

Corporate Governance

In 2006, the Bank continued its efforts to promote sound corporate governance and the improvement of its corporate governance framework as a modern joint-stock company, which is composed of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and Senior Management in compliance with the PRC Company Law and the PRC Commercial Banking Law, and relevant regulations promulgated by regulatory authorities. The Bank further revised its Articles of Association in accordance with which all relevant parties lawfully and independently exercised their rights and discharged their obligations.



The Bank has adopted incremental measures to enable it to observe the Code on Corporate Governance Practices ("the Code") as set out in Appendix 14 of the Hong Kong Listing Rules. The Bank has complied with the code provisions and has substantially complied with the recommended best practices set out in the Code. The Bank also observes the laws and regulations of the places of business operations as well as various provisions and guidelines of regulatory authorities.

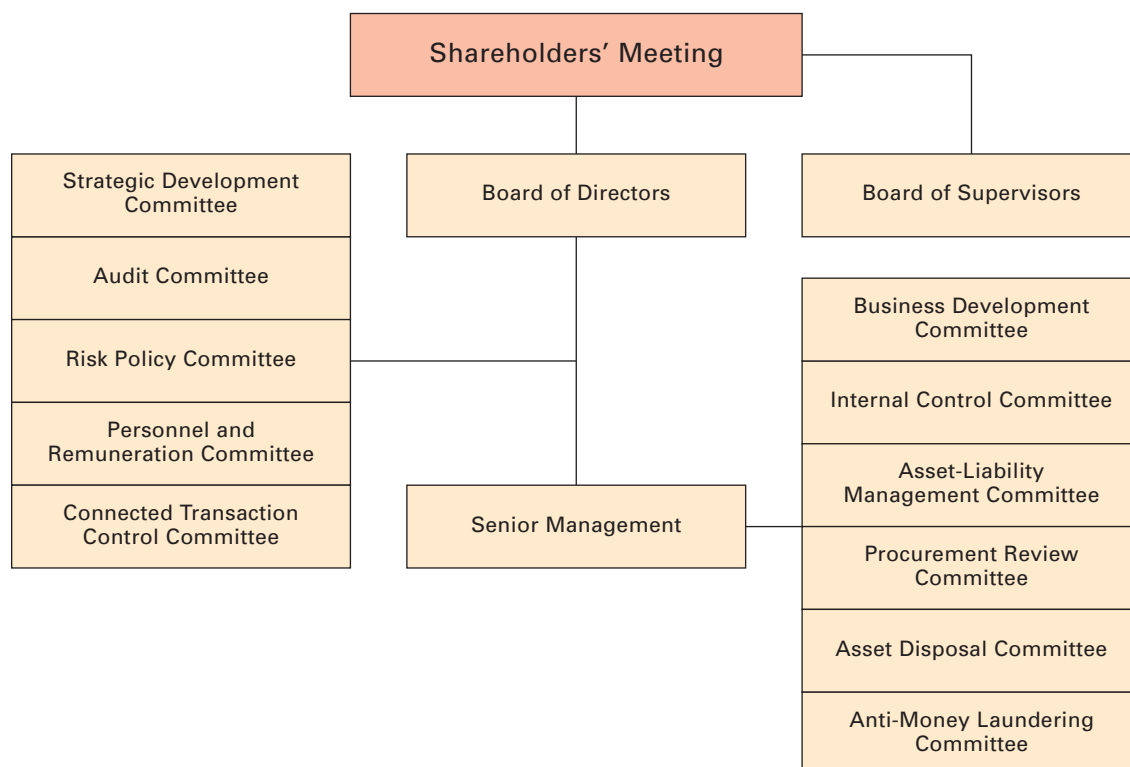
Corporate Governance Framework

The Bank's corporate governance framework centers on the Board of Directors, which provides guidance and effective oversight of the Senior Management, and is separated from the business operation undertaken by Senior Management. The major responsibilities of the Board of Directors are as follows: developing strategic guidelines and business plans for the Bank; formulating annual budgets, profit distribution and other major financial plans; approving annual and interim business results; appointing members of special committees and senior management personnel; approving the Bank's fundamental management process; proposing the appointment, re-appointment or replacement of the external auditors; reviewing reports from and monitoring the work of Senior Management.

The Board of Directors has set up the Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transaction Control Committee, which assist the Board in performing its functions in different aspects. The positions of the Chairman and the President are assumed by two persons respectively, in order to avoid undue concentration of power.



The Bank's corporate governance framework is shown below:



Shareholders and Shareholders' Meeting

The Shareholder's Meeting is the highest authority within the Bank. The Bank establishes an effective channel to communicate with shareholders, to ensure that all shareholders are treated equally, are properly informed and are able to participate in and exercise their voting and other rights on major issues of the Bank as shareholders. In 2006, the Bank held an Annual Shareholders' Meeting and four Extraordinary Shareholders' Meetings in compliance with the provisions of the Articles of Association, and

reviewed the proposals relating to the working reports of the Board of Directors and the Board of Supervisors, appointment of external auditors and approval of auditors' fees, amendments to the Articles of Association, annual financial report, issue and allotment of shares and public listing, appointment of independent non-executive directors and non-executive directors, and profit distribution plan. These were instrumental to the Bank's successful H-share and A-share IPOs in Hong Kong and on the Chinese Mainland, and to its long-term, sound and sustainable development.

Directors and the Board of Directors

Being responsible for the Shareholders' Meeting, the Board of Directors is the Bank's decision-making body. In 2006, two independent non-executive directors and two non-executive directors were appointed to the Board. Mr. Patrick de Saint-Aignan and Mr. Alberto Togni were appointed as Independent Non-Executive Directors of the Bank respectively on 14 January and 1 June 2006. Sir. Frederick Anderson Goodwin and Mr. Seah Lim Huat Peter were appointed as Non-Executive Directors of the Bank respectively on 14 January and 1 June 2006. The Board of Directors currently comprises 16 members. Other than the Chairman, there are four Independent Non-Executive Directors, eight Non-Executive Directors and three Executive Directors. For a detailed background of the board members, please refer to the section "Directors, Supervisors and Senior Management" in this annual report.

Xiao Gang, Chairman of the Bank, also serves as the Chairman of BOCHK Holdings, and Executive Director Messrs Hua Qingshan and Li Zaohang, also serve as non-executive directors of BOCHK Holdings.

The Bank purchased Directors and Officers liability insurance in 2006 for members of the

Board to provide protection against claims arising from the lawful discharge of duties on the part of the Directors.

In 2006, the Board of Directors held eight meetings (including three extraordinary meetings) respectively on 29 January, 7 March, 27 March, 17 & 20 April, 2 June, 29 August, 30 October and 14 December, and passed seven written resolutions. The resolutions relate mainly to the Bank's development strategy, business plan and financial budget, financial reports, profit distribution plan, self-evaluation of the Board of Directors, revision of the Articles of Association, appointment of external auditors and approval of auditors' fees, performance evaluation and distribution of bonus for Senior Management, appointment of non-executive directors and independent non-executive directors, IPO, changes in the Senior Management, market risk limits, reform of the business process and organization, and information disclosure policy of the Bank. The Board Meetings also reviewed the management report rendered by the external auditors and the response of the Management, on-site inspection report by CBRC and the corrective measures taken by the Bank, and progress report on the implementation of the IT Blueprint.

The average attendance rate of the board meetings reached 96%. The attendance rate of each director is shown below:

Director	Number of Board Meetings Attended ¹	Attendance Rate
XIAO Gang	Attended 8 out of a total of 8 meetings	100%
LI Lihui	Attended 8 out of a total of 8 meetings	100%
ZHANG Jinghua	Attended 8 out of a total of 8 meetings	100%
YU Erniu	Attended 8 out of a total of 8 meetings	100%
ZHU Yan	Attended 8 out of a total of 8 meetings	100%
ZHANG Xinze	Attended 8 out of a total of 8 meetings	100%
HONG Zhihua	Attended 8 out of a total of 8 meetings	100%
HUANG Haibo	Attended 8 out of a total of 8 meetings	100%
Sir Frederick Anderson GOODWIN ²	Attended 5 out of a total of 8 meetings	63%
SEAH Lim Huat Peter ³	Attended 4 out of a total of 4 meetings	100%
HUA Qingshan ⁴	Attended 7 out of a total of 8 meetings	88%
LI Zaohang	Attended 8 out of a total of 8 meetings	100%
Anthony Francis NEOH	Attended 7 out of a total of 8 meetings	88%
William Peter COOKE	Attended 8 out of a total of 8 meetings	100%
Patrick de SAINT-AIGNAN	Attended 8 out of a total of 8 meetings	100%
Alberto TOGNI ³	Attended 4 out of a total of 4 meetings	100%



Notes:

- 1 According to the Articles of Association of the Bank, a Director can entrust another director to attend the Board Meeting and exercise the voting right on his or her behalf.
- 2 Sir Frederick Anderson Goodwin was unable to personally attend the board meetings held on 19 January, 27 March and 14 December. He entrusted another director to attend and exercise the voting right on his behalf at the meetings on 27 March and 14 December.
- 3 The appointment of Mr. Seah Lim Huat Peter and Mr. Alberto Togni as directors of the Bank were approved at the Shareholders' Meeting held on April 21, 2006, and were given regulatory approval by CBRC on 1 June 2006. They were present at the board meetings held on 2 June, 29 August, 30 October and 14 December 2006.
- 4 Mr. Hua Qingshan was unable to personally attend the board meeting held on 14 December 2006, but entrusted another director to attend and exercise voting right on his behalf.

The Strategic Development Committee

The Strategic Development Committee comprises 11 members, including the Chairman of the Board, one executive director, eight non-executive directors and one independent non-executive director. Xiao Gang, Chairman, serves as committee chairman. Committee members include Li Lihui, Zhang Jinghua, Yu Erniu, Zhu Yan, Zhang Xinze, Hong Zhihua, Huang Haibo, Sir Frederick Anderson Goodwin, Seah Lim Huat Peter and Alberto Togni. The committee is mainly responsible for developing the strategic

plan of the Bank, assessing the effectiveness of the plan and reviewing and assessing programs on the following issues and submitting them to the Board of Directors for review:

- Strategic development plans;
- Annual budgets;
- Capital allocation plans;
- Merger and acquisition plans;

- Major investment and financing plans; reviewed the Bank's development strategy, business development plan for 2006-2008, business plan for 2007-2009, and other proposals.
- Substantial internal restructuring and adjustment.

The Strategic Development Committee held six meetings (including three extraordinary meetings) in 2006, and passed one written resolution. At these meetings, the Committee

The average attendance rate of the meetings of the Strategic Development Committee reached 91%. The attendance rates of relevant directors are shown below:

Director	Number of Committee Meetings Attended	Attendance Rate
XIAO Gang	Attended 6 out of a total of 6 meetings	100%
LI Lihui	Attended 6 out of a total of 6 meetings	100%
ZHANG Jinghua	Attended 6 out of a total of 6 meetings	100%
YU Erniu ¹	Attended 5 out of a total of 6 meetings	83%
ZHU Yan	Attended 6 out of a total of 6 meetings	100%
ZHANG Xinze	Attended 6 out of a total of 6 meetings	100%
HONG Zhihua	Attended 6 out of a total of 6 meetings	100%
HUANG Haibo	Attended 6 out of a total of 6 meetings	100%
Sir Frederick Anderson GOODWIN ²	Attended 1 out of a total of 6 meetings	17%
SEAH Lim Huat Peter	Attended 2 out of a total of 2 meetings	100%
Alberto TOGNI	Attended 2 out of a total of 2 meetings	100%

Notes:

- 1 Director Yu Erniu entrusted another director to attend and exercise voting right on his behalf at one meeting.
- 2 Sir Frederick Anderson Goodwin entrusted other directors to attend and exercise voting right on his behalf at three meetings.

The Audit Committee

The Audit Committee comprises seven members, including three non-executive directors and four independent non-executive directors. Independent non-executive director Patrick de Saint-Aignan acts as committee chairman. Committee members include Zhu Yan, Huang Haibo, Anthony Francis Neoh, William Peter Cooke, Seah Lim Huat Peter and Alberto Togni. The committee is mainly responsible for:

- Recommending the replacement/appointment of and the fees paid to the external auditors and assessing their performance and independence;
- Reviewing the external auditors' audit report, internal control report and audit plan;
- Reviewing the financial reports, other financial disclosure and significant accounting and auditing policies and regulations;
- Approving the internal audit charter, overseeing and providing guidance on the organizational structure re-engineering, promoting the vertical management to ensure their independence, approving the internal audit plan and the budget and evaluating its performance;

- Nominating Chief Audit Officer who reports directly to and is evaluated by the Committee, refining the Chief Audit Officer's responsibilities and evaluating his or her performance;
- Overseeing the Bank's internal controls and persistently keeping track with the rectification progress in relation to issues raised by the external auditors, including reviewing internal audit report findings, management's feedback and rectification plans, and discussing the adequacy of internal control with the Chief Audit Officer and the external auditors;
- Promoting self-evaluation of internal control and compliance with relevant

disclosure requirements of stock exchanges.

The Audit Committee held six meetings in 2006, mainly reviewing financial reports, dividend and profit distribution plan; the Bank's financial management measures, business plan and expense budget for 2006; management suggestion by the external auditors for 2005 and feedback of the Management, external auditors' audit plan, scope and fees; internal audit plan and budget, internal audit improvement program, and candidates for Chief Audit Officer.

The attendance rate of the meetings of the Audit Committee was 100%. The attendance rates of relevant directors are shown below:

Director	Number of Committee Meetings Attended	Attendance Rate
Patrick de SAINT-AIGNAN	Attended 6 out of a total of 6 meetings	100%
ZHU Yan	Attended 6 out of a total of 6 meetings	100%
HUANG Haibo	Attended 6 out of a total of 6 meetings	100%
Anthony Francis NEOH	Attended 6 out of a total of 6 meetings	100%
William Peter COOKE	Attended 6 out of a total of 6 meetings	100%
SEAH Lim Huat Peter	Attended 2 out of a total of 2 meetings	100%
Alberto TOGNI	Attended 2 out of a total of 2 meetings	100%

The Audit Committee has reviewed the 2006 Annual Report of the Bank. The Bank's external auditors, PricewaterhouseCoopers Zhong Tian CPAs Limited Company has audited the 2006 financial statements of the Bank prepared in accordance with PRC GAAP and PricewaterhouseCoopers Hong Kong has audited the financial statements of the Bank prepared in accordance with IFRS. Both firms have issued unqualified audit reports. The Audit Committee has discussed matters relating to the accounting standards and practices adopted in

the financial statements, internal control and the financial statements.

The Group has established a basic framework of self-assessment of its internal control. The self-assessment focused on key areas of internal control, including financial control, operation control, compliance and risk management. Management has reported the result of the assessment on key controls to the Audit Committee and the Board.



The Risk Policy Committee

The Risk Policy Committee comprises 6 members, including two non-executive directors, one executive director, and three independent non-executive directors. Mr. Anthony Francis Neoh, an independent non-executive director, acts as the committee chairman. Committee members include Zhang Jinghua, Zhang Xinze, Hua Qingshan, Patrick de Saint-Aignan and Alberto Togni. The committee is mainly responsible for:

- Assessing and monitoring the implementation of the Bank's risk management and internal control policies, including credit policies;
- Overseeing the exposure against established parameters while monitoring and assessing the Bank's risk appetite;

- Reviewing the effectiveness of our legal and compliance process and monitoring its implementation;
- Reviewing and approving credit decisions in excess of the credit authorization limits delegated to the Bank's President.

The Risk Policy Committee held four meetings in 2006. At these meetings, the committee reviewed proposals relating to the suggestions on risk appetite of the Bank in 2006, market risk management policies, market risk exposure limits in 2006, amendments to the Regulations on the Management of Credit Approval Authorization of Head Office of the Bank, policies on anti-money laundering and anti-terrorism financing, and credit proposals in excess of the credit authorization limits delegated to the Management.

The attendance rate of the meetings of the Risk Policy Committee was 100%. The attendance rates of relevant directors are shown below:

Director	Number of Committee Meetings Attended	Attendance Rate
Anthony Francis NEOH	Attended 4 out of a total of 4 meetings	100%
ZHANG Jinghua	Attended 4 out of a total of 4 meetings	100%
ZHANG Xinze	Attended 4 out of a total of 4 meetings	100%
HUA Qingshan	Attended 4 out of a total of 4 meetings	100%
Patrick de SAINT-AIGNAN	Attended 4 out of a total of 4 meetings	100%
Alberto TOGNI	Attended 1 out of a total of 1 meeting	100%

The Personnel and Remuneration Committee

The Personnel and Remuneration Committee comprises five members, including two non-executive directors and three independent non-executive directors. Non-executive director Yu Erniu acts as the committee chairman. Committee members include Hong Zihua, Anthony Francis Neoh, William Peter Cooke and

Patrick de Saint-Aignan. The committee is mainly responsible for:

- Reviewing the Bank's human resource and remuneration policies and overseeing their implementation;
- Nominating the Bank's directors and the members of Senior Management;

- Reviewing the standards and procedures for selecting, nominating and appointing directors, members of the Bank's board committees and Senior Management;
- Reviewing the remuneration policies submitted by the Bank's management;
- Formulating the standards for reviewing the performance of the Bank's Senior Management, and appraising the performance of the directors and senior management personnel.

The Personnel and Remuneration Committee held five meetings in 2006, at which it reviewed the remuneration plans and incentive measures for

directors, supervisors and senior management personnel, set the performance evaluation targets and formulated evaluation measures for management personnel, determined total amount of personnel expenses and the distribution principle, reviewed the suitability of candidates for directors, executive vice presidents, chief financial officer, chief risk officer, chief audit officer and members of the board committees, and reviewed the evaluation guidelines and plans for the Board of Directors and the accountability measures for management personnel.

The average attendance rate of the meetings of the Personnel and Remuneration Committee reached 92%. The attendance rates of relevant directors are shown below:

Director	Number of Committee Meetings Attended	Attendance Rate
YU Erniu	Attended 5 out of a total of 5 meetings	100%
HONG Zhihua	Attended 5 out of a total of 5 meetings	100%
Anthony Francis NEOH	Attended 4 out of a total of 5 meetings	80%
William Peter COOKE	Attended 4 out of a total of 5 meetings	80%
Patrick de SAINT-AIGNAN	Attended 5 out of a total of 5 meetings	100%

The Connected Transaction Control Committee

The Connected Transaction Control Committee comprises four members, including two executive directors and two independent non-executive directors. Independent non-executive director William Peter Cooke acts as the committee chairman. Committee members include Hua Qingshan, Li Zaohang and Anthony Francis Neoh.

The committee is mainly responsible for:

- Formulating policies and procedures with regard to connected transactions;

- Identifying the related parties of the Bank and reporting to the Board of Directors and the Board of Supervisors;
- Identifying the connected transactions pursuant to related laws and regulations;
- Reviewing the major connected transactions of the Bank according to Chinese laws and regulations.

The Connected Transaction Control Committee held four meetings in 2006, at which it reviewed the proposals regarding the Bank's connected transaction management measures, division of responsibilities for connected transaction control, and letters of undertaking by related parties.



The average attendance rate of the meetings of the Connected Transaction Control Committee

reached 88%. The attendance rates of relevant directors are shown below:

Director	Number of Committee Meetings Attended	Attendance Rate
William Peter COOKE	Attended 4 out of a total of 4 meetings	100%
HUA Qingshan	Attended 3 out of a total of 4 meetings	75%
LI Zaohang	Attended 4 out of a total of 4 meetings	100%
Anthony Francis NEOH	Attended 3 out of a total of 4 meetings	75%

Appointment of Directors

In compliance with Rules A.4.1 and A.4.2 of Appendix 14 of the Hong Kong Listing Rules and provisions of the Bank's Articles of Association, the Bank's directors are elected at the Shareholders' Meeting, with a term of office of three years starting from the date when the Bank receives the approval of the CBRC. A director, at the expiry of the term of office, could be re-elected at the Shareholder's Meeting, and may serve consecutive terms by re-election and re-appointment.

Independent Non-Executive Directors

Members of the Board of Directors include four independent non-executive directors, in compliance with the requirement on quorum specified in the Articles of Association. These independent non-executive directors serve as members of five special committees under the Board of Directors.

As stipulated in Rule 3.13 of the Hong Kong Listing Rules, the Bank has received the annual confirmation in writing from every independent non-executive director with regard to his independence. Based on such confirmation and relevant information in our possession, the Bank confirms their independent status.

Information on the attendance of independent non-executive directors at board meetings in

2006 can be found in the section "Directors and the Board of Directors" under "Corporate Governance".

Different Opinions Raised by Independent Non-Executive Directors on Relevant Matters of the Bank

On 29 August 2006, the Board resolved to approve the Bank's market risk limits during which 14 directors voted for, 1 director voted against and 1 director abstained. Independent Non-Executive Director Patrick de Saint-Aignan voted against the resolution, stating that the limits were too high particularly given the state of risk management capabilities of the Bank.

Specific Explanation and Independent Opinions of Independent Non-Executive Directors on the Guarantee Business of the Bank

Pursuant to the provisions and requirements set forth in the circular (ZJF [2003] No.56) issued by the China Securities Regulatory Commission and guided by the principle of equity, fairness and objectiveness, the independent directors of the Bank Anthony Francis Neoh, William Peter Cooke, Patrick de Saint-Aignan, and Alberto Togni provide the following information regarding the Bank's guarantee business:

The guarantee business is one of the Bank's ordinary businesses, and has been approved by the PBOC and the CBRC. The Bank has formulated specific management measures, operational process and approval procedures in line with the risks of guarantee business, and carried out the business accordingly. The Bank's guarantee business comprises principally of Letters of Guarantee. As at 31 December 2006, the outstanding amount of letters of guarantee issued by the Bank reached RMB290.205 billion.

Supervisors and the Board of Supervisors

The Board of Supervisors is the Bank's supervisory organ responsible to the Shareholders' Meeting. As stipulated in the PRC Company Law and the Articles of Association, the Board of Supervisors is responsible for overseeing the Bank's financial activities and the legality and compliance of the Board of Directors and Senior Management in performing their responsibilities.

The Board of Supervisors comprises five supervisors, including three supervisors assumed by representatives of shareholders and two supervisors assumed by staff representatives. According to the Bank's Articles of Association, supervisors have a term of office of three years, and may serve consecutive terms by re-election and re-appointment. Shareholder representative supervisors and external supervisors are elected or replaced by the Shareholders' Meeting.

The Board of Supervisors held six meetings in 2006, and adopted related resolutions. For the performance and supervision opinions of the Board of Supervisors within the report period, please refer to the "Report of the Board of Supervisors" in this annual report.

Senior Management

The Senior Management is the Bank's executive body and reports to the Board of Directors. Headed by the President, the Senior Management comprises executive vice presidents and other senior management personnel, who assist the President in managing the Bank's business. Principal responsibilities of the President include: presiding over the Bank's administrative, business and financial management, implementing resolutions of the Board of Directors, drafting the Bank's business and investment plans, drafting the Bank's basic management rules and specific regulations, nominating other senior management personnel, and determining the Bank's overall remuneration, benefit, reward and punishment measures.

In 2006, the Senior Management carried out the Bank's day to day business, achieved operating targets and further promoted the rapid development of each business line within the scope of authorities established by the Articles of Association and the Board of Directors.

Compliance with the Model Code for Securities Transactions by Directors

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules to govern securities transactions by Directors and Supervisors. The Bank has made specific enquiry of all Directors and Supervisors, and the Directors and Supervisors have confirmed that they have complied with the required standards set out in the said Model Code throughout the year.



Responsibility Statement of Directors on Financial Reports

The following statement, which set out the responsibilities of the Directors regarding financial statements, should be read in conjunction with, but distinguished from, the auditor's statement of their responsibilities as set out in the auditor's report contained in this annual report.

The Directors acknowledge that they are responsible for preparing financial statements of the Bank that truly represents the operating results of the Bank for each financial year. To the best of the Directors' knowledge, there was no material event or condition that might have a material adverse effect on the continuing operation of the Bank.

Appointment or Termination of External Auditors

At the 2005 annual general meeting of the Bank, our shareholders approved the resolution in respect of the appointments of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as our domestic auditor and PricewaterhouseCoopers Hong Kong as our international auditor for 2006. The directors were authorised to negotiate and determine the fees of such auditors in accordance with market practice.

Auditors' fees paid to PricewaterhouseCoopers and its member firms for the audit of the financial statements of the Group, including those of the Bank's overseas subsidiaries and branches, for the year ended 31 December 2006 were RMB183 million.

The Bank also incurred approximately RMB136 million for services provided by PricewaterhouseCoopers Hong Kong and PricewaterhouseCoopers Zhong Tian CPAs

Limited Company in respect of the IPOs and listing of the Bank's shares on the Hong Kong Stock Exchange and Shanghai Stock Exchange. This amount has been charged to the capital reserve account.

Except for the above-mentioned IPO service fees, neither PricewaterhouseCoopers Hong Kong nor PricewaterhouseCoopers Zhong Tian CPAs Limited Company has provided any material non-audit services to us. The total professional fees paid for non-audit services, exclusive of the IPO service fees, to PricewaterhouseCoopers Hong Kong and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were RMB18 million in 2006.

PricewaterhouseCoopers Hong Kong and PricewaterhouseCoopers Zhong Tian CPAs Limited Company have provided audit services to the Bank for four years. Mr. Zhu Yu and Ms. Tu Yi are the certified public accountants who signed the auditor's report on the Group's financial statements prepared in accordance with PRC GAAP for the year ended 31 December 2006.

The Board will table a resolution at the forthcoming Annual General Meeting, proposing to reappoint PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers Hong Kong as our auditors for the year 2007.

Investor Relations and Information Disclosure

The Bank discloses information in compliance with securities regulations promulgated in the place where its shares were listed, and publishes periodic reports and announcements to the public in accordance with the law, to ensure that information disclosure is timely, fair, accurate, truthful and complete, and the legitimate rights and interests of investors and

related stakeholders are safeguarded. Since we are dual listed in Hong Kong and Shanghai, the Bank carries out information disclosures according to the stricter of the two regulatory standards to ensure that all investors are treated fairly. To expedite the establishment of the information disclosure process and enhance the transparency of information disclosure, the Bank formulated the *Information Disclosure Policy* pursuant to securities regulations promulgated in the place where its shares were listed. The Policy has been adopted by the Board of Directors, and provides in principle for the content, form, procedure and management of information disclosure. Based on the Policy, the Bank will prepare more specific and practical measures on information disclosure management.

The Bank communicates with and promotes understanding from investors by means of results presentation, press conference, road show, reception of visits from institutional investors, online live broadcast, e-mail, and telephone hotline. We also actively participate in meetings with investors at conferences held by international and domestic securities institutions, so as to enable investors to understand the Bank's specific development strategy, business management and performance in a timely manner, and receive investor feedback on the Bank. Apart from communications with analysts during the announcement of annual and interim results, the Bank's senior management also meets



institutional investors and analysts from time to time.

After the IPO, the Bank enhances understanding and communications with investors by many means. It held a total of 83 meetings participated by senior management personnel, domestic and overseas investors and analysts.

Market Recognition

In the report period, the Bank won the award of "2006 Best IR for an IPO in the Hong Kong Market", and two honorable mentions: the "Best Annual Report and Other Company Communications" and the "Best IR for Chinese Companies in the Hong Kong Market" in the Hong Kong and Taiwan awards selection campaign held by *IR Magazine* in 2006. In the Chinese Mainland awards selection campaign held by the magazine, the Bank was granted the award of "2006 Best IR for a Corporate Transaction" and nominated for the "Grand Prix for Best Overall IR — SOE". *IR Magazine* is a monthly magazine on investor relations that is most authoritative in the world. The said awards and nominations were appraised by 342 buy-side and sell-side analysts and fund managers from Chinese Mainland, Hong Kong, Taiwan, Singapore and other regions in Asia at the invitation of *IR Magazine*.