

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings.

“Anti-Money Laundering Regulations”	the Anti-Money Laundering Regulations for Financial Institutions (《金融機構反洗錢規定》), as enacted by the PBOC on January 3, 2003 and effective on March 1, 2003
“Application Form(s)”	white application form(s) and yellow application form(s), or where the context requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company, adopted on September 23, 2004
“ASEM Fund”	the Asia-Europe Meeting (ASEM) Asian Financial Crisis Response Trust Fund, a fund created in 1998 to provide support to countries that had been affected by the Asian financial crisis, with the World Bank acting as the administrator
“ATM”	automated teller machine
“Automobile Loan Measures”	the Administrative Measures on Automobile Loans (《汽車貸款管理辦法》), as enacted jointly by the PBOC and CBRC on August 16, 2004 and effective on October 1, 2004
“Banking Ordinance”	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Big Four”	Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank, collectively
“Board”	the board of directors of our Company
“Board of Supervisors”	the supervisory committee established pursuant to the PRC Company Law, as described in the section headed “Directors, Supervisors, Senior Management and Employees”
“BOCOM Trustee”	Bank of Communications Trustee Limited
“Bohai Rim Economic Zone”	the area including, for the purposes of this prospectus, Beijing Municipality, Tianjin Municipality, Hebei Province, Liaoning Province and Shandong Province
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person or persons admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“CDM”	customer deposit machine
“Cinda”	China Cinda Asset Management Corporation, an asset management company established by the PRC government for integrated management and disposal of non-performing loans acquired from PRC commercial banks.
“CIRC”	The China Insurance Regulatory Commission (中國保險監督管理委員會)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Transactions”	as defined under Chapter 14A of the Hong Kong Listing Rules
“Corporate Governance Guidelines”	the Corporate Governance Guidelines for Joint Stock Commercial Banks (《股份制商業銀行公司治理指引》), as enacted by the PBOC on June 4, 2002 and effective on the same date
“CRS”	customer recycle system, which combines the functions of ATM and CDM
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Derivative Business Circular”	the Circular on Risk Alert regarding Trading of Derivative Products by Domestic Banks (《關於對中資銀行衍生產品交易業務進行風險提示的通知》), as issued by the CBRC on March 22, 2005 and effective on the same date
“Derivative Business Measures”	the Provisional Administrative Measures on Derivative Business of Financial Institutions (《金融機構衍生產品交易業務管理暫行辦法》), as enacted by the CBRC on February 4, 2004 and effective on March 1, 2004
“Director(s)”	the director(s) of our Company
“Directors and Supervisors Guidelines”	the Guidelines for Independent Directors and External Supervisors of Joint Stock Commercial Banks (《股份制商業銀行獨立董事和外部監事制度指引》), as promulgated by the PBOC on June 4, 2002 and effective on the same date
“Domestic Shares”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“Due Diligence Guidelines”	the Due Diligence Guidelines on the Credit Granting by Commercial Banks (《商業銀行授信工作盡職指引》), as

DEFINITIONS

	promulgated by the CBRC on July 25, 2004 and effective on the same date
“Euros”	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992)
“Foreign Shares”	ordinary shares issued by our Company, with a nominal value denominated in Renminbi, which are subscribed for in a currency other than Renminbi
“Foreign-Invested Institutions Regulations”	the PRC Administrative Regulations on Foreign-Invested Financial Institutions (《中華人民共和國外資金融機構管理條例》) and the Implementing Rules of the PRC Administrative Regulations on Foreign-Invested Financial Institutions (《中華人民共和國外資金融機構管理條例實施細則》), as enacted by the State Council on December 20, 2001 and by the CBRC on July 26, 2004, respectively, and effective on February 1, 2002 and September 1, 2004, respectively, as amended, supplemented or otherwise modified from time to time
“Fund Management Companies Administrative Measures”	the Provisional Administrative Measures on the Establishment of Fund Management Companies by Commercial Banks (《商業銀行設立基金管理公司試點管理辦法》), as enacted jointly by the PBOC, the CBRC and the CSRC on February 20, 2005 and effective on the same date
“GDP”	gross domestic product (all references to GDP growth rates are real as opposed to nominal rates of GDP growth)
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“Group”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, our Company’s present subsidiaries or the businesses operated by such subsidiaries or (as the case may be) their predecessors
“Group Loans Guidelines”	the Risk Management Guidelines for Credit Granting of Commercial Banks to Group Customers (《商業銀行集團客戶授信業務風險管理指引》), as enacted by the CBRC on October 23, 2003 and effective on the same date
“H Shares”	H Shares of our Company, with a nominal value of RMB1.00 each, which are to be listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Monetary Authority”	The Hong Kong Monetary Authority (香港金融管理局)
“Hong Kong Offer Shares”	the 292,782,000 Offer Shares initially being offered for subscription in the Hong Kong Public Offering (subject to adjustment as described in the section headed “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer for subscription of Offer Shares in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering”) at the Offer Price (plus brokerage, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section “Structure of the Global Offering – The Hong Kong Public Offering”
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Takeovers Codes”	the Codes on Takeovers and Mergers and Share Repurchases
“Hong Kong Underwriters”	the Underwriters listed in the section headed “Hong Kong Underwriters” under “Underwriting”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 10, 2005 relating to the Hong Kong Public Offering entered into among us, the Joint Global Coordinators and the Hong Kong Underwriters
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“HSBC Price Adjustment Top-Up”	the making of cash payments and/or the issuance of bonus Shares to HSBC under certain circumstances, as further described in the section headed “Strategic Investor – Investor Rights Agreement”
“IASB”	the International Accounting Standards Board
“IFRS”	International Financial Reporting Standards promulgated by the International Accounting Standards Board, which includes International Accounting Standards (“IAS”) and their interpretations
“Information Disclosure Measures”	the Provisional Measures on the Information Disclosure of Commercial Banks (《商業銀行信息披露暫行辦法》), as enacted by the PBOC on May 15, 2002 and effective on the same date
“Interbank Transactions Master Agreement”	the interbank transactions master agreement dated June 1, 2005 and entered into between us and HSBC in relation to interbank transactions as further described in the section headed “Business – Connected Transactions – Non-exempt

DEFINITIONS

	connected transactions and continuing connected transactions with the HSBC Group in the normal course of banking business”
“Internal Control Guidelines”	the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), as enacted by the PBOC on September 18, 2002 and effective on the same date
“International Offering”	the offer of certain Offer Shares outside the United States (including to institutional and professional investors in Hong Kong (other than to retail investors in Hong Kong) and a public offering without listing to investors, including retail investors, in Japan), and in the United States to QIBs as defined in Rule 144A, as further described in the section headed “Structure of the Global Offering – The International Offering”
“International Purchase Agreement”	the international purchase agreement relating to the International Offering, expected to be entered into between our Company and the Joint Global Coordinators as the representatives of the International Purchasers on or around June 17, 2005 (New York time)
“International Purchasers”	the group of Underwriters led by Goldman Sachs (Asia) L.L.C. and The Hongkong and Shanghai Banking Corporation Limited (in alphabetical order) that is expected to enter into the International Purchase Agreement to underwrite the International Offering
“Japanese Yen” or “JPY”	the lawful currency of Japan
“Joint Bookrunners”	Goldman Sachs and HSBC
“Joint Global Coordinators”	Goldman Sachs and HSBC
“Joint Sponsors”	Goldman Sachs and HSBC
“joint stock commercial banks”	for the purpose of this prospectus, including us, Citic Industrial Bank, China Everbright Bank, Hua Xia Bank, Minsheng Bank, Guangdong Development Bank, Shenzhen Development Bank, China Merchants Bank, Industrial Bank, Shanghai Pudong Development Bank and Evergrowing Bank, and a “joint stock commercial bank” refers to any of these banks
“Latest Practicable Date”	June 3, 2005, being the latest practicable date for the purposes of ascertaining certain information contained in this prospectus
“Listing Date”	the date, expected to be on or about June 23, 2005, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Loan Classification Notice”	the Notice by the PBOC on the Overall Implementation of the Five-category Loan Classification Management (《中國人民銀行關於全面推行貸款質量五級分類管理的通知》), as promulgated by the PBOC on December 19, 2001 and effective on the same date

DEFINITIONS

“Loan Classification Principles”	the Guiding Principles on the Classification of Loan Risk Management (《貸款風險分類指導原則》) as promulgated by the PBOC on December 24, 2001 and effective on January 1, 2002
“Macau”	the Macau Special Administrative Region of the PRC
“Mandatory Provision”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, which were promulgated by the PRC Securities Commission and the State Restructuring Commission on August 27, 1994, as amended and supplemented from time to time
“Market Risk Management Guidelines”	the Guidelines on Market Risk Management of Commercial Banks (《商業銀行市場風險管理指引》), as promulgated by the CBRC on December 29, 2004 and effective on March 1, 2005
“Measures on Equity Investment by Overseas Financial Institutions”	the Administrative Measures on Equity Investment by Overseas Financial Institutions in PRC Financial Institutions (《境外金融機構入股中資金融機構管理辦法》), as promulgated by the CBRC on December 8, 2003 and effective on December 31, 2003
“MOF”	the PRC Ministry of Finance (中華人民共和國財政部), which is responsible for the administration of state revenues and expenditures, financial and taxation policies and overall supervision of financial institutions
“National Audit Office” or “NAO”	the PRC National Audit Office (國家審計署)
“New Capital Adequacy Regulations”	the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks (《商業銀行資本充足率管理辦法》), as promulgated by the CBRC on February 23, 2003 and effective on March 1, 2004
“NPC” or “National People’s Congress”	the PRC National People’s Congress (全國人民代表大會)
“Offer Price”	the final Hong Kong dollar price per Hong Kong Offer Share (exclusive of brokerage, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee) at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner described in the section headed “Structure of the Global Offering”
“Offer Shares”	the H Shares offered in the Global Offering, including any H Shares sold pursuant to the exercise of the Over-allotment Option
“Operational Risk Control Circular”	the Circular on Strengthening Control of Operational Risk (《關於加大防範操作風險工作力度的通知》) as issued by the CBRC on March 22, 2005 and effective on the same date
“Our Company”, the “Company”, the “Group”, “we”, and “us”	交通銀行股份有限公司 (Bank of Communications Co., Ltd.) and, except where the context otherwise requires, all of its subsidiaries

DEFINITIONS

“Over-allotment Option”	the option to be granted by us to the International Purchasers, exercisable by the Joint Global Coordinators on behalf of the International Purchasers for up to 30 days from the last day for lodging of applications under the Hong Kong Public Offering, to require us to issue and sell up to an aggregate of 878,344,000 additional H Shares as described in the section headed “Structure of the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PBOC Notice”	the Notice of the People’s Bank of China Concerning Further Reform of the Foreign Currency Control System (《中國人民銀行關於進一步改革外匯管理體制的公告》), issued on December 28, 1993 and effective on January 1, 1994
“PBOC Rate”	the exchange rate for foreign exchange transactions set daily by the People’s Bank of China based on the previous day’s China inter-bank foreign exchange market rate and with reference to current exchange rates on the world financial markets
“Pearl River Delta”	the area including, for purposes of this prospectus, Guangdong Province
“PRC” or “China”	the People’s Republic of China excluding, for purposes of this prospectus, Hong Kong, Macau and Taiwan
“PRC Commercial Banking Law”	the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》), as enacted by the Standing Committee of the Eighth NPC on May 10, 1995 and effective on July 1, 1995, as amended, supplemented or otherwise modified from time to time
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth NPC on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	accounting rules and regulations in the PRC
“PRC Government” or “State”	the central government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC PBOC Law”	the Law of the People’s Bank of China of the PRC (《中華人民共和國中國人民銀行法》), as enacted by the Eighth NPC on March 18, 1995 and effective on the same date, as amended, supplemented or otherwise modified from time to time
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the Standing Committee of the Ninth NPC on December 29, 1998 and effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Price Determination Agreement”	the agreement to be entered into between us and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date to record the Offer Price
“Price Determination Date”	the date, expected to be on or around June 18, 2005 but, in any event, not later than June 20, 2005, on which the Offer Price will be fixed
“Promoters” or “Promoter”	the promoters of our Company, which consist of the MOF, Shandong Electric Power Corporation, China FAW Group Corporation, China Great Wall Industries Group Company, and China Aviation Industry Corporation I; a Promoter means any one of the Promoters
“Provision Guidelines”	the Guidelines regarding the Loan Loss Provisions of Banks (《銀行貸款損失準備計提指引》), as promulgated by the PBOC on April 25, 2002 and effective on January 1, 2002
“QIBs”	qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act
“Real Estate Loan Guidelines”	the Risk Management Guidelines for the Real Estate Loans of Commercial Banks (《商業銀行房地產貸款風險管理指引》), as promulgated by the CBRC on September 2, 2004 and effective on the same date
“Regulation S”	Regulation S under the U.S. Securities Act
“Related Party Transactions Measures”	the Administrative Measures on Transactions with Insiders and Shareholders of Commercial Banks (《商業銀行與內部人和股東關聯交易管理辦法》), as promulgated by the CBRC on April 2, 2004 and effective on May 1, 2004
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“Securities Commission”	the former Securities Commission of the State Council
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares, Unlisted Foreign Shares and H Shares
“Special Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued by the State Council of the PRC on August 4, 1994, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Stabilizing Manager”	The Hongkong and Shanghai Banking Corporation Limited
“State Administration of Foreign Exchange” or “SAFE”	the PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局)
“State Administration of Industry and Commerce” or “SAIC”	the PRC State Administration of Industry and Commerce (中華人民共和國國家工商行政管理總局)
“State Council”	the PRC State Council (中華人民共和國國務院)
“Subordinated Bond Measures”	the Administrative Measures on the Issuance of the Subordinated Bonds of Commercial Banks (《商業銀行次級債券發行管理辦法》), as promulgated by the CBRC on June 17, 2004 and effective on the same date
“Subordinated Debt Notice”	the Notice of Including the Fixed-term Subordinated Debt in the Supplementary Capital (《關於將次級定期債務計入附屬資本的通知》), as promulgated by the CBRC on November 26, 2003 and effective on the same date
“Supervisors”	the members of the Board of Supervisors of our Company
“Trial Measures on the Evaluation of Internal Control”	the Trial Measures on the Evaluation of Internal Control of Commercial Banks (《商業銀行內部控制評價試行辦法》), as promulgated by the CBRC on December 25, 2004 and effective on February 1, 2005
“Underwriters”	the Hong Kong Underwriters and the International Purchasers
“Unlisted Foreign Shares”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than Renminbi, or the consideration for which is the injection of assets and are held by persons other than PRC nationals or PRC corporate entities and are not listed on any stock exchange
“U.S.” or “United States”	the United States of America
“U.S. Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“U.S. GAAP”	generally accepted accounting principles in the United States
“U.S. SEC”	the United States Securities and Exchange Commission
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“WTO”	the World Trade Organization
“Yangtze River Delta”	the area including, for purposes of this prospectus, Shanghai Municipality, Jiangsu Province and Zhejiang Province