

1. FURTHER INFORMATION ABOUT OUR COMPANY**A. Incorporation**

We were established on March 31, 1987 in the Shenzhen Special Economic Zone. In 1994, we were registered as a joint stock company with limited liability. Our A shares were listed on the SHSE on April 9, 2002. We have established a place of business in Hong Kong at 21st Floor, Bank of America Tower, 12 Harcourt Road, Queensway, Hong Kong and were registered with the Registrar of Companies as an overseas company under Part XI of the Companies Ordinance on July 24, 2002. Zhang Xiao Wei of 21st Floor, Bank of America Tower, 12 Harcourt Road, Queensway, Hong Kong, our authorized representative for the purposes of Part XI of the Companies Ordinance, has been appointed as our agent for the acceptance of service of process in Hong Kong. As we were established in China, our corporate structure and articles of association are subject to the relevant laws and regulations of China. Summaries of the relevant laws and regulations of China and of our articles of association are set out in Appendices IX and X respectively.

B. Changes in Share Capital

At the time of our listing on the SHSE on April 9, 2002, our registered capital was RMB5,706,818,030, divided into shares of par value RMB1.00 each.

- (a) Pursuant to a resolution adopted at our annual general meeting on March 19, 2004 and upon the approval by the CBRC, our capital reserve fund was converted into share capital on the basis of two new shares for every ten shares. Our total share capital was increased to RMB6,848,181,636.
- (b) Pursuant to a resolution adopted at our annual general meeting on May 17, 2005 and upon the approval by the CBRC, our capital reserve fund was converted into share capital on the basis of five new shares for every ten shares. Our total share capital was increased to RMB10,272,274,454.
- (c) Pursuant to a resolution adopted at the first extraordinary general meeting in 2006 and the related meeting among shareholders for reform of non-tradeable shares of our company held on January 20, 2006 and upon approval given by the SASAC and the CBRC, our company implemented a share reform plan and conversion of capital reserve fund into share capital. We issued each shareholder 0.8589 new shares for every 10 shares held by the shareholder out of our capital reserve fund, and most of the new shares issued to the holders of non-tradeable shares were then transferred to the holders of tradeable shares, on the basis of 1.6 new shares for every 10 shares held by the holder tradeable shares prior to such plan. Upon completion of the share reform plan, our share capital was increased to RMB12,279,063,413.
- (d) Pursuant to a notice issued by the CSRC on September 28, 2004, CSRC approved the issuance by our company of the convertible bonds of a principal amount of RMB6,500 million. The conversion period of our convertible bonds commenced on May 10, 2005. As at August 15, 2006, an aggregate of 1,037,401,231 A shares had been converted from our convertible bonds.

Immediately following completion of the Global Offering (assuming no exercise of the Over-allotment Option and no further conversion of our convertible bonds in existence as at August 15, 2006), our share capital will consist of 14,480,903,307 shares, including 12,060,903,307 A shares and

2,420,000,000 H Shares, representing 83.29% and 16.71% of our share capital respectively (assuming the Over-allotment Option is not exercised).

C. Shareholders' Resolutions

At an extraordinary shareholders' general meeting held on April 17, 2006, resolutions approving, among other things, the following matters were passed:

- (a) the Global Offering and listing of H Shares;
- (b) effective period of resolution related to Global Offering and listing of H Shares;
- (c) amendments to our articles of association; and
- (d) authorization granted to our Board of Directors to deal with issues and implement procedures related to Global Offering and listing of H Shares.

2. OUR SUBSIDIARIES

A. Investments in Subsidiaries

Our subsidiary is described in the Accountants' Report set out in Appendix I to this prospectus.

In addition, we from time to time foreclose on our security interests by taking ownership of shares in companies which have been charged to us. We also establish shell holding companies through which we take our foreclosure action. A certain number of these companies may constitute our subsidiaries within the meaning of the Hong Kong Listing Rules. The following sets out details in respect of companies which constitute our subsidiaries as a result of our foreclosure actions:

<u>Name of Entity</u>	<u>Place of Incorporation</u>	<u>Reasons for Establishment</u>	<u>Issued Share Capital and Details of Holding</u>
Happy Joyce Corporation Limited	Hong Kong	Holding company through which foreclosure action was taken	Two shares issued and held as to one share each by Mr Sun Zhong and Mr Chen Anchang, our employees, on trust for us
Comfort Year Limited	Hong Kong	Holding company through which foreclosure action was taken	Two shares issued and held as to one share each by Mr Sun Zhong and Mr Chen Anchang, our employees, on trust for us
Chinaup Properties Limited	Hong Kong	Foreclosed asset	10,000 shares held as to 5,000 shares by Happy Joyce Corporation Limited and 5,000 shares by Comfort Year Limited

As these companies were either acquired or established in connection with foreclosure actions taken by us, we do not consider them to be subsidiaries which contribute to our results of operations or form part of our business and operations. Therefore, elsewhere in this prospectus, descriptions of our group and our operations do not take into account the above companies.

B. Changes in Share Capital

Save as disclosed in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.




3. FURTHER INFORMATION ABOUT OUR BUSINESS**A. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) Listing Agreement dated November 26, 2004 entered into between SHSE and our company in connection with the listing of our convertible bonds on the SHSE; and
- (b) Hong Kong Underwriting Agreement dated September 7, 2006 entered into between, among others, us and the Hong Kong Underwriters referred to therein. See “Underwriting” for further details.

B. Our Intellectual Property Rights*Trademarks*

At the Latest Practicable Date, we have obtained registration of the following material trademarks:

No.	Trademark	Registration No.	Registration Date	Place of Registration	Class (note)	Expiry Date
1	招 行	3736992	November 14, 2005	PRC	16	November 13, 2015
2	招 銀	3736999	November 14, 2005	PRC	16	November 13, 2015
3	CMB	3736987	November 14, 2005	PRC	16	November 13, 2015
4		3736869	December 7, 2005	PRC	16	December 6, 2015
5	招商銀行	3736879	March 21, 2006	PRC	16	March 20, 2016
6	CMBANK	3521703	January 14, 2005	PRC	35	January 13, 2015
7		3736868	January 21, 2006	PRC	35	January 20, 2016
8	CMB	3736986	January 21, 2006	PRC	35	January 20, 2016
9		3736885	January 21, 2006	PRC	35	January 20, 2016
10	招 行	3736993	February 7, 2006	PRC	35	February 6, 2016
11	招 銀	3736998	February 7, 2006	PRC	35	February 6, 2016
12	招商銀行	3736878	February 7, 2006	PRC	35	February 6, 2016

No.	Trademark	Registration No.	Registration Date	Place of Registration	Class (note)	Expiry Date
13		1359952	January 28, 2000	PRC	36	January 27, 2010
14		1359953	January 28, 2000	PRC	36	January 27, 2010
15		1409752	June 14, 2000	PRC	36	June 13, 2010
16		1415620	June 28, 2000	PRC	36	June 27, 2010
17		1415621	June 28, 2000	PRC	36	June 27, 2010
18		1749473	April 14, 2002	PRC	36	April 13, 2012
19	一卡通	2021127	May 28, 2003	PRC	36	May 27, 2013
20	CMBANK	3521704	April 28, 2005	PRC	36	April 27, 2015
21	居家乐	3521698	April 28, 2005	PRC	36	April 27, 2015
22		3521697	April 28, 2005	PRC	36	April 27, 2015
23		3521706	July 21, 2005	PRC	36	July 20, 2015
24	招 行	3736991	February 21, 2006	PRC	36	February 20, 2016
25	招 銀	3736997	February 21, 2006	PRC	36	February 20, 2016
26	CMB	3736985	February 21, 2006	PRC	36	February 20, 2016
27		3894652	August 7, 2006	PRC	36	August 6, 2016
28	金葵花 SUNFLOWER	3894653	June 7, 2006	PRC	36	June 6, 2016
29	Sunflower 金葵花 贵宾卡	3894654	June 7, 2006	PRC	36	June 6, 2016
30		3736867	January 14, 2006	PRC	37	January 13, 2016
31	招商银行	3736877	February 21, 2006	PRC	37	February 20, 2016
32	CMBANK	3521701	January 7, 2005	PRC	38	January 6, 2015
33		3736866	December 28, 2005	PRC	38	December 27, 2015
34	招商银行	3736876	December 28, 2005	PRC	38	December 27, 2015
35	CMBANK	3521700	January 7, 2005	PRC	39	January 6, 2015
36		3736865	December 28, 2005	PRC	39	December 27, 2015

No.	Trademark	Registration No.	Registration Date	Place of Registration	Class (note)	Expiry Date
37		3736864	January 21, 2006	PRC	40	January 20, 2016
38	招商銀行	3736874	February 7, 2006	PRC	40	February 6, 2016
39	一网通	3736890	February 7, 2006	PRC	40	February 6, 2016
40		3736882	February 7, 2006	PRC	40	February 6, 2016
41		3736881	November 14, 2005	PRC	41	November 13, 2015
42		3736863	December 28, 2005	PRC	41	December 27, 2015
43	CMB	3736984	December 28, 2005	PRC	41	December 27, 2015
44	招 銀	3736996	December 28, 2005	PRC	41	December 27, 2015
45	招 行	3736990	December 28, 2005	PRC	41	December 27, 2015
46	招商銀行	3736873	December 28, 2005	PRC	41	December 27, 2015
47	CMBANK	3521702	March 28, 2005	PRC	42	March 27, 2015
48		3521705	October 7, 2005	PRC	42	October 6, 2015
49	CMB	3736983	February 21, 2006	PRC	42	February 20, 2016
50	招商銀行	3736872	February 21, 2006	PRC	42	February 20, 2016
51	招 銀	3736995	February 21, 2006	PRC	42	February 20, 2016
52	招 行	3736989	February 21, 2006	PRC	42	February 20, 2016
53		3736862	April 14, 2006	PRC	42	April 13, 2016
54		3737011	February 21, 2006	PRC	43	February 20, 2016
55	一网通	3736889	February 21, 2006	PRC	43	February 20, 2016
56	招商銀行	3736871	February 21, 2006	PRC	43	February 20, 2016
57	招 銀	3736994	January 14, 2006	PRC	45	January 13, 2016
58		3737010	January 14, 2006	PRC	45	January 13, 2016
59	一网通	3736888	January 14, 2006	PRC	45	January 13, 2016
60	招 行	3736988	January 14, 2006	PRC	45	January 13, 2016

No.	Trademark	Registration No.	Registration Date	Place of Registration	Class (note)	Expiry Date
61	招商銀行	3736870	January 14, 2006	PRC	45	January 13, 2016
62	CMB	3736982	January 14, 2006	PRC	45	January 13, 2016
63		3736880	April 14, 2006	PRC	45	April 13, 2016
64		3736886	June 28, 2006	PRC	45	June 27, 2016
65	A 招商銀行 CHINA MERCHANTS BANK B 招商銀行 China Merchants Bank C 招商銀行 CHINA MERCHANTS BANK	300257094	July 27, 2004	Hong Kong	36	July 26, 2014
66	A  B 	300257085	July 27, 2004	Hong Kong	36	July 26, 2014
67	A CMB B cmb C CMB	300257076	July 27, 2004	Hong Kong	36	July 26, 2014

At the Latest Practicable Date, we have applied for but have not obtained registration of the following material trademarks:

No.	Trademark	Application No.	Date of Application	Class (note)	Place of Jurisdiction
1.	A 一卡通 ALL IN ONE CARD B 一卡通 all in one card C 一卡通 ALL IN ONE CARD	300257120	July 27, 2004	36, 38	Hong Kong
2.	A 一網通 ALL IN ONE NET B 一網通 all in one net C 一網通 ALL IN ONE NET	300257102	July 27, 2004	36, 38	Hong Kong

Note:

The class number represents the specification of products or services which have already been registered or are in the process of registration. Detailed specifications of the products or services represented by that class number are set out in the relevant registration certificates or application forms.

Patents

At the Latest Practicable Date, we have been granted the following patents, which are considered to be material to our business:

No.	Type of Patent	Specification of Patent	Patent No.	Date of Application	Jurisdiction	Validity Period
1	Outlook design	Application form for credit card (folding) 折叠物 (信用卡申請表)	ZL03349330.8	June 23, 2003	PRC	10 years from June 23, 2003
2	Practical new model	implementation of the installation for “One card for two places” (實現一卡兩地通的裝置)	ZL03277735.3	July 16, 2003	PRC	10 years from July 16, 2003
3	Practical new model	Installation for electronic letters of credit (電子保函裝置)	ZL200420023945.7	June 21, 2004	PRC	10 years from June 21, 2004
4	Short-term patent	System and processing method of a type of all-in-one card (一卡兩地通銀行卡系統和處理方法)	HK1061160	May 3, 2004	Hong Kong	8 years from May 3, 2004

At the Latest Practicable Date, we have applied for but have not obtained registration of the following patents, which is considered to be material to our business:

No.	Type of Patent	Specification of Patent	Application Number	Date of Application	Jurisdiction
1	Patent application for invention right	System and processing method for Bank card for “One card for two places” (一卡兩地通銀行卡系統和處理方法)	03146479.3	July 16, 2003	PRC
2	Patent application for invention right	Maintenance and system method of electronic letters of credit (電子保函和系統方法)	200410025300.1	June 21, 2004	PRC
3	Patent application for invention right	Savings accounts balancing system and method (活期帳戶平衡系統和方法)	200410025345.9	June 22, 2004	PRC
4	Practical new model	Installation for savings accounts balancing (活期帳戶平衡裝置)	200420036629.3	June 22, 2004	PRC
5	Patent application for invention right	System and processing method for temporary authorization for Bank card (銀行卡臨時授權系統及其處理方法)	200510081657.6	July 4, 2005	PRC
6	Practical new model	Installation of temporary authorization system for Bank card (銀行卡臨時授權系統裝置)	200520112084.4	July 4, 2005	PRC
7	Patent application for invention right	System and processing method for account reserved expenditure (帳戶預留支出系統及其處理方法)	200510081556.9	July 2, 2005	PRC
8	Practical new model	Installation of account reserved expenditure system (帳戶預留支出系統裝置)	200520111725.4	July 2, 2005	PRC
9	Patent application for invention right	System and processing method for subsidiary cards of Bank debit cards (銀行借記卡的附屬卡系統及其處理方法)	200510081555.4	July 2, 2005	PRC

No.	Type of Patent	Specification of Patent	Application Number	Date of Application	Jurisdiction
10	Practical new model	Installation of the system for subsidiary cards of Bank debit cards (銀行借記卡的附屬卡系統裝置)	200520111726.9	July 2, 2005	PRC
11	Patent application for invention right	System and processing method for management of numbers allocation (號碼分配系統及其處理方法)	200510081588.9	July 14, 2005	PRC
12	Practical new model	Installation of numbers allocation system (號碼分配系統裝置)	200520115421.5	July 14, 2005	PRC
13	Patent application for invention right	Method for using temporary certificates in mobile certificates (移動證書中使用臨時數字證書的方法)	200410050846.2	July 23, 2004	PRC
14	Patent application for invention right	Method for safety protection of digital certificates (數字證書安全保護方法)	200410050847.7	July 23, 2004	PRC
15	Patent application for invention right	Safe input method of computer data on account of graphic keyboard (基於圖形鍵盤的計算機信息安全輸入方法)	200410050950.1	July 30, 2004	PRC
16	Patent application for invention right	System and processing method for individual real position foreign exchange trading (個人實盤外匯買賣系統及其處理方法)	200410051948.6	October 22, 2004	PRC
17	Patent application for invention right	Method for operating a data management computer system related to unit deposits (一種操作與單位存款有關的數據管理計算機系統之方法)	200610060446.9	April 20, 2006	PRC
18	Patent application for invention right	System and processing method for Bank card for “one account for several cards” (一戶多卡銀行卡系統及其處理方法)	200410104417.9	December 11, 2004	PRC
19	Practical new model	Installation for Bank card for “one account for several cards” (一戶多卡銀行卡裝置)	200420013003.0	December 11, 2004	PRC
20	Patent application for invention right	Installation and method for cash link of various segregated accounts (多個獨立賬戶現金聯結的裝置和方法)	200510023917.4	February 7, 2005	PRC
21	Practical new model	Installation for cash link of various segregated accounts (多個獨立帳戶現金聯結的裝置)	200520039633.X	February 7, 2005	PRC
22	Practical new model	Installation for bills processing (票據處理的裝置)	200520039532.2	February 4, 2005	PRC
23	Patent application for invention right	Installation and method for bills processing (票據處理的裝置和方法)	200510023843.4	February 4, 2005	PRC

Domain Names of the Company

At the Latest Practicable Date, we have obtained registration of the following material domain names, Internet Keyword (通用網址) and 3721 Network Real name (網絡實名):

<u>No.</u>	<u>Domain Name</u>	<u>Expiry Date</u>
1	www.cmbchina.com	April 28, 2015
2	www.cmbchina.cn	March 17, 2009
3	www.8008205555.com	July 1, 2009
4	www.8008205555.cn	July 2, 2009
5	www.bank95555.com	July 21, 2012
6	young.org.cn	October 29, 2007
7	Youngcard.net	October 28, 2007
8	Youngcard.org	October 28, 2007
9	Youngcard.cn	October 29, 2007
10	Youngcard.com.cn	October 29, 2007
11	Youngcard.net.cn	October 29, 2007
12	Youngcard.org.cn	October 29, 2007

<u>No.</u>	<u>Internet Keyword (通用網址)</u>	<u>Expiry Date</u>
13	点金理财	October 31, 2011
14	招行	November 22, 2011
15	招商银行	November 22, 2011
16	金葵花	September 30, 2011
17	财富账户	September 30, 2011
18	一网通	January 12, 2011
19	一卡通	January 11, 2016

<u>No.</u>	<u>3721 Network Real name (網絡實名)</u>	<u>Expiry Date</u>
20	招商银行	July 21, 2007
21	招行	July 21, 2007
22	CMB	July 21, 2007
23	金葵花	July 21, 2007
24	点金理财	July 21, 2007
25	一网通	July 21, 2007

4. DISCLOSURE OF INTERESTS

A. Shareholding Interests of Directors, Chief Executive and Supervisors

None of our directors, chief executive or supervisors has any interest or short position in any of our shares, underlying shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have been deemed to be under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to our supervisors.

B. Substantial Shareholders and Interested Persons

So far as our directors are aware, immediately following completion of the Global Offering (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, assuming no further conversion of convertible bonds which are in existence as at August 15, 2006 and no acquisitions or disposals of additional shares subsequent to August 15, 2006), the following persons (who are not our directors, executive officers or supervisors) will have beneficial interests or short positions in shares of our company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO.

<u>Name of Interested Party</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate Percentage of Share Capital (%) in A Shares</u>
China Merchants Group ⁽¹⁾	Interests of controlled corporation	2,599,932,810 A shares	21.56
COSCO	Beneficial interest	950,595,801 A shares	7.88
China Shipping ⁽¹⁾⁽²⁾	Interests of controlled corporation	794,882,070 A shares	6.59

(1) Includes deemed interests held via affiliates.

(2) China Shipping is ultimately held by the SASAC and Guangzhou Maritime Transport is 100% held by China Shipping.

No person other than our company is or will be (immediately following completion of the Global Offering) directly and/or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiary.

C. Particulars of Service Contracts

Each of our executive and non-executive directors has entered into a service contract dated September 1, 2006 with our company, under which each has agreed to act as a director of our company for a term of three years and may be renewed upon expiry. The contracts may be terminated by a resolution of our shareholders' general meeting or in accordance with other terms provided in the service contracts.

Each of our independent non-executive directors has entered into a service contract dated September 1, 2006 with our company under which each has agreed to act as an independent non-executive director of our company subject to our articles of association, the term of each of the independent non-executive director shall not exceed three years. The contracts may be terminated by a resolution of our shareholders' general meeting, by written notice from the independent non-executive director or in accordance with other terms provided in the service contracts.

Save as disclosed in this prospectus, none of our directors or supervisors have or are proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

D. Directors', Supervisors' and Officers' Remuneration

In respect to each of the three financial years ended December 31, 2005:

- (a) our aggregate directors and supervisors fees were approximately RMB436,000, RMB640,000 and RMB640,000, respectively;
- (b) the aggregate of our directors' and supervisors' basic salaries, housing allowances, other allowances and benefits in kind were approximately RMB7,153,000, RMB6,028,000 and RMB6,358,000, respectively;
- (c) the aggregate contributions paid to pension schemes for our directors and supervisors were approximately RMB167,000, RMB117,000 and RMB516,000, respectively;
- (d) the aggregate of bonuses paid or receivable by our directors and supervisor were approximately RMB8,601,000, RMB7,085,000 and RMB7,400,000 respectively;
- (e) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind paid to the five individuals with the highest emoluments during the relevant year were approximately RMB7,833,000, RMB8,556,000 and RMB8,794,000, respectively;
- (f) the aggregate contributions paid to pension schemes for the five individuals with the highest emoluments during the relevant year were approximately RMB150,000, RMB144,000 and RMB723,000, respectively;
- (g) the aggregate of bonuses paid or receivable by the five individuals with the highest emoluments during the relevant year were approximately RMB11,291,000, RMB11,138,000 and RMB11,960,000 respectively;

Of the five individuals with highest emoluments, some were also directors or supervisors. Please refer to Appendix I-29 for details of their emoluments.

None of our directors or supervisors, or any of the five individuals with the highest emoluments during the relevant year, received any inducements, or compensations for loss of office, or waived any emoluments during the three years ended December 31, 2005.

The aggregate of remuneration paid and benefits in kind granted to our directors and supervisors for the year ended December 31, 2005 was approximately RMB14,914,000.

Under arrangements currently in force, the estimated remuneration payable and benefits in kind receivable by our directors and supervisors in respect of the year ending December 31, 2006 is approximately RMB11,920,000.

E. Personal Guarantees

Our directors and supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

F. Agency Fees or Commissions Received

We paid an aggregate of RMB8,125,000 in underwriting commissions in respect of our offering of convertible bonds in 2004.

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our company or any of our subsidiaries within the two years ended on the date of this prospectus.

G. Related Party Transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 42 to the consolidated financial statements in the Accountants' Report set out in Appendix I.

H. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our directors or supervisors or any of the parties listed in paragraph 5E of this Appendix are interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (b) none of our directors or supervisors or any of the parties listed in paragraph 5E of this Appendix are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (c) save in connection with the Hong Kong Underwriting Agreement and the International Purchase Agreement, none of the parties listed in paragraph 5E of this Appendix:
 - (i) are interested legally or beneficially in any of our shares or any shares in any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (d) no amount or benefit has been paid or given within the two years preceding the date of this prospectus to any of our promoters nor is any such amount or benefit intended to be paid or given.

5. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

Save as disclosed in "Legal Proceedings" in the section headed "Business," we are not involved in any legal or administrative proceedings which, if adversely determined, would have a material adverse effect on our financial conditions or results of operations. So far as we are aware, no such proceedings are pending or threatened.

C. Joint Sponsors

The listing of our H Shares on the Hong Kong Stock Exchange is jointly sponsored by CICC Hong Kong and UBS AG. Each of the Joint Sponsor has declared pursuant to Rule 3A.08 of the Hong Kong Listing Rule that it is independent pursuant to Rule 3A.07.

As at August 31, 2006, UBS Limited, a wholly owned subsidiary of UBS AG, held 42,907,335 of our A Shares and 839 lots of convertible bonds issued by us, representing in aggregate approximately 0.35% of our issued share capital. Such holdings do not affect the independence of UBS AG as a sponsor under Rule 3A.07 of the Hong Kong Listing Rules.

D. Preliminary Expenses

The estimated preliminary expenses of our company are approximately RMB375,000 and are payable by us.

E. Qualification of Experts under the Hong Kong Listing Rules

The qualifications of the experts under the Hong Kong Listing Rules who have given opinions in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation (Hong Kong) Limited	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) as defined under the SFO.
UBS AG	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing Automated Trading Services) and type 9 (asset management) as defined under the SFO.
KPMG	Certified Public Accountants.
Sallmanns (Far East) Limited	Property valuers.
Jun He Law Offices	PRC legal advisors.

Save as disclosed in paragraph 5E of this Appendix or in connection with the underwriting arrangements, none of the above experts under the Hong Kong Listing Rule has any shareholding in any member of our group or has any right to subscribe for or nominate persons to subscribe for securities in any member of our group.

F. Taxation of Holders of H Shares

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the shares being sold or transferred (the buyer and seller each payable for half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

G. No Material Adverse Change

Our Directors confirm that, other than as disclosed in “Assets and Liabilities — Selected, Unaudited Assets and Liabilities Information at June 30, 2006,” “Financial Information — Selected, Unaudited Financial Information at and for the Six Months Ended June 30, 2006” and our distribution of special dividend as disclosed in “Financial Information — Capital Resources — Profit Distribution,” there has been no material adverse change in our financial or trading position since March 31, 2006.

H. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance as far as applicable.

I. Miscellaneous

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) there is no arrangement under which any directors has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments during the current financial year;
- (b) save as those in the ordinary and usual course of our commercial banking business, there are no outstanding loans or guarantees granted or provided by our subsidiary to, or for the benefit of, any of our directors;
- (c) no directors have or have had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of our company and our subsidiary and which was effected by our subsidiary in the current or immediately preceding financial year of our company or which was effected during the earlier financial year and remains in any respect outstanding or unperformed.
- (d) within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (e) no share or loan capital of our company is under option or is agreed conditionally or unconditionally to be put under option;
- (f) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (g) we have no outstanding convertible debt securities;
- (h) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special items have been granted or paid to any director, proposed director, promoter, any of the parties listed in paragraph 5E of this Appendix nor any other person in connection with the issue or sale of any share or loan capital of our company or our subsidiary;
- (i) there are no arrangements in existence under which the future dividends are to be waived or agreed to be waived;

- (j) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months; and
- (k) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

We do not currently have proposals to apply for the status of a sino-foreign investment joint stock limited company and we do not expect to be subject to the PRC Sino-foreign Joint Venture Law.

J. Consents

The Joint Sponsors, KPMG as our independent auditors, Sallmanns (Far East) Limited, as our property valuer, and Jun He Law Offices as our legal advisor on Chinese law, have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letter and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

K. Promoters

At the time of establishing our company as a joint stock company in 1994, we had eight promoters: China Merchants Steam Navigation, COSCO, Guangzhou Maritime Transport, Guangdong Highways Administration Bureau, Qinhuangdao Port Group, Shandong Investment Holdings, Shenzhen Huihe Investment Develop Company Limited⁽¹⁾ and China National Offshore Oil Nanhai East Corporation⁽¹⁾.

L. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

M. Exemptions from Hong Kong Companies Ordinance Provisions and Parallel Rules under the Hong Kong Listing Rules

According to the valuation report set out in Appendix VI to this prospectus, we owned two parcels of empty land with an aggregate area of approximately 18,717 square meters, 976 buildings with an aggregate gross floor area of approximately 528,444 square meters and the associated land and nine properties and three car parks in Hong Kong with an aggregate gross floor area of approximately 980 square meters. We also leased approximately 1,117 properties with an aggregate gross floor area of approximately 570,604 square meters in the PRC, and two properties in Hong Kong and in the United States. In addition, we took possession 11 parcels of empty land with a total site area of 2,304,305 square meters and 77 buildings with a total gross floor area of 91,669 square meters with the associated land as a result of court adjudicated foreclosure proceedings. Owing to the substantial number of properties involved, we have applied to the SFC for an exemption and to the Hong Kong Stock Exchange for a waiver from strict compliance with certain of the valuation report requirements contained in paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance and Rules 5.01, 5.06 and 19A.27(4)

(1) These promoters have subsequently disposed of their shareholdings and no longer hold shares

and paragraph 3(a) of Practice Note 16 of the Hong Kong Listing Rules, respectively, on the grounds that (i) it would be unduly burdensome to include a fully compliant valuation report in this prospectus and the inclusion of such detailed information would be irrelevant to potential investors in a commercial bank and would not be material to a potential investor's investment decision; and (ii) it would be unduly burdensome to prepare an English translation of the report, as substantially all of the properties are located in the PRC and consequently the underlying valuation and title information is in Chinese.

The exemption has been granted by the SFC under section 342A(1) of the Hong Kong Companies Ordinance and the waiver has been granted by the Hong Kong Stock Exchange from Rules 5.01, 5.06 and 19A.27(4) and paragraph 3(a) of Practice Note 16 of the Hong Kong Listing Rules, subject to the following conditions:

- (i) a valuation report in the Chinese language complying with all the requirements of paragraph 34(2) of the Third Schedule must be made available for inspection in accordance with “Appendix XII — Documents Delivered to the Registrar of Companies and Available for Inspection”;
- (ii) the valuer's letter and the valuer's certificate containing a summary valuation of all of our property interests, including particulars of occupancy, open market values and the title status thereof, based on the valuation report must be included in this prospectus in the form set out in Appendix VI to this prospectus; and
- (iii) this prospectus must set out particulars of this exemption.

We are of the view that the exemption from the SFC and the waiver from the Hong Kong Stock Exchange would not prejudice the interests of potential investors on the grounds mentioned above.