

Set out below is a summary of the principal provisions of our articles of association, the principal objective of which is to provide investors with an overview of the articles.

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 our articles of association are available for inspection as mentioned in “Appendix XII — Documents Delivered to the Registrar of Companies and Available for Inspection”.

Our articles of association were adopted by our shareholders in the extraordinary shareholders’ general meeting held on April 17, 2006 and were approved by the CBRC on May 17, 2006. Our articles of association will become effective on the date that our H Shares are listed on the Hong Kong Stock Exchange. On August 18, 2006, we added certain provisions relating to the transfer of domestic shares to overseas investors for listing and trading on an overseas stock exchange. Up to the date of the Prospectus, this amendment has not been approved by the CBRC.

## **Directors and Other Officers**

### ***Power to Allot and Issue Shares***

There is no provision in our articles of association empowering the directors to allot and issue shares.

To increase the capital of our company, the board must submit a proposal for approval at a shareholders’ general meeting by a special resolution.

### ***Power to Dispose of the Assets of Our Company or any Subsidiary***

The board is accountable to the shareholders.

The board shall not, without the prior approval of shareholders in a shareholders’ general meeting, dispose of, or agree to dispose of, any fixed assets of our company where the sum of the estimated value of the consideration for the proposed disposition and the aggregate amount of the consideration for all dispositions of fixed assets of our company completed within four months immediately preceding the proposed disposition exceeds 33% of the value of our company’s fixed assets as shown on the last balance sheet reviewed at a shareholders’ general meeting.

The validity of a disposition by our company of fixed assets shall not be affected by the breach of the above paragraph.

For the purposes of our articles of association, a disposition of fixed assets includes an act involving the transfer of an interest in such assets but does not include the provision of such assets as a form of security.

### ***Emoluments and Compensation for Loss of Office***

Our company shall, with the prior approval of shareholders at a shareholders’ general meeting, enter into a contract in writing with each of the directors or supervisors wherein his emoluments are stipulated. The aforesaid emoluments include:

- emoluments in respect of his service as a director, supervisor or executive officer of our company;

- emoluments in respect of his service as a director, supervisor or executive officer of any subsidiary of our company;
- emoluments in respect of the provision of other services in connection with the management of the affairs of our company and any of its subsidiaries; and
- compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against our company for any benefit due to him in respect of the above matters.

Contracts concerning emoluments between our company and our directors or supervisors should provide that, in the event of a takeover of our company, the directors or supervisors shall, subject to the prior approval of the shareholders in a shareholders' general meeting, have the right to receive compensation or other payment in respect of a loss of office or retirement. A "takeover of our company" referred to in this paragraph means either:

- an offer made by any person to all shareholders; or
- an offer made by any person with a goal of becoming "controlling shareholder" within the meaning set out in our articles of association (see the section headed "Rights of the Minority Shareholders" below).

If the relevant director or supervisor does not comply with this provision, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer. The expenses incurred in distributing such sum *pro rata* amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of the sum to be received by him.

#### ***Loans to Directors, Supervisors and Other Officers***

Our company shall not grant credit loans to a related person. Our company may only provide loans or loan guarantees to a related person if the terms and conditions are on normal commercial terms and conditions, and our company may not provide guaranteed loans to a related persons unless the terms and conditions on such loans are not more favorable than the terms and conditions of the same type of loans provided to other borrowers. Related person means:

- a director, supervisor, executive officer or employee engaged in credit business of our company, or any close relatives of such an individual; and
- a company, enterprise or other economic organization in which one of the above persons invests or of which such a person is an executive officer.

A loan made by our company in breach of the above provisions shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

#### ***Financial Assistance for the Acquisition of Shares in Our Company***

Subject to the exceptions in our articles of association, our company and our subsidiaries shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of our company. Such acquirer of shares of our

company includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of shares. Our company and our subsidiaries shall not, by any means at any time, provide financial assistance to such acquirer for the purpose of reducing or discharging the obligations assumed by that person.

The following activities shall not be deemed to be prohibited activities:

- the provision of financial assistance by our company where the financial assistance is given in good faith in the interest of our company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, or the giving of the financial assistance is an incidental part of a major plan of our company;
- the distribution of our company's assets through dividends;
- the allotment of bonus shares as dividends;
- a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of our company effected in accordance with our articles of association;
- the lending of money by our company within its scope of business and in the ordinary course of business (provided that the net assets of our company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits); and
- the provision of money by our company for contributions to an employees' shareholding plan (provided that the net assets of our company are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

For these purposes:

- "financial assistance" includes, but without limitation, the following:
  - a gift;
  - a guarantee (including any liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation due to our company's own default) or release or waiver of any rights;
  - provision of a loan or any other contract under which the obligations of our company are to be fulfilled before the obligations of another party, or a change in the parties to, the novation of, or the assignment of rights arising under, such a loan or contract; or
  - any other form of financial assistance given by our company when our company is insolvent or has no net assets or when its net assets would thereby be reduced by a material extent.
- "incurring an obligation" includes the incurring of obligations by the changing of the obligor's financial position, the entering into a contract, the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or any other means.

***Disclosure of Interests in Contracts with Our Company or any of its Subsidiaries***

Where a director, supervisor, president, executive vice president or other executive officer of our company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with our company (other than his contract of service with our company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction, arrangement or proposal therefor is otherwise subject to the approval of the board of directors.

Unless the interested director, supervisor, president, executive vice president or other executive officer discloses his interests in accordance with our articles of association and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor, president, executive vice president or other executive officer is not counted in the quorum and refrains from voting, the contract, transaction or arrangement in which a director, supervisor, president, executive vice president or other executive officer is materially interested is voidable at the request of our company except as against a *bona fide* party acting without notice of the breach of duty by the interested director, supervisor, president, executive vice president or other executive officer.

For the purposes of this provision, a director, supervisor, president, executive vice president or other executive officer of our company is deemed to be interested in a contract, transaction or arrangement in which one of his associates is interested.

If a director, supervisor, president, executive vice president or other executive officer of our company, before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by our company, gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contracts, transactions or arrangements and such contracts, transactions or arrangement are subsequently made by our company, such notice shall be deemed to be a sufficient declaration of his interests for the purpose of the above paragraphs to the extent of such disclosure in such notice.

***Remuneration***

The remuneration of directors must be approved by shareholders in a shareholders' general meeting. Please see the section headed "Emoluments and Compensation for Loss of Office" above.

***Appointment, Removal and Retirement***

The term of office of the chairman of the board and the other board members shall be three years. The qualification of a director shall be examined and approved by the banking regulatory authority of the State Council.

Directors shall be elected and removed by the shareholders' general meeting. The general procedures for the nomination, election and appointment of directors are set forth below:

- candidates for directors, up to the maximum number of directors prescribed in our articles of association, are nominated by the board of directors;
- the candidates for directors, after receiving the board's approval, shall be recommended by a written resolution to shareholders for consideration at the shareholders' general meeting;

- each candidate for director issues an undertaking in writing that he accepts the nomination before the shareholders' general meeting; and
- the shareholders at the shareholders' general meeting shall hold a vote on the election of each candidate separately.

Shareholders holding at least 3% of our issued shares entitled to vote have the right to nominate candidates for election to the board at a shareholders' general meeting. The Board of Supervisors is entitled to nominate candidates for independent non-executive directors.

The board shall consist of 11 to 19 directors, of which at least one-third shall be independent directors. The board shall have one chairman and one or two vice-chairmen. The chairman and vice chairmen shall be elected and removed by a majority of all directors.

A director, supervisor, president, executive vice president or other executive officer of our company may not be:

- a person without legal capacity or with restricted legal capacity;
- a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging of the social economic order and has been punished because he committed such an offence, where less than five years have elapsed since the date of completion of the sentence; or who has been deprived of his political rights, where less than five years have elapsed since the date of completion of this deprivation;
- a person who has been a director, factory manager or manager of a company or enterprise which has entered into an insolvency liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of revocation of the business license;
- a person who has a relatively large amount of debts and who is in default of such debts;
- a person who is under criminal investigation by a judicial organization for violation of the criminal law for which investigation is not yet concluded;
- a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- a non-natural person; or
- a person convicted of contravening provisions of relevant securities regulations by a relevant supervising authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of conviction.

The validity of an act of a director, supervisor, president, executive vice president or executive officer acting on behalf of our company is not, *vis-à-vis* a *bona fide* third party, affected by any irregularity in his office, election or any defect in his qualification.

### ***Borrowing Powers***

Subject to compliance with applicable laws and regulations of the PRC, our company has the power to raise and borrow money, which power includes, without limitation, the issue of debentures, the charging or mortgaging of a part or the whole of our company's business or properties and other rights permitted by PRC laws and administrative regulations. Our articles of association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than for: (a) provisions which give the directors the power to formulate proposals for the issuance of debentures by our company; and (b) provisions which provide that the issuance of debentures must be approved by the shareholders in a shareholders' general meeting by a special resolution.

### **Amendments to the Articles of Association of Our Company**

Our articles of association may be amended by special resolution of the shareholders in a shareholders' general meeting. If the amendments are subject to approval by the relevant PRC government authorities, such amendments shall become effective after obtaining such approval. If a registration is necessary for the amendments, such registration shall be carried out in compliance with the relevant laws.

### **Change of Rights of Existing Shares or Classes of Shares**

Rights conferred on any class of shareholders in the capacity of shareholders, or class rights, may not be varied or abrogated unless approved by a special resolution of shareholders in a shareholders' general meeting and by holders of shares of that class at a separate meeting conducted in accordance with our articles of association.

The following circumstances shall be deemed a change or abrogation of the class rights of a shareholder class:

- an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of such class having voting or distribution rights or privilege equal or superior to those of the shares of such class, except for where shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council;
- an exchange of all or part of the shares of such class into shares of another class or an exchange or the creation of a right to exchange all or part of the shares of another class into the shares of such class, except for where shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council;
- the removal or reduction of rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;

- the addition, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights attached to shares of such class, or rights to obtain securities of our company;
- the removal or reduction of rights to receive payment payable by our company in particular currencies attached to shares of such class;
- the creation of a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of such class;
- the restriction of the transfer or ownership of the shares of such class or any addition to such restriction;
- the issuance of rights to subscribe for, or conversion into, shares in our company of such class or another class;
- the increase of the rights or privileges of shares of another class;
- the restructuring of our company where the proposed restructuring will result in different classes of shareholders bearing different degrees of responsibility in respect of the company's liability; and
- the variance or abrogation of provisions of "special procedures for voting in class meetings" as contained in our articles of association.

Interested shareholders (as defined below) shall not be entitled to vote at "class shareholders' meetings."

Resolutions of a class of shareholders shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class presented at "class shareholders' meetings."

Written notice of a "class shareholders' meeting" shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the class of the matters to be considered, the date and the place of such meeting.

Notice of "class shareholders' meetings" need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders' general meetings of all shareholders. The provisions of our articles of association relating to the manner of conducting a shareholders' general meeting shall apply to any meeting of a class of shareholders.

Holders of domestic shares and H Shares are deemed to be shareholders of different classes.

The special procedures for approval by a class of shares shall not apply in the following circumstances:

- where our company issues, upon the approval by a special resolution of its shareholders in a shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and overseas-listed shares;

- where our company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is carried out within 15 months from the date of approval of the Securities Authority of the State Council; or
- where shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council.

For the purposes of the class rights provisions of our articles of association, the meaning of "interested shareholder(s)" is:

- in the case of a repurchase of shares by offers to all shareholders or through public trading on a stock exchange, a "controlling shareholder" within the meaning of our articles of association;
- in the case of a repurchase of shares by a privately negotiated contract, a shareholder to which the proposed contract relates; and
- in the case of a restructuring of our company, a shareholder within a class who bears a less than proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

### **Resolutions — Majority Required**

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the shareholders (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders (including shareholders' proxies) present at the meeting must be exercised in favor of the resolution.

### **Voting Rights**

The ordinary shareholders of our company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. A shareholder (including shareholders' proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of voting shares and each voting share shall have one vote.

At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is required in accordance with the relevant rules and regulations of place(s) where our shares are listed, or a poll is (before or after any vote by a show of hands) demanded:

- by the chairman of the meeting;
- by at least two shareholders entitled to vote present in person or by proxy; or
- by one or more shareholders present in person or by proxy representing in aggregate 10% or more of all voting shares at the meeting.

Unless required by the relevant rules or regulations of place(s) where our shares are listed or a poll is demanded, the chairman, in accordance with the voting result on a show of hands, may declare the voting result and make an entry to that effect in the minutes of the meeting, which shall be conclusive evidence of the fact. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any other items on the agenda may proceed, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting on the matter that the poll was demanded.

On a poll taken at a meeting, a shareholder (including shareholders' proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of a tie, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

### **Requirement for Annual Meetings**

The board shall convene an annual shareholders' general meeting within six months from the close of a financial year.

### **Accounts and Audit**

Our company shall establish its financial and accounting system and internal audit system in accordance with the laws, administrative regulations, and the rules stipulated by relevant authorities.

The board of our company shall have an audit and related party transactions control committee which reports and is responsible to the board. The audit and related party transactions control committee shall consist of not less than three members, and shall act within such terms of reference and shall have such responsibilities and powers as prescribed by our articles of association.

The board shall place before the shareholders at every annual shareholders' general meeting such annual financial reports prepared by our company that are required by any laws, administrative regulations or any other regulatory documents promulgated by the relevant regional and central governmental authorities.

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

The annual financial statements of our company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either IFRS or the applicable accounting standards of the overseas stock exchange on which our company's shares are listed. If there is any material difference between the annual financial statements prepared in accordance with the two accounting standards, such difference shall be stated in an appendix to the annual financial statements. When our company is to distribute its after-tax profits, it may only distribute from the lower of the after-tax profits as shown in the two financial statements.

The preparation and presentation of any interim results or financial information to be published or disclosed by our company must also be prepared in accordance with both PRC accounting standards and regulations and either IFRS or the applicable accounting standards of the overseas stock exchange on which our company's shares are listed.

Our company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 60 days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within 120 days after the expiration of each fiscal year.

### **Notice of Meetings and Business to be Conducted Thereat**

Shareholders' general meetings are divided into annual shareholders' general meetings and extraordinary shareholders' general meetings. Shareholders' general meetings shall be convened by the board.

Under any of the following circumstances, the Company shall convene an extraordinary shareholders' general meeting within two months from the date that such event occurs:

- when the number of directors is less than the number of directors required by the PRC Company Law or two-thirds of the number of directors specified in our articles of association;
- when the unrecovered losses of our company amount to one-third of the total amount of its share capital;
- when shareholders holding 10% or more of our company's voting shares request in writing the convening of an extraordinary shareholders' general meeting;
- when deemed necessary by the board of directors or as requested by the board of supervisors; or
- in other situations as prescribed by bylaws, administrative regulations, department rules or our articles of association.

When our company convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days before the date of the meeting to notify all the shareholders in the share register of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting to our company 20 days before the date of the meeting.

When our company convenes an annual shareholders' general meeting, the board of directors, the board of supervisors or shareholders holding 3% or more of the total issued and outstanding voting shares of our company shall have the right to propose new motions in writing, and our company shall place on the agenda those matters in the proposed motions that are within the scope of functions and powers of the shareholders' general meeting.

Our company shall, based on written replies from the shareholders received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting is one-half or more of our company's total voting

shares, our company may hold the meeting. Otherwise, our company shall within five days notify the shareholders again by public notice of the matters to be considered and the place and the date for the meeting. Our company then may hold the meeting after the publication of such notice.

A notice of a meeting of shareholders must:

- be in writing;
- state the venue, date, time and duration of the meeting;
- state the matters to be considered at the meeting;
- provide such information and explanations as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to merge our company with another, to repurchase shares, to reorganize the share capitals or to restructure our company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- contain a disclosure of the nature and extent of any material interest of a director, supervisor, president or other executive officer in the matters for discussion and the effect of such interest on his capacity as a shareholder insofar as it is different from the interest of the shareholders of the same class;
- contain the full text of any proposed special resolution to be voted at the meeting;
- contain a prominent statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;
- specify the time and place for lodging proxy forms for the relevant meeting;
- specify the record date on which the shareholders are eligible to attend the meeting; and
- list the name and the phone number of the contact person of the meeting.

Notice of a shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notice of the meetings may be issued by public notice.

The public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council between 45 days and 50 days before the date of the meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

The following matters shall be decided by an ordinary resolution at a shareholders' general meeting:

- work reports of the board of directors and the board of supervisors;

- plans formulated by the board of directors for the distribution of profits and for the making up of losses;
- appointment and removal of the members of the board of directors and members of the board of supervisors, their emoluments and method of payment;
- annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of our company; and
- the annual report of our company.

Matters other than the above shall be approved by special resolutions in accordance with the applicable laws and regulations or otherwise as stipulated by our articles of association.

The following matters shall be decided by a special resolution at a shareholders' general meeting:

- the increase or decrease of share capital and the issue of shares of any class, warrants for share subscription and other similar securities;
- the issue of debentures of our company;
- the separation, merger, change of corporate form, dissolution or liquidation of our company;
- amendments to our articles of association;
- share incentive plans;
- any purchase or sale of our material assets within one year, or provision of guaranty within one year where the amount exceeds 30% of the total amount of our company's assets as audited in the latest period; and
- any other matters prescribed by our articles of association, or resolved by the shareholders at a shareholders' general meeting, by an ordinary resolution, to be of a nature that may have a material impact on our company and should be adopted by a special resolution.

### **Transfer of Shares**

Subject to the approval of the securities authority of the State Council, shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

All the fully paid-up H Shares can be freely transferred in accordance with our articles of association. For H Shares listed on the Hong Kong Stock Exchange, if the requirements stipulated in our articles of association are not met, the board may refuse to accept any transfer documents without giving explanation for such refusal.

The alteration to, or rectification of, any part of the share register shall be carried out in accordance with the laws of the place where the share register is maintained.

No changes in the shareholders' register due to the transfer of shares may be made within 30 days before the date of a shareholders' general meeting or within 5 days before a record date for our company's distribution of dividends.

### **Power of Our Company to Repurchase Our Own Shares**

We may, with necessary approvals according to the procedures provided in our articles of association and subject to necessary approvals of the relevant government authority, repurchase our issued shares under the following circumstances:

- for the reduction of our registered capital;
- when merging with another company that holds shares in our company;
- when offering the shares to our employees as a bonus;
- when the shareholder disagrees with the resolution of the shareholders' general meeting on the merger or separation of our company and requires our company to repurchase his shares, and
- under other circumstances permitted by the applicable laws or administrative regulations.

We may, with the approval of the relevant governmental authority, conduct the repurchase in any one of the following ways:

- making a *pro rata* offer of repurchase to all of our shareholders;
- repurchasing shares through public trading on a stock exchange;
- repurchasing by a privately negotiated agreement; or
- by other means as stipulated by the applicable laws and regulations or as approved by the securities authority of the State Council.

Where we repurchase our shares by a privately negotiated agreement, the prior approval of shareholders shall be obtained in accordance with our articles of association, and the repurchase price shall be below the maximum price approved at the shareholders' general meeting. We may release, vary or waive our rights under a contract so entered into by our company with the prior approval of shareholders obtained in the same manner.

Shares repurchased by our company shall be cancelled or transferred within the period prescribed by the applicable laws or administrative regulations.

Unless our company is being liquidated, it must comply with the following provisions in relation to the repurchase of our issued shares:

- where our company repurchases our shares at par value, payment shall be made out of our distributable profits or out of proceeds of a fresh issue of shares made for that purpose;
- where our company repurchases our shares at a premium to par value, payment equivalent to the par value shall be made out of our distributable profits or out of the proceeds of a fresh 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; or (ii) if the shares being repurchased were issued at a premium to par value, payment shall be made out of our

distributable profits or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall exceed neither the aggregate of the premiums received by our company on the issue of the shares repurchased nor the current amount (including the premiums on the fresh issue) of our share premium account (or capital reserve account);

- payment by our company in consideration of the following shall be made out of our distributable profits: (i) acquisition of rights to repurchase our shares; (ii) amendment of any contract to repurchase our shares; and (iii) release of any of our obligations under any contract to repurchase our shares; and
- after our registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to our share premium account (or capital reserve account).

### **Right of Our Subsidiaries to Own Shares in Our Company**

There are no provisions in our articles of association preventing a subsidiary of our company from owning any of our shares.

### **Dividends and Other Methods of Profit Distribution**

Our company may distribute dividends in the following manner:

- in cash; or
- in shares.

Cash dividends or other payments declared by our company to be payable to holders of domestic shares shall be declared and calculated in Renminbi and paid in Renminbi. Those payable to holders of H Shares shall be declared and calculated in Renminbi and paid in Hong Kong dollar.

Our company shall appoint receiving agents on behalf of the H Shares to receive on behalf of such shareholders dividends declared and all other monies payable by our company in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

### **Proxies**

Any shareholder entitled to attend and vote at a meeting of our company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

- have the same right as the shareholder to speak at the shareholders' general meeting;
- have authority to demand a poll or join in such a demand; and
- have the right to vote by hand or on a poll, except that the proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

The instrument appointing a proxy shall be in writing signed by the appointer or his attorney duly authorized in writing. If the appointer is a legal entity, it shall either be executed under seal or be

signed by an attorney duly authorized. The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney on behalf of the appointer, a notary certified copy of that power of attorney or other authority shall be deposited at the residence of our company or at such other place as is specified for that purpose in the notice convening the meeting, not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or 24 hours before the time specified for voting.

If the appointer is a legal entity, its legal representative or such person as is authorized by its board or other decision-making authorities may attend our shareholders' general meeting as a representative of the appointer.

Any form issued to a shareholder by the board for use by him for appointing a proxy to attend and vote at a shareholders' general meeting shall enable the shareholder to instruct the proxy to vote in favor of or against or to abstain from voting in any resolution put to vote at the meeting according to such shareholder's intention. Such a proxy form shall contain a statement that in the absence of instructions by the shareholder, the proxy may vote as he thinks appropriate.

A vote given in accordance with the terms of an instrument appointing the proxy shall be valid notwithstanding the death or incapacity of the appointer or revocation of the proxy or of the authority under which the appointing instrument was executed, or the relevant shares in respect of which the proxy is given have been transferred, provided that no notice in writing of such death, incapacity, revocation or transfer has been received by our company at its residence before the commencement of the meeting at which the proxy is used.

### **Calls on Shares and Forfeiture of Shares**

There are no provisions in our articles of association relating to the making of calls on shares or for the forfeiture of shares.

### **Rights of Shareholders (Including Inspection of Register of Shareholders)**

The ordinary shareholders of our company shall enjoy the following rights:

- entitlements to dividends and other distributions in proportion to the number of shares held;
- the right to require, convene, moderate, attend or appoint a proxy to attend shareholders' general meetings;
- the right to vote in shareholders' general meetings in proportion to the number of shares held;
- the right to supervise the management of our company's business operations, and the right to present proposals or to raise inquiries in relation thereto;
- the right to transfer, give, charge or dispose of shares in accordance with laws, regulations, the relevant requirements of the regulatory authorities of the place(s) where our shares are listed, and the provisions of our articles of association;

- the right to obtain relevant information in accordance with the provisions of our articles of association, including:
  - the right to obtain a copy of our articles of association, subject to payment of the cost of obtaining such a copy;
  - the right to inspect and copy, subject to payment of a reasonable charge:
    - (a) all parts of the register of shareholders;
    - (b) the information regarding directors, supervisors, president or other executive officers of our company;
    - (c) our share capital;
    - (d) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by our company since the end of the last accounting year and the aggregate amount incurred by our company for this purpose;
    - (e) minutes of shareholders' general meetings, board resolutions and resolutions of the board of supervisors;
    - (f) counterfoils of debentures of our company;
    - (g) our financial reports;
- in the event of termination or liquidation of our company, participating in the distribution of the remaining assets of our company in accordance with the number of shares held;
- in the event that the shareholder disagrees with the resolution of the shareholders' general meeting on the merger or separation of our company, requiring that our company repurchase his shares; and
- other rights conferred by the applicable laws, regulations or our articles of association.

### **Quorum for Meetings and Separate Class Meetings**

Our company may convene a shareholders' general meeting or "class shareholders' meeting" where our company has received 20 days before such meeting written replies from shareholders who are entitled and intend to attend the meeting and the number of voting shares held by those shareholders is more than one-half of our voting shares. Otherwise, our company shall, within five days, notify the shareholders again of the matters to be considered and the place and the date for the meeting. Our company then may hold the shareholders' general meeting or "class shareholders' meeting."

### **Rights of Minority Shareholders**

In addition to obligations on controlling shareholders imposed by the applicable laws, administrative regulations or requirements imposed by the regulatory authorities of the place(s) where our shares are listed, our articles of association provide that a controlling shareholder shall not exercise his voting rights, in a manner prejudicial to the interest of the shareholders generally or of a minority shareholder group of our company in respect of the following matters:

- to relieve a director or supervisor of his duty to act honestly and in the best interest of our company;

- to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), under any disguise, of our company's assets, including (without limitation) opportunities beneficial to our company; or
- to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the rights of other shareholders, including (without limitation) rights to distributions and voting rights, except pursuant to a restructuring submitted to the shareholders' general meeting for approval in accordance with our articles of association.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- alone, or acting in concert with others, has the power to elect more than half of the board;
- alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in our company;
- alone, or acting in concert with others, holds 30% or more of the shares of our company; or
- alone, or acting in concert with others, controls our company in fact in any other manner.

### **Procedures on Liquidation**

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

- a resolution for dissolution is passed by shareholders at a shareholders' general meeting;
- dissolution is necessary due to a merger or separation of our company;
- our company is legally declared bankrupt due to its failure to repay debts due;
- our company is ordered to have its business license revoked or be closed down or dissolved because of its violation of laws and administrative regulations; or
- our company is dissolved by the court according to Article 183 of the Company Law of the PRC ("When any company meets any serious difficulty in its operations or management so that the interests of the shareholders will face significant loss if it continues to exist and the problem cannot be solved by any other means, the shareholders who hold ten percent or more of the voting rights of the issued shares of the company may ask the people's court to dissolve the company").

The dissolution of our company has to be approved by the banking regulatory authority of the State Council.

Where the board decides to liquidate our company due to reasons other than insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to the effect that, after making full inquiry into the affairs of our company, the board is of the opinion that our company will be able to repay its debts in full within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution to liquidate our company in a shareholders' general meeting, all functions and powers of the board shall cease immediately.

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

## **Other Provisions Material to Our Company and Our Shareholders**

### ***General Provisions***

Our articles of association become effective on the date our H Shares are listed on the Hong Kong Stock Exchange. Thereafter, our articles of association constitute a legally binding document regulating our organization and activities, and the rights and obligations between our company and each shareholder and among the shareholders *inter se*.

Our company may, based on its requirements for operation and development and in accordance with the relevant provisions of our articles of association, approve an increase of its capital.

Our company may increase its capital in the following ways:

- offering new shares to unspecified investors for subscription;
- placing new shares to its existing shareholders;
- distributing new shares to its existing shareholders;
- offering new shares to specified investors; and
- using any other ways permitted by the applicable laws and administrative regulations.

Any increase of capital by issuing new shares shall, after being approved in accordance with the provisions of our articles of association, be conducted in accordance with the procedures stipulated by the applicable laws and administrative regulations.

Each ordinary shareholder of our company shall assume the following obligations:

- to abide by laws, administrative regulations and our articles of association;
- to pay subscription funds according to the number of shares subscribed and the method of subscription;
- not to withdraw the shares unless in circumstances as permitted by the applicable laws and regulations;
- not to use his shareholder's rights inappropriately to injure any of the interests of our company or of other shareholders, or to misuse the limited liability status of a corporation to defraud any creditor of our company. Where any of the shareholders of our company causes any loss to our company or to other shareholders by using the shareholder's rights inappropriately, it shall be liable for compensating the company or the other shareholders. Where any of the shareholders of our company evades the payment of its debts by misusing the limited liability status of our company, if it seriously injures the interest of

any creditor of our company, it shall bear several and joint liability for such debts of our company.

- to assume other obligations imposed by the applicable laws and administrative regulations or articles of association.

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

### ***Board of Supervisors***

Our company shall establish a board of supervisors. The directors, president and other executive officers shall not act concurrently as supervisors. The board of supervisors shall be composed of five to nine supervisors. One of the members of the board of supervisors shall act as the chairman. The term of office of supervisors shall be three years, renewable upon re-election and reappointment. The election or removal of the chairman of the board of supervisors shall be determined by two-thirds or more of the members of the board of supervisors. A resolution of the board of supervisors shall be passed by two-thirds or more of the members of the board of supervisors.

The board of supervisors shall consist of outside supervisor(s) elected by the shareholders' general meeting, representative(s) of employees of our company and representative(s) of shareholders. The representatives of shareholders and the outside supervisor(s) shall be elected and removed by a shareholders' general meeting; the representative of employees of our company shall be elected and removed by the employees of our company.

The board of supervisors shall be accountable to the shareholders and exercise the following powers in accordance with law:

- to examine and supervise our financial activities;
- to oversee the conduct of our directors, president or other executive officers in carrying out their duties, and to make proposals to remove our directors, president or other executive officers if they breach any applicable laws, regulations or our articles of association;
- to demand that a director, president or other executive officers rectify his conduct when such conduct is prejudicial to the interests of our company;
- to review and examine the regular reports by our board of directors, to review the financial information such as the financial reports, business reports and plans for distribution of profits to be submitted by the board to the shareholders' general meetings and, if necessary, to appoint, certified public accountants and practicing auditors to assist in the re-examination of the same;
- to propose the convening of extraordinary shareholders' general meetings, and, if our board fails to call such a meeting as required under our articles of association, to convene the shareholders' general meetings;
- to submit proposals to the shareholders' general meeting;
- to carry out inquiries regarding our directors, president, executive vice presidents or other executive officers, and to bring actions against them according to the PRC Company Law;

- to investigate any irregularities in the operations of our company;
- to carry out an audit, if required, of any resigning director or the executive officer; and
- to exercise the other powers prescribed by the applicable laws, administrative regulations or rules or our articles of association, and powers conferred by the shareholders' general meeting.

Members of the board of supervisors shall be present at meetings of the board of directors.

### *President*

Our president shall be responsible to the board of directors and exercise the following powers:

- to be in charge of daily operation of our administration, business and finance, and report on his work to the board;
- to organize the implementation of the resolutions of the board, our annual plan and investment proposal;
- to draft plans for the establishment of our internal organizational structure;
- to draft our basic management system;
- to formulate concrete regulatory systems for our company;
- to nominate the candidates for and propose to the board for the appointment or dismissal of executive vice presidents and the chief finance officer of our head office, and to appoint or dismiss other executive officers (other than those required to be appointed or dismissed by the board) such as the chief officers of the departments or branches of our company;
- to decide on the remuneration of, benefits for, incentives for and punishment of our employees, and to decide the engagement and dismissal of our employees;
- to authorize the executive officers, chief officers of the internal departments and branches to engage in operation;
- to propose the convening of an extraordinary meeting of the board of directors;
- to decide on the establishment, dissolution and merger of the branches, and to authorize the chief officers of the branches to engage in ordinary operation and management;
- upon the occurrence of a material event, such as a run on our company, to take emergency measures and to report immediately to the relevant government authorities, including the bank regulatory authority of the State Council, the board and the board of supervisors; and
- to exercise other powers conferred by our articles of association or granted by the board.

Our president shall be present at meetings of the board of directors. However, the president shall have no voting rights at the meetings unless he is also a director.

Our president, in performing his functions and powers, shall act honestly and diligently and in accordance with any applicable laws and regulations and the requirements of our articles of association.

***Board of Directors***

The board of directors is accountable to the shareholders and exercises the following powers:

- to be responsible for convening shareholders' general meetings and to report on its performance to shareholders at the shareholders' general meetings;
- to implement the resolutions of the shareholders' general meetings;
- to decide on our operational plans, investment plans and material asset disposal plans;
- to formulate our proposed annual preliminary and annual final financial budgets;
- to formulate our profit distribution plans and plans for recovery of losses;
- to formulate proposals for increases in or reductions of our registered share capital, issuance of bonds or other securities and listing plans;
- to formulate proposals for material acquisitions, the purchase of our shares, merger, separation, change of the nature of our company, or dissolution or liquidation of our company;
- within the scope authorized by our shareholders' general meetings, to decide on external investments, purchases and sales of assets, pledges of assets, external guarantees, and connected transaction matters;
- to decide on the establishment of our internal management structure;
- to appoint or remove our president and secretary of the board, and, based on the recommendations of the president, to appoint or remove the executive vice presidents and other executive officers including the chief finance officers, and to decide on matters relating to their emoluments and on the imposition of any disciplinary measures;
- to decide what percentage of the company's profits would go into the president incentive fund;
- to establish our basic management system;
- to formulate proposals for any amendment to our articles of association;
- to manage our disclosure of information;
- to propose, at each shareholders' general meeting, the appointment, dismissal or re-appointment of the accounting firms to audit our company;
- to review working reports of the president and to examine the president's performance; and
- to exercise any other power prescribed by the applicable laws and regulations and our articles of association, as well as any other power conferred by the shareholders in shareholders' general meetings.

Meetings of the board of directors shall be held at least four times every year and be convened by the chairman of the board. Notice of the meeting shall be served on all of the directors and supervisors 10 days before the date of a regular meeting. In case of any urgent matters, a special meeting of the board of directors may be held.

Meetings of the board of directors shall be held only if one-half or more of the directors are present. Each director shall have one vote. Where the number of votes cast for and against a resolution are equal, the chairman of the board shall have the deciding vote.

### *Resolution of Disputes*

Whenever any disputes or claims arise, based on our articles of association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws, regulations and regulatory constitutions concerning the affairs of our company, between holders of the H Shares and our company, holders of the H Shares and our directors, supervisors, president or other senior executive officers, or holders of the H Shares and holders of our domestic shares, the relevant parties shall forthwith refer such disputes or claims to arbitration for resolution.

A claimant may elect arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at the HKIAC, 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 HKIAC.

If any disputes or claims of rights are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided by relevant laws and administrative regulations.

Where a dispute or claim of rights is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration, provided that such person is an employee of our company or our shareholder, director, supervisor, president or other senior executive officer. Disputes in relation to the identification of shareholders and disputes in relation to the share register need not be referred to arbitration.

The decision of an arbitration body shall be final, conclusive and binding on all parties.