

## Report of the Board of Supervisors

### Meetings of the Board of Supervisors and its Special Committee

#### Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held 5 meetings and passed 14 resolutions including the "Final Accounts of 2005", the "2005 Annual Report and Abstract", the "2005 Work Report of Board of Supervisors", the "Report on Supervision and Inspections in the First Half of 2006". The Board of Supervisors heard the report of the Supervisory Board Office on the audit of interim financial report and profit distribution plan of 2006, the report of the Internal Audit Bureau on special audit for financial information disclosure, and the report of Ernst & Young on audits of financial reports.

#### ATTENDANCE OF SUPERVISORS IN MEETINGS:

Members of the Board of Supervisors	Actual attendance/ Number of meetings requiring attendance	Attendance rate (%)
Wang Weiqiang	5/5	100
Wang Chixi	5/5	100
Wang Daocheng	5/5	100
Miao Gengshu	5/5	100
Zhang Wei	2/2	100

#### Meetings of Supervision Committee

During the reporting period, the Supervision Committee held 3 meetings and passed 6 resolutions, including the "2006 Work Plan of the Supervision Committee", "Suggestions on Relevant Matters in connection with the 2005 Final Accounts" and "Audit Opinions on the 2005 Annual Report and Abstract of ICBC".

#### ATTENDANCE OF MEMBERS OF THE BOARD OF SUPERVISORS IN MEETINGS OF THE SUPERVISION COMMITTEE:

Members of the Board of Supervisors	Actual attendance/ Number of meetings requiring attendance	Attendance rate (%)
Wang Chixi	3/3	100
Wang Daocheng	3/3	100
Miao Gengshu	3/3	100

## Work Performed by the Board of Supervisors

During the reporting period, the Board of Supervisors earnestly fulfilled its supervisory role and carried out supervision and inspection activities in accordance with the *Company Law* and the Articles of Association of the Bank.

Apart from attending relevant meetings of the Board of Supervisors, supervisors participated in all the shareholders' general meetings held in the year, and attended all meetings of the Board of Directors and its special committees and some meetings convened by the senior management in the year as observers. The Board of Supervisors reviewed and made recommendations on the proposals submitted to the Board of Directors and special committees.

The Board of Supervisors supervised the due performance of duties by the Board of Directors, senior management and their members by attending the meetings of the Board of Directors and special committees as observers, reviewing materials relating to operational activities and conducting questionnaire survey. In September of 2006, the Board of Supervisors convened a reporting meeting with the attendance of directors and senior management, at which meeting the Board of Supervisors reported the "Report on Supervision and Inspection in the First Half of 2006", the "Report Concerning the Questionnaire Survey on the Board of Directors and Senior Management" and the "Suggestions on Further Deepening Corporate Governance and Strengthening Operational Management".

The Board of Supervisors conducted supervision and inspection on the financial activities, credit business, risk management and internal control of the Bank. The Board of Supervisors carried out onsite inspection on 6 tier-1 branches and 9 institutions directly controlled by the Head Office in respect of financial income and expenditure, loans to legal person customers and personal housing loans, and carried out special investigation on relevant departments of the Head Office concerning the preparation of financial statements, data input, parameter management and information system management and control. To address the problems found in the inspection, the Board of Supervisors issued rectification notice to relevant branches, and informed the senior management of the risks that may arise from the important issues.

Supervisors attended workshops at 10 domestic branches, 4 regional internal audit offices and 2 overseas branches to gain an understanding of the operational management of branches and problems therein, and made suggestions on enhancing risk management, internal control and prudent operation.

The Board of Supervisors participated in the preparation for the initial public offering. Supervisors attended major meetings in the course of listing, listened to reports on the listing progress, participated in the revision to the listing materials, reviewed the prospectus and signed the documents required for the listing.

During the reporting period, the Board of Supervisors kept strengthening self-building by improving the organisational structure and various regulations. The Board of Supervisors established the Supervisory Board Office as its daily work body, added 1 employee supervisor, and revised the "Procedural Rules of the Board of Supervisors" and the "Terms of References of the Supervision Committee of the Board of Supervisors".

## Independent Opinions of Board of Supervisors on Relevant Issues

### Legal Operation

During the reporting period, the Bank continued to operate in strict compliance with laws and regulations and strengthened risk management and internal control. Its procedures in relation to decision-making complied with the laws, regulations and the Articles of Association of the Bank. Directors and senior management members earnestly performed their duties. The Board of Supervisors did not find any violation of laws and regulations of the state or the Articles of Association of the Bank or act that contravene the interest of the Bank and its shareholders during the reporting period.

### Authenticity of Financial Statements

The annual financial statements of the Bank reflected the financial position and operating results truthfully and fairly.

### Purchase and Sale of Assets

During the reporting period, the Board of Supervisors did not find any act that contravened the shareholders' interests or caused the loss of the Bank's assets in the process of the Bank's purchase and sale of assets.

### Use of Proceeds from the IPO

During the reporting period, the Bank launched the IPO of its A-shares and H-shares and raised net funds of RMB144,585 million after deduction of relevant expenses. The use of above proceeds was consistent with the purpose stated in the prospectus.

### Connected Transactions

During the reporting period, the connected transactions of the Bank were entered into on normal commercial terms. The Board of Supervisors did not find any act that contravened the interest of shareholders or the Bank.

### Implementation of Resolutions Passed at Shareholders' General Meeting

The Board of Supervisors had no objection to the reports or proposals submitted by the Board of Directors to the Shareholders' General Meeting for consideration. The Board of Directors earnestly implemented the resolutions passed at the Shareholders' General Meeting.