

Significant Events

Material Legal Proceedings and Arbitration

ICBC is involved in legal proceedings in the ordinary course of business. Most of these legal proceedings involve enforcement claims initiated by ICBC to recover payment on non-performing loans. Some legal proceedings were arisen from customer disputes. As at 31 December 2006, the amount of unresolved material legal proceedings which ICBC and/or its subsidiaries was/were defendant totaled RMB3,722 million. For details, please refer to the note 34(d) to the Financial Statements: Legal Proceedings. ICBC does not expect any material adverse effect on the Bank's business, financial position or operational results.

Material Connected Transactions

During the reporting period, the Bank has not entered into any material connected transactions.

Material Contracts and Performance of Obligations Thereunder

Material Trust, Sub-contract and Lease

During the reporting period, ICBC has not held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, and no other corporation has held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets.

Material Guarantees

1. The provision of guarantees is one of the off-balance-sheet services in the ordinary course of business of ICBC. During the reporting period, ICBC did not have any material guarantees that need to be disclosed except for the financial guarantee services within the business scope as approved by the People's Bank of China.
2. Directors' Special Explanation and Independent Opinions on External Guarantee of ICBC

In accordance with CSRC's Circular Concerning Several Issues on Regulating Fund Transfers between Listed Companies and their Related Parties and External Guarantee of Listed Companies (ZH.J.F [2003] No.56) and relevant provisions of Shanghai Stock Exchange, the independent directors of ICBC reviewed the Bank's external guarantee on the principle of fairness, impartiality and objectivity, and hereby give their special explanation and opinions as follows: upon review, external guarantee provided by ICBC is dominated by letters of guarantee, and is one of the ordinary banking services within the business scope of ICBC as approved by PBOC and CBRC. As of 31 December 2006, the balance of letters of guarantee offered by the Group totaled RMB171,205 million.

ICBC has always attached great importance to the management risk arising from such business and formulated strict rules on the credit ratings of the entities to whom the guarantee was provided and on the operation and review procedures of the provision of guarantees. In our opinion, risk control of the business of guarantee provision by ICBC has been effective. ICBC will continue enhancing risk management on such service to ensure the steady improvement of ICBC's performance.

Independent Directors of ICBC **Leung Kam Chung, Antony**
John L. Thornton
Qian Yingyi

Material Events Concerning Entrusting Other Persons for Cash Management or Entrusted Loans

No such matters concerning entrusting other persons for cash management or entrusted loan occurred during the reporting period.

Commitments Made by ICBC or Its Shareholders Holding 5% Shares or Above

As of 31 December 2006, shareholders holding over 5% shares in ICBC were MOF, Huijin, Goldman Sachs, and SSF. Among them, MOF and Huijin held A shares, while Goldman Sachs and SSF held H shares.

MOF and Huijin have undertaken that within 36 months from the date on which ICBC's A shares were first listed on Shanghai Stock Exchange, they will not transfer or entrust others to manage the A shares which they directly or indirectly held in ICBC, nor will they offer such shares to ICBC for acquisition. If the A shares held by MOF and Huijin in ICBC are converted to H shares with the consent of CSRC or other securities regulatory authorities authorised by the State Council, the converted H shares will not be subject to the 36-month lock-up period. Pursuant to the provisions of the Company Law, however, the MOF and Huijin may not transfer such shares within one year after ICBC's shares were first listed on the stock exchange.

Both Goldman Sachs and SSF agreed that before the expiry of the lock-up period, they will not sell, dispose or otherwise transfer any ICBC shares they bought as strategic investors or from the exercise of anti-dilution right. For them, the lock-up period shall expire on: (1) the third anniversary after the completion of strategic investment, or (2) the second anniversary of the pricing date of the global offering, whichever is the later. Besides, both of the two investors agreed that from the expiry of the lock-up period to the third anniversary of the pricing date of the global offering, the total number of ICBC shares that they will sell, dispose or transfer will not exceed 50% of the shares that they bought as of the completion date of strategic investment and the date of exercising the anti-dilution right.

Huijin has also undertaken to ICBC that so long as Huijin continues to hold any of ICBC shares or is considered as a controlling shareholder of ICBC or a connected person of any controlling shareholder of ICBC pursuant to the laws or listing rules of China or of the place where ICBC shares are listed, it will not engage or participate in any competing commercial banking business, including but not limited to granting loans, taking deposits, providing settlement, fund custodian, bank card and currency exchange services. However, Huijin may, through its investments in other commercial banks, undertake or participate in certain competing businesses. In that connection, Huijin has undertaken that (1) it will treat its investment in commercial banks on an equal footing and will not take advantage of its status as an ICBC shareholder or take advantage of the information obtained by virtue of such status to make decisions or judgments against ICBC but beneficial to other commercial banks; and (2) it will exercise its shareholder's right in the best interest of ICBC.

Investigations, Administrative Penalties, Censures by CSRC; Public Reprimand by Stock Exchanges; and Sanctions Imposed by Other Regulatory and Judicial Authorities during the Reporting Period

During the reporting period, ICBC was not subject to any investigation, administrative penalty or censure by CSRC, public reprimand by stock exchanges and regulatory authorities of the listing places, and sanctions imposed by other regulatory authorities that have significant influence over the operation of ICBC. During the reporting period, the Bank accepted the onsite investigations of CBRC on the Bank's market risk, credits to group customers, personal housing and auto loans, real estate loans, the deviation of loan classifications as of the end of 2005, operational risks in the first half of 2006 and the continuous follow-up on rectification of problems identified in the inspection from 2003 to 2005, and upon which CBRC did not point out any material risks and violations.

Other Major Events

For information on internal control, please refer to the Corporate Governance Report: Internal Control.