

## RELATIONSHIP WITH OUR PROMOTERS AND CONNECTED TRANSACTIONS

### OVERVIEW

We were established as a joint-stock company on September 17, 2004 with Huijin, Jianyin, State Grid, Shanghai Baosteel and Yangtze Power as our promoters.

State Grid, Shanghai Baosteel and Yangtze Power currently own in aggregate approximately 4.12% of our total issued shares and will own in aggregate approximately 3.62% of our total issued shares following the Global Offering (assuming the over-allotment option is not exercised).

### Relationship with Huijin

Huijin was established on December 16, 2003 as a wholly state-owned investment company with the approval of the State Council. Huijin represents the PRC government in exercising its investor's rights and obligations in certain financial institutions, including China Construction Bank and Bank of China, and implements and executes PRC government policy arrangements in relation to the reform of state-owned financial institutions. It does not engage in any commercial activities.

Other than its investment in our bank, Huijin has also made investments in Jianyin, Bank of China Limited, Bank of Communications Co., Ltd., Industrial and Commercial Bank of China, China Galaxy Securities Co., Ltd., Shenyin & Wanguo Securities Co., Ltd., and Guotai Junan Securities Company, Ltd.

Prior to the Global Offering, Huijin directly owns approximately 71.127% of our total issued shares. In addition, Huijin owns 100% of Jianyin, and thus indirectly through Jianyin, owns a further approximately 10.653% of our total issued shares. Following the Global Offering, Huijin will, directly and indirectly through Jianyin, own approximately 71.967% of our total issued shares (assuming the over-allotment option is not exercised). Under our articles of association and applicable PRC laws and regulations, Huijin, as our controlling shareholder, is able to elect the majority of our directors and, through its control of our board of directors, effectively influence our management and operations.

Under the separation agreement dated September 15, 2004 and entered into among Huijin, Jianyin and us, so long as Huijin continues to hold any of our shares or is deemed to be a controlling shareholder or a connected person of a controlling shareholder in accordance with the laws or listing rules of China or of the place where our shares are listed, it will not engage or participate in any competing commercial banking activities, including but not limited to extending loans, taking deposits, and providing settlement, fund custodian, bank card and currency exchange services. However, Huijin may, through its investments in other commercial banks, undertake or participate in certain competing businesses. In that connection, Huijin has undertaken that it will: (i) treat its investments in commercial banks on an equal footing and will not take advantage of its status as a holder of our shares or take advantage of the information obtained by virtue of such status to make decisions or judgments against us and in favor of other commercial banks; and (ii) exercise its shareholder's rights in our best interests.

As part of the PRC government's policy arrangements for our restructuring and in order to supplement the separation agreement, Huijin has undertaken to us that it will assume all the debts, obligations, and liabilities relating to the business and assets succeeded to by us which arose for any reason prior to December 31, 2003 and were not reflected in either the valuation report issued by China Consultants of Accounting and Financial Management Co., Ltd. or our net asset statement as of December 31, 2003, which was audited by KPMG Huazhen, a firm of professional accountants registered in the PRC, in relation to our separation. The issuance of this undertaking by Huijin was approved by the State Council Office of the Leading Committee for the Reform of State Wholly-owned Commercial Banks.

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### Relationship with Jianyin

Following the restructuring and separation, China Construction Bank was separated into us and Jianyin. See “Our Restructuring and Operational Reform — Separation of China Construction Bank.”

Jianyin is a limited liability company wholly-owned by Huijin. Prior to the Global Offering, Jianyin owns approximately 10.653% of our total issued shares. Following the Global Offering, Jianyin will own approximately 9.375% of our total issued shares (assuming the over-allotment option is not exercised). Jianyin’s main activities are: (i) investing in us; (ii) assuming, operating, managing and disposing of the assets succeeded from China Construction Bank; and (iii) investing in other financial institutions and conducting any other businesses as approved by the relevant PRC government authorities, including CBRC. Jianyin is also a controlling shareholder of China International Capital Corporation Limited.

Under the separation agreement, so long as Jianyin continues to hold any of our shares or is deemed to be a controlling shareholder or a connected person of a controlling shareholder in accordance with the laws or listing rules of China or of the place where our shares are listed, it will not engage or participate in any competing commercial banking activities, including but not limited to extending loans, taking deposits, providing settlement, fund custodian, bank card and currency exchange services. Currently, Jianyin neither holds a commercial banking license nor conducts any commercial banking business. All transactions between us and Jianyin are, and will continue to be, at arm’s length and on normal commercial terms.

As Jianyin is one of our promoters, Jianyin and its subsidiaries are our connected persons under the Hong Kong Listing Rules.

### CONNECTED TRANSACTIONS

Upon the listing of our H shares on the Hong Kong Stock Exchange, transactions between us and Jianyin and its subsidiaries and other connected persons will constitute connected transactions for us under Chapter 14A of the Hong Kong Listing Rules. Details of these transactions are set out below.

#### Exempt Continuing Connected Transactions

##### *Continuing Connected Transactions between Us and Jianyin*

Pursuant to the separation, the assets and liabilities of China Construction Bank were divided between us and Jianyin. For details, see “Our Restructuring and Operational Reform — Separation of China Construction Bank.” Following the separation, we have entered into various agreements on a continuing basis with Jianyin to regulate the continuing business relationships between us and Jianyin, details of which are set out below. Since these agreements were only entered into between us and Jianyin in 2005, there are no comparable historical figures available for these transactions. The estimated amounts involved in these transactions for each of the three years ending December 31, 2007 have been determined by reference to the existing contractual arrangements between us and Jianyin and no reference has been made to any historical figures (actual or estimated) in preparing such estimates.

##### *Asset Management Services Provided by Us to Jianyin*

We provide Jianyin with various asset management services pursuant to four asset management services agreements effective as of January 1, 2005 and entered into between us and Jianyin, relating to:

- (i) management of properties, motor vehicles and equipment;
- (ii) management of entrusted loans;

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- (iii) management of corporate bonds; and
- (iv) management of the assets and liabilities of the former China Agricultural Development and Trust Investment Corporation.

The charges payable by Jianyin to us for the asset management services were determined after arm's length negotiations by reference to prevailing market rates or, if no prevailing market price was available, fair and reasonable prices and are calculated by reference to the value of the assets under management or the actual recovered amounts as agreed under the relevant agreements. The asset management services agreements are on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

We expect that the total amount payable by Jianyin to us for the provision of asset management services will not in aggregate exceed RMB 50 million for each of the three years ending December 31, 2007. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the asset management services provided by us to Jianyin will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

### *Comprehensive Services Provided by Jianyin to Us*

Jianyin provides us with various ancillary services pursuant to 53 comprehensive services agreements entered into between us and Jianyin in the first half of 2005. These agreements relate to, among others, the provision of:

- (i) catering services for our employees;
- (ii) security guard services, including the provision of transportation of cash and other valuable items and patrol services;
- (iii) conference services, including the organization and preparation of meetings and conferences;
- (iv) gardening services, including the provision of decorative plants;
- (v) office cleaning services; and
- (vi) maintenance services for our equipment and facilities.

The above services are in the nature of support services for our branch network and, as such, are not directly related to our core business operations. The charges payable by us to Jianyin for the comprehensive services were determined after arm's length negotiations by reference to prevailing market rates or, if no prevailing market price was available, fair and reasonable prices, and are based on a fixed charge for each item of service provided as agreed under the relevant agreements. The comprehensive services agreements are on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

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We expect that the total amount payable by us to Jianyin for the provision of comprehensive services will not in aggregate exceed RMB 45 million, RMB 42 million and RMB 43 million for the years ending December 31, 2005, 2006 and 2007, respectively. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the comprehensive services provided by Jianyin to us will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

### *Leasing of Motor Vehicles and Equipment by Jianyin to Us*

Jianyin leases to us certain motor vehicles and equipment pursuant to 13 leasing agreements entered into between us and Jianyin in the first half of 2005.

The rentals payable by us to Jianyin for the leasing of motor vehicles and equipment were determined after arm's length negotiations by reference to prevailing market rates or, if no prevailing market price was available, fair and reasonable prices, and are based on a fixed rental for each vehicle or item of equipment leased as agreed under the relevant agreements. The leasing agreements are on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

We expect that the total amount payable by us to Jianyin for the leasing of motor vehicles and equipment will not in aggregate exceed RMB 40 million, RMB 40 million and RMB 42 million for the years ending December 31, 2005, 2006 and 2007, respectively. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the leasing of motor vehicles and equipment by Jianyin to us will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

### *Consultancy Services Provided by Jianyin to Us*

Pursuant to a consultancy services framework agreement effective as of March 9, 2005 and entered into between us and China Investment Consultancy Company, a subsidiary of Jianyin, China Investment Consultancy Company provides us, on a non-exclusive basis, with consultancy services in respect of our infrastructure lending business.

The service fees payable by us to China Investment Consultancy Company for the consultancy services were determined after arm's length negotiations by reference to prevailing market rates or, if no prevailing market price was available, fair and reasonable prices, and are based on a fixed scale by reference to the proposed amount of the relevant infrastructure loans as agreed under the agreement. The consultancy services framework agreement is on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

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We expect that the total amount payable by us to China Investment Consultancy Company for the consultancy services will not in aggregate exceed RMB 6 million for each of the three years ending December 31, 2007, respectively. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the consultancy services provided by China Investment Consultancy Company to us will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

### *Leasing of Properties by Jianyin to Us*

We lease a total of 1,600 properties with an aggregate gross floor area of approximately 789,666 square metres from Jianyin for our business operations pursuant to 53 property leasing agreements entered into between us and Jianyin in the first half of 2005.

The rentals payable by us to Jianyin for the leasing of properties were determined after arm's length negotiations and are determined in accordance with the market rates as agreed under the relevant agreements. The property leasing agreements are on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

We expect that the total amount payable by us to Jianyin for the leasing of properties will not in aggregate exceed RMB 191 million, RMB 186 million and RMB 186 million for the years ending December 31, 2005, 2006 and 2007, respectively. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the leasing of properties by Jianyin to us will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

### *Property Management Services Provided by Jianyin to Us*

Jianyin provides us with property management services for various properties occupied by us for our business operations pursuant to 122 property management agreements entered into between us and Jianyin in the first half of 2005. The properties under the property leasing arrangements as disclosed in "Exempt Continuing Connected Transactions — Continuing Connected Transactions between Us and Jianyin — Leasing of Properties by Jianyin to Us" are substantially different from the properties under the property management services.

The service fees payable by us to Jianyin for the property management services were determined after arm's length negotiations by reference to prevailing market rates or, if no prevailing market price was available, fair and reasonable prices, and are based on a fixed charge for each item of service provided as agreed under the relevant agreements. The property management agreements are on normal commercial terms and will expire on December 31, 2007, which term will be automatically renewed for consecutive one-year periods unless terminated with 60 days' prior written notice by either party.

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We expect that the service fees payable by us to Jianyin for the property management services will not in aggregate exceed RMB 233 million for each of the three years ending December 31, 2007, respectively. Since these amounts will not result in the percentage ratios set out in Chapter 14 of the Hong Kong Listing Rules (other than the profit ratio, which does not apply) exceeding 0.1%, the property management services provided by Jianyin to us will be exempt continuing connected transactions under Rule 14A.33(3) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules. We will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Hong Kong Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) shall exceed 0.1%.

### *Continuing Connected Transactions Between Us and State Grid*

#### *Electricity Supply Provided by State Grid to Us*

State Grid and its subsidiaries are principally engaged in the provision of electricity supply in various locations in the PRC. State Grid and its subsidiaries provide electricity supply to our business operations in certain locations, and we pay tariffs to them in accordance with the rates prescribed by the PRC government.

The acquisition as a consumer in the ordinary and usual course of business of electricity supplies, being consumer goods or consumer services, by us from State Grid and its subsidiaries on normal commercial terms will be exempt continuing connected transactions under Rule 14A.33(1) of the Hong Kong Listing Rules, and thus will be exempt from all reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules.

### *Other Exempt Continuing Connected Transactions*

#### *Commercial Banking Services and Products Provided by Us in the Ordinary and Usual Course of Business*

We provide commercial banking services and products to our customers in the ordinary and usual course of our business. Such services and products include taking of deposits (including fixed and floating term deposits and deposits at call) and the provision of long-term loans, short-term loans, consumer loans and mortgages by our company.

Customers who place deposits with our company include our substantial shareholders, directors, supervisors and chief executive officers and those of our subsidiaries, each ex-director of us and our subsidiaries who was a director within 12 months preceding the date of listing of our H shares and our promoters, namely, Jianyin, State Grid, Shanghai Baosteel and Yangtze Power and their respective associates, each of whom is a connected person of us under Chapter 14A of the Hong Kong Listing Rules. We expect that our connected persons will continue to place deposits with our company following the Global Offering, which will constitute continuing connected transactions for us under Chapter 14A of the Hong Kong Listing Rules.

The deposits placed by our connected persons who are not employees of our Hong Kong branch or Jian Sing Bank Limited are at market rates and on normal commercial terms. The interest paid by us on deposits placed by our connected persons who are employees of our Hong Kong branch or Jian Sing Bank Limited is at staff rates, but such deposits are nevertheless on normal commercial terms as such terms are no more favorable than the staff rates applicable to other employees of our Hong Kong branch and Jian Sing Bank Limited who are not our connected persons. Our PRC branches do not offer preferential rates to their employees.

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The provision of commercial banking services and products by us to our connected persons (including the employees of our Hong Kong branch and Jian Sing Bank Limited) in the ordinary and usual course of our business and on normal commercial terms that are comparable or no more favorable than those offered to independent third parties (including our other employees who are not connected persons) will be exempt continuing connected transactions under Rule 14A.65(4) of the Hong Kong Listing Rules, namely financial assistance provided by a connected person in the form of deposits placed with a listed issuer for the benefit of a listed issuer on normal commercial terms (or better to the listed issuer) where no security over the assets of the listed issuer is granted in respect of the financial assistance, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules.

### *Loans and Credit Facilities Granted by Us to Connected Persons*

We extend loans and credit facilities (including provision of guarantees, security for third party loans, comfort letters and bill discounting facilities) to our customers in the ordinary and usual course of our business on normal commercial terms with reference to prevailing market rates. Customers who utilize our company's loans and credit facilities include our substantial shareholders, directors, supervisors and chief executive officers and those of our subsidiaries, each ex-director of us and our subsidiaries who was a director within 12 months preceding the date of listing of our H shares and our promoters, namely, Jianyin, State Grid, Shanghai Baosteel and Yangtze Power, and their respective associates, each of whom is a connected person of us under Chapter 14A of the Hong Kong Listing Rules. We expect that we will continue to provide loans and credit facilities to our connected persons following the Global Offering, which will constitute continuing connected transactions for us under Chapter 14A of the Hong Kong Listing Rules.

The loans and credit facilities provided to our connected persons who are not employees of our Hong Kong branch or Jian Sing Bank Limited are on normal commercial terms with reference to prevailing market rates. The loans and credit facilities provided to our connected persons who are employees of our Hong Kong branch or Jian Sing Bank Limited are, depending on the circumstances, provided at staff rates or market rates, but such loans or credit facilities are nevertheless on normal commercial terms as such terms are no more favorable than the staff rates applicable to other employees of our Hong Kong branch or Jian Sing Bank Limited who are not our connected persons. Our PRC branches do not provide loans or credit facilities to employees at preferential rates.

The provision of loans and credit facilities by us to our connected persons (including the employees of our Hong Kong branch or Jian Sing Bank Limited) in the ordinary and usual course of our business and on normal commercial terms that are comparable or no more favorable than those offered to independent third parties (which include our other employees who are not connected persons) will be exempt continuing connected transactions under Rule 14A.65(1) of the Hong Kong Listing Rules, namely financial assistance provided by a listed issuer in its ordinary and usual course of business for the benefit of a connected person on normal commercial terms, and thus will be exempt from all reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules.

During the track record period, we have granted certain short-term loan facilities to China International Capital Corporation Limited, an associate of Jianyin and one of the Joint Global Coordinators and the Joint Bookrunners of the Global Offering. Such loan facilities and other general banking facilities granted to China International Capital Corporation Limited are on normal commercial terms and in our ordinary and usual course of business. We expect to enter into similar transactions with China International

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Capital Corporation Limited in the future. Such transactions will similarly constitute exempt connected transactions under Rule 14A.65(1) of the Hong Kong Listing Rules.

### *Service Contracts between Us and Our Directors and Supervisors*

We entered into a service contract with each of our directors and supervisors for a term of three years beginning on the date of the director's or supervisor's appointment and ending on the date of the third annual general meeting following his or her appointment. Each service contract contains indemnification provisions covering losses in connection with the services of the relevant director or supervisor, except for any losses arising from his or her gross negligence, wilful misconduct or bad faith. These contracts will be exempt connected transactions under Rule 14A.33(6) of the Hong Kong Listing Rules, and thus will be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.35 and 14A.45 to 14A.48 of the Hong Kong Listing Rules.