

OVERVIEW

Pursuant to Chapter 14A of the Hong Kong Listing Rules, substantial shareholders, promoters, directors, supervisors and chief executive officers of our company or our subsidiaries, any person who was a director of our company or our subsidiaries within 12 months preceding the date of listing of our H Shares on the Hong Kong Stock Exchange, and any of their respective associates will constitute a connected person. Upon the listing of our H Shares on the Hong Kong Stock Exchange, certain transactions we conduct with such connected persons will constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules. Details of such transactions which we expect will continue are set out below.

As our A Shares are listed on the SHSE, some of the transactions described below will, in addition to being subject to and regulated by the Hong Kong Listing Rules, continue to be subject to and regulated by the Shanghai Listing Rules and other applicable laws and regulations in the PRC as long as our A Shares remain listed. However, the requirements of the Hong Kong Stock Exchange in relation to connected transactions differ from those of the SHSE. In particular, the definition of connected persons pursuant to the Hong Kong Listing Rules is different from the definition of related parties pursuant to the Shanghai Listing Rules. Therefore, a connected transaction pursuant to the Hong Kong Listing Rules may not constitute a related party transaction pursuant to the Shanghai Listing Rules and vice versa.

We have historically entered into various transactions with members of the CMG Group, the COSCO Group and members of the Shandong Investment Group, certain of which we expect to continue following our listing. Members of the CMG Group are associates of China Merchants Steam Navigation, our substantial shareholder and promoter. Following our listing, they will constitute connected persons. Members of the COSCO Group are associates of COSCO, our promoter. Following our listing, they will also constitute connected persons. Members of the Shandong Investment Group are associates of Shandong Investment Holdings, our promoter. Following our listing, they will also constitute connected persons. Therefore, following our listing on the Hong Kong Stock Exchange, transactions we conduct with members of the CMG Group, the COSCO Group and the Shandong Investment Group will constitute continuing connected transactions pursuant to the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

The following is a summary of these connected transactions and, where applicable, the waivers from strict compliance with the relevant requirements of the Hong Kong Listing Rules which we have sought and received from the Hong Kong Stock Exchange.

Transaction and Category	Nature of Transaction	Applicable Listing Rule	Waiver
<i>De minimis exempt continuing connected transactions</i>			
1.	Online tax settlement services provided to the CMG Group — Bank-Tax Express	14A.33(3)	None
2.	Custody services provided to the CMG Group	14A.33(3)	None
3.	Corporate annuities account management services provided to the CMG Group	14A.33(3)	None
4.	Settlement services with the CMG Group	14A.33(3)	None
5.	Settlement services with the COSCO Group	14A.33(3)	None
6.	Settlement services with the Shandong Investment Group	14A.33(3)	None
7.	Online bonds trading services provided to the CMG Group — Bank-Bond Express	14A.33(3)	None
8.	Online bonds trading services provided to the COSCO Group — Bank-Bond Express	14A.33(3)	None
9.	Property management services provided by the CMG Group to us	14A.33(3)	None
10.	Lease of properties from the CMG Group	14A.33(3)	None
11.	Entrusted loan arrangements with the Shandong Investment Group	14A.33(3)	None
<i>Exempt financial assistance</i>			
12.	Commercial banking services and products provided by us in the ordinary and usual course of business — Deposit taking	14A.65(4)	None
13.	Commercial banking services provided by us in the ordinary and usual course of business — Loans and credit facilities	14A.65(1)	None
<i>Non-exempt continuing connected transactions</i>			
14.	Securities agency services provided by us to a member of the CMG Group — Bank-Securities Express	14A.34	Announcement requirement

Exempt Continuing Connected Transactions

De minimis Exempt Continuing Connected Transactions

1. Online tax settlement services provided to the CMG Group — Bank-Tax Express

Our Bank-Tax Express is an online service we offer to corporate customers, which enables them to settle corporate tax payments online. We provide our Bank-Tax Express service to various members of the CMG Group. Transactions entered into pursuant to our Bank-Tax Express service with members of the CMG Group will constitute continuing connected transactions following our listing.

We do not charge for providing our Bank-Tax Express service to our customers, as this is a value-added bonus offering we provide as part of our general banking services to corporate customers. We therefore expect that the aggregate fees payable by members of the CMG Group to us in respect of the provision of online tax settlement services to be nil for each of the three years ending December 31,

2006, 2007 and 2008. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the online tax settlement services we provide to members of the CMG Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

2. Custody services provided to the CMG Group

As part of our non-interest-based corporate business, we provide custody services, including custody of assets for collective investment scheme funds, collective investment schemes and corporate annuities, to our customers. We provide custody services to members of the CMG Group in connection with their corporate annuities and collective investment schemes managed by them. Such custody services provided to members of the CMG Group will constitute continuing connected transactions following our listing.

The custody services transactions with members of the CMG Group are on normal commercial terms. The fees we charge to members of the CMG Group for custody services relating to corporate annuities have been set in accordance with our normal commercial rates, taking into account the amount of funds under management. The fees we charge to members of the CMG Group for custody services relating to collective investment schemes have been set in accordance with rates which are prescribed by the government. The aggregate custody services fees charged by us to members of the CMG Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately nil, RMB533,000 and RMB2,730,000, respectively. We expect that the aggregate service fees payable by members of the CMG Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the custody services we provide to members of the CMG Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

3. Corporate annuities account management services provided to the CMG Group

We provide corporate annuities account management services to our customers, including to members of the CMG Group, as part of our corporate services offering. Such corporate annuities account management services provided to members of the CMG Group will constitute continuing connected transactions following our listing.

The corporate annuities account management services transactions with members of the CMG Group are on normal commercial terms. The fees we charge to members of the CMG Group in connection with corporate annuities account management services have been set in accordance with rates which are prescribed by the government. The aggregate service fees charged by us to members of the CMG Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately nil, nil and RMB250,000, respectively. We therefore expect that the aggregate service fees payable by members of the CMG Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an

annual basis less than 0.1%, and the corporate annuities account management services we provide to members of the CMG Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

4. Settlement services with the CMG Group

We provide settlement services, including domestic settlement services (such as group settlement services, and settlement of cash, promissory notes and other negotiable instruments) as well as international settlement services (such as international remittance and collection services), as part of our corporate banking offering. We provide settlement services to various members of the CMG Group. Such settlement services transactions with members of the CMG Group will constitute continuing connected transactions following our listing.

The settlement services transactions with members of the CMG Group are on normal commercial terms. The fees we charge to members of the CMG Group in connection with settlement services have been set in accordance with our normal commercial rates, taking into account the type and volume of settlement transactions undertaken. The aggregate settlement services fees charged by us to members of the CMG Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB20,000, RMB340,000 and RMB561,000, respectively. We expect that the aggregate service fees payable by members of the CMG Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the settlement services we provide to members of the CMG Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

5. Settlement services with the COSCO Group

We provide settlement services, including domestic settlement services (such as group settlement services, and settlement of cash, promissory notes and other negotiable instruments) as well as international settlement services (such as international remittance and collection services), as part of our corporate banking offering. We provide settlement services to members of the COSCO Group. Such settlement services transactions with members of the COSCO Group will constitute continuing connected transactions following our listing.

The settlement services transactions with members of the COSCO Group are on normal commercial terms. The fees we charge to members of the COSCO Group in connection with settlement services have been set in accordance with our normal commercial rates, taking into account the type and volume of settlement transactions undertaken. The aggregate settlement services fees charged by us to members of the COSCO Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB10,000, RMB10,000 and RMB697,000, respectively. We expect that the aggregate service fees payable by members of the COSCO Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong

Kong Listing Rules will be on an annual basis less than 0.1%, and the settlement services we provide to members of the COSCO Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

6. Settlement services with the Shandong Investment Group

We provide settlement services, including domestic settlement services (such as group settlement services, and settlement of cash, promissory notes and other negotiable instruments) as well as international settlement services (such as international remittance and collection services), as part of our corporate banking offering. We provide settlement services to various members of the Shandong Investment Group. Such settlement services transactions with members of the Shandong Investment Group will constitute continuing connected transactions following our listing.

The settlement services transactions with members of the Shandong Investment Group are on normal commercial terms. The fees we charge to members of the Shandong Investment Group in connection with settlement services have been set in accordance with our normal commercial rates, taking into account the type and volume of settlement transactions undertaken. The aggregate settlement services fees charged by us to members of the Shandong Investment Group for each of the three years ended December 31, 2003, 2004 and 2005 were nil, approximately RMB10,600 and RMB4,000, respectively. We expect that the aggregate service fees payable by members of the Shandong Investment Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the settlement services we provide to members of the Shandong Investment Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

7. Online bonds trading services provided to the CMG Group — Bank-Bond Express

Our Bank-Bond Express is an online service we offer to customers which enables them to open a trading account for bonds which is linked to their deposit account. We provide our Bank-Bond Express services to various members of the CMG Group. Such transactions entered into pursuant to our Bank-Bond Express services with members of the CMG Group will constitute continuing connected transactions following our listing.

We provide our Bank-Bond Express services to members of the CMG Group on normal commercial terms. The fees we charge to members of the CMG Group in respect of such trading services have been set in accordance with our normal commercial rates, taking into account the volume of transactions undertaken. The aggregate online bonds trading services fees charged by us to members of the CMG Group for each of the three years ended December 31, 2003, 2004 and 2005 were nil, approximately RMB334,000 and RMB38,000, respectively. We expect that the aggregate service fees payable by members of the CMG Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the online bonds trading services we provide to members of the CMG

Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

8. Online bonds trading services provided to the COSCO Group — Bank-Bond Express

We provide our Bank-Bond Express services to various members of the COSCO Group. Such transactions entered into pursuant to our Bank-Bond Express services with members of the COSCO Group will constitute continuing connected transactions following our listing.

We provide our Bank-Bond Express services to members of the COSCO Group on normal commercial terms. The fees we charge to members of the COSCO Group in respect of such trading services have been set in accordance with our normal commercial rates, taking into account the volume of transactions undertaken. The aggregate online bonds trading services fees charged by us to members of the COSCO Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB110,000, RMB136,000 and nil, respectively. We expect that the aggregate service fees payable by members of the COSCO Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the online bonds trading services we provide to members of the COSCO Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

9. Property management services provided by the CMG Group to us

A member of the CMG Group acts as property manager for a building in Beijing owned by the CMG Group in which we lease certain units. The CMG Group member provides us with property management services in connection with such leased premises. Such property management services will constitute continuing connected transactions following our listing.

The property management services transactions with the CMG Group member are on normal commercial terms. The fees paid by us to the CMG Group member in respect of property management services have been set in accordance with rates charged by the CMG Group member to other tenants in the building, taking into account the size of the premises leased. The aggregate services fees paid by us to the CMG Group member for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB4,865,000, RMB4,865,000 and RMB4,691,000, respectively. We therefore expect that the aggregate service fees payable by us for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the property management services provided by the CMG Group member to us will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

10. Lease of properties from the CMG Group

We lease a total of 10 properties (including car parking spaces) with an aggregate gross floor area of approximately 6,800 square meters from various members of the CMG Group for use as office space. Such leases will constitute continuing connected transactions following our listing.

The leases with members of the CMG Group are on normal commercial terms. The rentals paid by us to members of the CMG Group in connection with these leases were determined following arm's length negotiations and by reference to market rents at the time of entering into the relevant leases. The aggregate rentals paid by us to members of the CMG Group for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB10,255,000, RMB11,001,000 and RMB12,010,000, respectively. We therefore expect that the aggregate rentals payable by us for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the leases with members of the CMG Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

11. Entrusted loan arrangements with the Shandong Investment Group

We act in a fiduciary capacity in the entrusted loan business and enter into entrusted loan agreements with customers whereby customers provide funding to us, and we grant loans to third parties at the instructions of the customers. We provide entrusted loan services to various members of the Shandong Investment Group. Such entrusted loan arrangements with members of the Shandong Investment Group will constitute continuing connected transactions following our listing.

We provide entrusted loan services to members of the Shandong Investment Group on normal commercial terms. The fees we charge to members of the Shandong Investment Group in connection with such entrusted loan arrangements were determined following arm's length negotiations. The aggregate fees charged by us to members of the Shandong Investment Group in connection with the entrusted loan arrangements for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB5,000, RMB2,000 and RMB11,300, respectively. We expect that the aggregate service fees payable by members of the Shandong Investment Group for each of the three years ending December 31, 2006, 2007 and 2008 will be less than 0.1% of our total revenues or market capitalization, in each case, as determined pursuant to Chapter 14 of the Hong Kong Listing Rules. Accordingly, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 0.1%, and the entrusted loan arrangements with members of the Shandong Investment Group will be a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules.

Exempt financial assistance

12. Commercial banking services and products provided by us in the ordinary and usual course of business — Deposit taking

We provide commercial banking services and products to our customers in the ordinary and usual course of our business. Such services and products include accepting deposits (including fixed

and demand deposits, call deposits and deposit accounts maintained for securities firms for settlement purposes).

Customers who place deposits with our bank include connected persons pursuant to the Hong Kong Listing Rules, and we expect that our connected persons will continue to place deposits with our bank following our listing. Such deposit-taking transactions will constitute continuing connected transactions 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 are at market rates and on normal commercial terms. The interest paid by us on deposits placed by connected persons who are employees of our Hong Kong branch is at staff rates, but such deposits are nevertheless on normal commercial terms as such terms are no more favorable than the staff rates available to other employees of our Hong Kong branch who are not connected persons. Our PRC branches do not offer preferential deposit rates to employees.

Because the commercial banking transactions between our bank and our connected persons are in the ordinary and usual course of business and on normal commercial terms that are comparable to or no more favorable than those offered to independent third parties, these transactions will constitute exempt continuing connected transactions pursuant to 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. These transactions will, thus, be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.45 to 14A.48 of the Hong Kong Listing Rules.

*13. Commercial banking services provided by us in the ordinary and usual course of business
— Loans and credit facilities granted by us to connected persons*

We extend loans (including long-term loans, short-term loans, customer loans and residential mortgages) and credit facilities to our customers in the ordinary and usual course of our business on normal commercial terms based on prevailing market rates. Such credit facilities include the provision of guarantees and security for third-party loans, comfort letters and bills discounting services.

Customers who utilize our loan and credit facilities include connected persons pursuant to the Hong Kong Listing Rules, and we expect that our connected persons will continue to utilize our loan and credit facilities following our listing. Such loan and credit facilities transactions will constitute continuing connected transactions 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 are on normal commercial terms based on prevailing market rates. The loans and credit facilities provided to connected persons who are employees of our Hong Kong branch are at staff rates, but such loans and credit facilities are nevertheless on normal commercial terms as such terms are no more favorable than the staff rates available to other employees of our Hong Kong branch who are not 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 our bank to our connected persons are in the ordinary and usual course of business and on normal commercial terms that are comparable to or no

more favorable than those offered to independent third parties. Therefore, they will constitute exempt continuing connected transactions pursuant to 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. They will thus be exempt from the reporting, announcement and independent shareholders' approval requirements contained in Rules 14A.45 to 14A.48 of the Hong Kong Listing Rules.

Non-exempt Continuing Connected Transactions

14. Securities agency services provided by us to a member of the CMG Group — Bank-Securities Express

As part of our retail banking business, we offer our retail customers a service which links their securities trading account to their deposit account with us, through our Bank-Securities Express service. We collaborate with a number of PRC securities firms to provide securities agency services via our Bank-Securities Express service, including a member of the CMG Group. In return, we receive a service agency fee from the securities firms. Securities agency services provided by us to the CMG Group member pursuant to our Bank-Securities Express service will constitute continuing connected transactions following our listing.

We have entered into a service collaboration agreement with China Merchants Securities Company, a member of the CMG Group, to govern the terms pursuant to which we will provide securities agency services to it through our Bank-Securities Express service (the "Service Collaboration Agreement").

The Service Collaboration Agreement is entered into on normal commercial terms. The agency service fees payable by the CMG Group member to us pursuant to the Service Collaboration Agreement have been determined based on arm's length negotiations and by reference to fees we charge other independent third-party securities firms for the provision of securities agency services via our Bank-Securities Express service.

The aggregate agency service fees paid to us by the CMG Group member for each of the three years ended December 31, 2003, 2004 and 2005 were approximately RMB14,300,000, RMB29,392,000 and RMB38,957,000, respectively. The agency service fees paid to us by the CMG Group member so far this year have increased significantly, in line with favorable market conditions. However, due to anticipated securities regulations, it is expected that we will cease to provide such services by the end of 2006. We estimate that the aggregate agency service fees payable by the CMG Group member for the year ending December 31, 2006 will be approximately RMB131,423,524, which accordingly is set as our annual cap for the service collaboration with the CMG Group member. The estimate of the aggregate agency service fees for the year ending December 31, 2006 is also based on the aggregate agency service fees of RMB91,423,524 that were received by us from the CMG Group member for the seven months ended July 31, 2006.

On the basis of the annual cap set out above, each of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules will be on an annual basis less than 2.5%. Accordingly, the securities agency service collaboration with the CMG Group member will be exempt from the independent shareholders' approval requirements but will be subject to the reporting and announcement requirements pursuant to Rule 14A.45 to 14A.47 of the Hong Kong Listing Rules.

Application for Waivers

Following our listing, we will continue the non-exempt continuing connected transactions described in paragraph 14 (“Securities agency services provided by us to a member of the CMG Group — Bank-Securities Express”) above. Our directors, including our independent non-executive directors, and the Joint Sponsors are of the opinion that the transactions have been entered into in the ordinary and usual course of our business and on normal commercial terms and that the terms of the transactions and the relevant caps thereunder are fair and reasonable and in the interests of our shareholders as a whole.

The Joint Sponsors are of the view that such non-exempt continuing connected transactions are in our ordinary and usual course of business, and on normal commercial terms and that the terms of the transactions and the relevant caps thereunder are fair and reasonable and in the interests of our shareholders as a whole.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule 14A.42(3) of the Hong Kong Listing Rules from strict compliance with the announcement requirement relating to the non-exempt continuing connected transactions described in paragraph 14 (“Securities agency services provided by us to a member of the CMG Group — Bank-Securities Express”) above.

Waivers for Counterparties from Being Treated as Connected Persons

Pursuant to Rules 1.01, 14A.11 and 19A.04 of the Hong Kong Listing Rules, our promoters and their associates would constitute our connected persons following listing of our H Shares on the Hong Kong Stock Exchange. Accordingly, any continuing connected transactions with our promoters and their associates would be considered continuing connected transactions requiring compliance with the reporting, announcement and independent shareholders’ approval requirements contained in Rules 14A.45 to 14A.48 of the Hong Kong Listing Rules, unless otherwise exempted.

The following table sets forth the shareholding percentage of our promoters at August 15, 2006 and immediately following the Global Offering (assuming the Over-allotment Option is not exercised, no further conversion of convertible bonds subsequent to August 15, 2006 and no acquisitions of additional shares subsequent to August 15, 2006):

<u>Name</u>	<u>Percentage at August 15, 2006 (%)</u>	<u>Percentage Following Global Offering (%)</u>
China Merchants Steam Navigation ⁽¹⁾	21.87	17.95
COSCO	7.99	6.57
Guangzhou Maritime Transport ⁽¹⁾	6.68	5.49
Guangdong Highways Administration Bureau	1.48	1.22
Qinhuangdao Port Group	1.48	1.22
Shandong Investment Holdings	1.48	1.22
Shenzhen Huihe Investment Develop Company Limited	Nil	Nil
China National Offshore Oil Nanhai East Corporation	Nil	Nil

(1) Includes shareholdings held indirectly through subsidiaries and shareholdings of entities under common control.

Although our promoters were our shareholders who undertook the establishment of our bank as a joint stock limited company in 1994, our relationship with the Minority Promoter and the

CONNECTED TRANSACTIONS

Non-Shareholding Promoters is largely historical. In the case of the Minority Promoter, although it remains as shareholder of our bank, its shareholding is insignificant and it is not involved in the day-to-day management of our bank. In the case of the Non-Shareholding Promoters, they no longer hold any shares in our bank. Nonetheless, we may continue to provide banking services to and enter into transactions with the Minority Promoter, the Non-Shareholding Promoters and their respective associates in the usual and ordinary course of our business. We consider that it would be unduly onerous to require us to monitor all transactions entered into with the Minority Promoter, the Non-Shareholding Promoters and their respective associates to ensure compliance with the connected transactions requirements under Chapter 14A of the Hong Kong Listing Rules, purely due to their historical status as promoters of our bank.

Therefore, we have applied for a waiver pursuant to Rule 14A.42 of the Hong Kong Listing Rules to exempt our Minority Promoter, our Non-Shareholding Promoters and their respective associates from being regarded as connected persons for the purposes of the Hong Kong Listing Rules, and therefore to exempt all our transactions with such persons from the requirements under Chapter 14A of the Hong Kong Listing Rules regarding connected transactions. The waiver has been granted subject to the following conditions:

- (i) that any of our Minority Promoter and Non-Shareholding Promoters will be regarded as our connected person if such person has an interest of 3% or more of our issued share capital as, pursuant to our articles of association, any of our shareholders who holds 3% or more of our issued share capital has the right to nominate a director; and
- (ii) that any of our Minority Promoter and Non-Shareholding Promoters will be regarded as our connected person if such person has representation on our Board of Directors or Board of Supervisors.