph (3) above, the People's Court shall, in accordance with the provisions of relevant laws, organize the shareholders, relevant organizations and relevant professionals to establish a liquidation committee to carry out the liquidation.

Where we are dissolved under sub-paragraph (4) above, the banking regulatory authority of the State Council shall establish a liquidation committee to carry out the liquidation.

Where our Board proposes to liquidate us due to reasons other than being declared insolvent, our Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making a detailed inquiry into the affairs of our Company, our Board is of the opinion that we will be able to pay the debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of our Company, all functions and powers of our Board and the President shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders in a general meeting to make a report at least once a year to the shareholders in a general meeting on the committee's income and expenses, our business and the progress of the liquidation, and to present a final report to the shareholders at a general meeting upon completion of the liquidation.

Other provisions material to our Company or our shareholders

General provisions

We are a joint stock limited company having perpetual existence.

From the date on which our Articles came into effect, our Articles constitute a legally binding public document regulating our organization and activities, and the rights and obligations between us and each shareholder and among the shareholders themselves.

Upon approval by the company's approval department authorized by the State Council, we may, according to our operating and management needs, operate as a holding company as prescribed in Article 12(2) of the PRC Company Law.

We may, based on our operating and development needs, increase the share capital pursuant to our Articles, provided that any capital increase must be approved by the banking regulatory authority of the State Council.

We may increase our capital in the following ways:

- (1) by offering new shares to unspecified investors;
- (2) by offering new shares to specified strategic investors;
- (3) by issuing new shares to existing shareholders;
- (4) by allotting bonus shares to existing shareholders;
- (5) by transferring the capital reserve into the registered capital;
- (6) by issuing convertible bonds;

(7) by adopting the employee stock incentive plan and offering shares to employees or institutions which hold shares for employees; or

(8) by any other means permitted by the laws and administrative regulations.

If we increase our share capital by way of issuing new shares after it has been approved in accordance with the provisions of our Articles, the issuance shall be conducted in accordance with the relevant laws and administrative regulations in the PRC.

Unless otherwise stipulated in the relevant laws or administrative regulations, our shares shall be freely assignable and are not subject to any lien.

According to the provisions of our Articles, we may reduce our registered capital.

When we reduce our registered capital, we shall prepare a balance sheet and an inventory of assets.

We shall notify our creditors within ten days from the date of our resolution for a reduction of capital and shall publish an announcement in a newspaper at least three times within 30 days from the date of such resolution. A creditor has the right within 30 days from the receipt of the notice from us or, in the case of a creditor who does not receive such notice, within 90 days from the date of the first public announcement, to require us to repay our debts or provide a corresponding guarantee for such debts.

Our registered capital shall not, after the reduction in capital, be less than the minimum amount prescribed by the laws.

The duties of our ordinary shareholders include:

- (1) to comply with our Articles;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by the laws, administrative regulations and the Articles;
- (4) support any policy proposed by our Board to increase our capital adequacy ratio whenever our capital adequacy ratio falls below the minimum requirement; and
- (5) those shareholders with loans from our Company shall repay immediately all due borrowings and repay in advance all unmatured borrowings whenever we experience liquidity difficulties.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares at the time of subscription.

Secretary of our Board

We shall have one secretary for our Board, who shall be our senior officer.

The secretary of our Board shall be a natural person with the necessary professional knowledge, banking experience and the required qualifications as stipulated by regulatory bodies onshore and offshore and the relevant requirement of the listing rules. The secretary of our Board shall be appointed by our Board. The primary responsibilities of the secretary of our Board are:

- (1) to ensure the maintenance of a complete set of our constitutive documentation and records;
- (2) to ensure the preparation and submission of reports and documentation of our Company in accordance with the law;
- (3) to be responsible for maintaining the register of shareholders and to ensure relevant documentation and records of our Company are provided in a timely basis to parties who are entitled to receive them;
- (4) to be responsible for affairs relating to information disclosure and to ensure the timeliness, accuracy, legitimacy, truthfulness and completeness of the disclosed information;
- (5) to organize shareholders' meetings and Board meetings and to be responsible for maintaining the documents and minutes for Board meetings and shareholders' meetings; and
- (6) to handle all other business as authorized by our Articles or by relevant law.

Board of Supervisors

Our Company shall have a Board of Supervisors composed of nine Supervisors, among whom not less than two shall be external Supervisors and not less than one-third shall be employee representatives of our Company. One of the members of the Board of Supervisors shall be the chairman. Each Supervisor shall serve for a term of three years, which is renewable upon re-election and re-appointment.

Members of our Board of Supervisors may not serve as Director, President or other senior officer of our Company.

Supervisors who are shareholders' representatives and external Supervisors are appointed by proposals resolved at shareholders' general meetings.

The election and the removal of the chairman of the Board of Supervisors shall be determined by votes by two-thirds or more of the members of the Board of Supervisors.

The Board of Supervisors shall be accountable, and will report, to the shareholders in general meetings and shall exercise the following functions and powers in accordance with the laws:

- (1) to examine and monitor our financial activities;
- (2) to monitor the Directors, the President and other senior officers in executing their duties;
- (3) to demand rectification from Directors, the President and other senior officers when they act to the detriment of our interests;
- (4) to review the financial reports, operating reports and profit distribution plan and other financial statements, and appoint an accounting firm to conduct independent reviews of our financial statements when necessary;

- (5) to propose the convening of an extraordinary shareholders' general meeting;
- (6) to represent our Company to negotiate with Directors or to take legal actions against Directors; and
- (7) to perform all other duties as stipulated by our Articles.

Members of our Board of Supervisors shall have the right to attend the Board meetings as non-voting members and such attending members shall have the right to speak and express views at such board meeting.

President of our Company

The president shall be accountable to our Board and shall exercise the following functions and powers:

- (1) to be in charge of our daily operations and management and report to the Board;
- (2) to execute resolutions of our Board and the shareholders' meeting;
- (3) to draft our annual business plan and investment proposal and organize the implementation of our annual business plan and investment proposal after the approval of the Board and the shareholders' meeting;
- (4) draft our annual preliminary and final financial budgets, our profit distribution and loss recovery proposals, proposals for the increase or reduction of our registered capital and for the issuance of debentures or securities and plans for listing;
- (5) to draft proposals for the establishment of the internal management structure for our Company;
- (6) to draft our basic management system;
- (7) to formulate rules and regulations for our Company;
- (8) to propose to our Board the appointment and removal of other senior officers;
- (9) to appoint or remove senior personnel of our internal departments and branches other than those required to be appointed or dismissed by our Board;
- (10) to authorize senior management, senior personnel of our internal departments and branches to engage in business operations;
- (11) to draft the payroll, benefits, rewards and penalties of our employees and to decide the appointment and removal of our employees;
- (12) to take immediate actions in response to emergencies such as a bank run and promptly inform the CBRC, our Board and the Board of Supervisors;
- (13) to propose the convening of an extraordinary Board meeting; and
- (14) to exercise other powers conferred by our Articles and our Board.

The President may attend Board meetings. The President has no voting rights at our Board meetings unless he is also a Director.

The President, in performing his or her functions and powers, shall have fiduciary and other duties in accordance with the laws, administrative regulations and the Articles.

Board

Our Board is accountable to the shareholders generally and may exercise the following functions and powers:

- (1) to be responsible for the convening of shareholders' meetings and to report its work to the shareholders;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine our business plans and investment proposals;
- (4) to formulate our annual preliminary and final financial budgets;
- (5) to formulate our profit distribution and loss recovery proposals;
- (6) to formulate proposals for the increase or reduction of our registered capital and for the issuance of debentures or securities and plans for an initial public offering;
- (7) to draft proposals for the merger, division, dissolution or repurchase of our Shares or for any material acquisitions or dispositions by our Company;
- (8) to decide the material asset dispositions;
- (9) to decide on matters relating to risk investment, mortgage of assets and security interests, as authorized by our shareholders at a general meeting;
- (10) to determine the internal management structure for our Company;
- (11) to appoint or remove our President and secretary of our Board; to appoint or remove our Executive Vice President(s), chief financial controller and other senior officers with reference to the recommendations of our President and to determine the compensation of the above personnel;
- (12) to formulate our basic management system;
- (13) to formulate proposals for amendments to our Articles;
- (14) to administer material information disclosures;
- (15) to propose the appointment and removal of our auditors in shareholders' general meetings;
- (16) to consider and inspect the work report from the President; and
- (17) to exercise other powers conferred by the law, administration regulations, and the Articles of Association and shareholders.

Except for resolutions of the Board in respect of the matters specified in subparagraphs (6), (7) and (13) above which shall be passed by the affirmative vote of more than two-thirds of all the Directors, our Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors present at the Board meeting.

Meetings of our Board shall be held at least four times per year and convened by the chairman of our Board. Notices of the meeting shall be served to all Directors and all Supervisors at least ten days prior to the date of the meeting. An extraordinary Board meeting may be held when the chairman of our Board considers necessary or upon requisition by more than one-third of the Directors, or when the Board of Supervisors or the President so proposes.

Board meetings shall be held only if more than half of the Directors are present.

Each Director shall have one vote. Where there is an equality of votes cast both for and against a resolution, the chairman of our Board shall have a casting vote.

Our Board shall establish an audit committee, a risk management committee, a personnel and remuneration committee and other specific committees if necessary.

Our Company adopts an internal audit policy and employs specific personnel to conduct internal audit of the financial position and economic activities of our Company.

Internal audit policies and duties of internal audit personnel of our Company shall be implemented with the approval of our Board. The officer-in-charge of internal audit shall be held responsible to the President and reports to our Board.

Appointment of an accountant's firm

We shall appoint an independent accountant's firm which is qualified under the relevant PRC regulations to audit our annual report and review other financial reports of our Company.

Our Board shall propose the appointment of accountants which shall be approved at a shareholders' general meeting. The accountants of our Company shall hold office starting from the conclusion of the current shareholders' general meeting until the conclusion of the next shareholders' general meeting. If there is a vacancy in our accountants during such period, our Board may appoint an accountant's firm to fill such vacancy before the convening of the next shareholders' general meeting. Any accountant's firm which has been so appointed may continue to act during such vacancy period.

The shareholders in a general meeting may by ordinary resolution remove our accountants before the expiration of its term of office, irrespective of the provisions in the contract between the accountant's firm and us. However, the accountant's firm's right to claim for damages that arises from its removal shall not be affected.

The remuneration of an accountant's firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. The remuneration of an accountant's firm appointed by our Board shall be determined by our Board.

Change and removal of an accountant's firm

Where a resolution is passed at a general meeting of shareholders to appoint an accountant's firm that is not currently in office, to fill a vacancy for the remaining term of the previous accountant's firm, to reappoint an accountant's firm that was appointed by our Board to fill a vacancy, or to remove an accountant's firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent to the relevant accountant's firm before a notice of meeting is sent to the shareholders.

- (2) If the retiring accountant makes representations in writing and requests the forwarding of such representations to the shareholders, we shall (unless the representations are not received in time) take the following measures:
 - (i) in the notice given to shareholders, we disclose the representations have been made by the retiring accountant; and
 - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles.
- (3) If the accountant's firm's representations are not sent in accordance with the preceding sub-paragraph (2), the accountants may (in addition to its right to be heard) require that the representations be read out at the meeting, and may speak further regarding its role as an accountant's firm.
- (4) A retiring accountants' firm that is leaving its post shall be entitled to attend:
 - (i) the shareholders' general meeting which its term of office would otherwise have covered;
 - (ii) the shareholders' general meeting to fill the vacancy caused by its removal;
 - (iii) the shareholders' general meeting convened due to its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as our previous accountants' firm.

Resignation of an accountant's firm

An accountant's firm may resign its office by depositing at our legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be specified in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there is no circumstance connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of our Company; or
- (2) any other circumstances that should be stated.

Where a notice is deposited under the preceding paragraph, we shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph, a copy of such statement shall be placed at our Company for shareholders' inspection. We shall also send a copy of such statement by prepaid mail to every shareholder of overseas-listed Foreign Shares at the address registered in the register of shareholders.

Where the accountant's firm's notice of resignation contains a statement in respect of the above, it may require our Board to convene a shareholders' extraordinary general meeting for the purpose of explaining the circumstances surrounding its resignation.

Loans to Shareholders

The terms of the loans offered to our shareholders shall not be more favorable than those offered to borrowers of similar loans. The total outstanding balance of loans made to any single shareholder shall not exceed one-tenth of our net assets value. Loans made to related parties of any shareholder shall be combined with loans made to the same shareholder when computing the aforesaid ratio.

Shareholders failing to repay their loans from our Company on schedule shall abstain from voting until full settlement of all outstanding amounts has been made.

Major Investment and Disposal of Assets

Our Board shall adhere to any limits imposed on it when making investments and disposing of assets. Stringent reviews and decision making policies shall also be adopted. Proposals regarding major investments and disposal of assets shall be reviewed by experts and professionals with the relevant qualifications and be submitted to shareholders at a general meeting for approval.

With respect to acquisitions of fixed assets that are related to our daily operations, the President shall consider those transactions with reference to the projects and quotas approved in the annual budget. For unbudgeted and budgeted projects that cannot be itemized, the following authorization procedures shall apply:

- (1) a single transaction that involves 5% or below of the latest audited net assets value of our Company shall be approved by the President and submitted to our Board for filing;
- (2) a single transaction that involves more than 5% but not more than 10% of the latest audited net assets value of our Company (including 10%) shall be approved by our Board; and
- (3) a single transaction that involves more than 10% of the latest audited net assets value of our Company shall be approved by shareholders at a general meeting.

Dispute resolution

We shall abide by the following principles for dispute resolution:

- (1) Whenever any dispute or claim arise between: holders of the overseas listed Foreign Shares and our Company; holders of the overseas listed Foreign Shares and our Directors, Supervisors, or holders of the overseas listed Foreign Shares and holders of Domestic Shares, in respect of any right or obligation arising from our Articles or any right or obligation conferred or imposed by the PRC Company Law or any other relevant PRC laws and administrative regulations concerning the affairs of our Company, such dispute or claim shall be submitted by the relevant parties to arbitration. Where a dispute or claim referred to in the preceding paragraph is submitted to arbitration, the entire claim or dispute must be submitted to arbitration. If we, any shareholder, the President, or other senior officer have a cause of action based on the same facts giving rise to the dispute or claim or if the participation of such persons is necessary for the resolution of such dispute or claim, such persons shall be subject to the arbitration.
- (2) A claimant may elect arbitration at either the China International Economic or Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If a claimant elects arbitration at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.
- (3) If any dispute or claim of rights is settled by way of arbitration in accordance with subparagraph (1) above, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitral body shall be final and conclusive and binding on all parties.