





China Merchants Bank inherits the belief of “We are here, just for you” for its operation, and takes the lead in the country to improve customer services by various means. The Bank is committed to provide customers with efficient, convenient, caring and dedicated services, leading to a change in the service concept and manner of China’s banking industry and a closer relationship between the Bank and its customers. China Merchants Bank is the first in the industry to develop E-banking services network, such as Online Banking, Phone Banking, Mobile Banking, and Self-service Banking, etc. in order to offer its clients with high quality financial services. 95555 phone banking, which is the best platform for transaction, inquiry, investment and wealth management, has been recognised as “China’s Best Call Center”. 800-820-5555, the customer hotline for credit card services, is also the first in China to be regarded as a “5-Star Customer Service Centre”.

Acting upon the principle of market segmentation, China Merchants Bank, in addition to its ongoing efforts to provide quality services to the general public, it also develops ‘one-to-one’ tailor-made services to its affluent clients, continuously improving its professional and individualized financial services quality. According to a survey conducted by a recognised organization, China Merchants Bank is the most popular RMB wealth management bank among the affluent clients in the country. The Bank created another ‘No.1’ in the country by establishing a ‘Customer Satisfaction Index System’ in order to achieve a sustainable competitive advantage of management and service quality.

SIGNIFICANT EVENTS



Completion of Share Reform

Pursuant to “Certain Opinions from the State Council Regarding the Promotion of Further Reform and Stable Development of the Capital Market” (*Guo Fa* [2004] No. 3), the China Securities Regulatory Commission (“CSRC”), the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance, the People’s Bank of China and the Ministry of Commerce jointly promulgated the “Guidelines on Share Reform of Listed Companies”, and CSRC promulgated the “Administration Procedures for the Implementation of State-owned Share Merger Reform for Listed Companies”. Upon approval by the State-owned Assets Supervision and Administration Commission of the State Council and Shanghai Stock Exchange, the Company implemented Share Reform (the “Reform”) on 24 February 2006. Based on its total share capital recorded on the equity registration date, the Bank issued to each shareholder

0.8589 new share for every 10 shares held by the shareholder out of our capital reserve fund. The holders of non-tradable shares paid newly acquired CMB shares to all holders of tradable shares registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on the equity registration date specified in the Reform, and undertook that every 10 tradable shares were entitled to 1.6 shares paid by holders of non-tradable shares based on the shares held by such holders of tradable shares after implementation of the Reform and before payment of consideration. Every 10 shares held by holders of tradable shares were entitled to 2.59632 new shares. After the Reform, the original non-tradable shares were converted into shares subject to trading moratorium, totaling 7,573,629,579 shares; the original tradable shares were converted into shares not subject to any trading moratorium, totaling 4,705,433,834 shares; the total share capital increased by 971,229,827 shares as a result of the Reform.



Listing of H Shares

Upon approval by CSRC and the SEHK, the Company issued 2.2 billion H shares on 22 September 2006 at HK\$8.55 per share. Our state-owned shareholders reduced their shareholdings by transferring 220 million state-owned shares to the National Social Security Fund. The total H shares issued by the Company amounted to 2.42 billion. Dealings in H shares on SEHK commenced on 22 September 2006 (stock code: 3968).

On 27 September 2006, in response to the request of the joint bookrunners to exercise the over-allotment option of the H Share Issue granted by us, the Company issued an additional 220 million H Shares at HK\$8.55 per share. Due to the exercise of the over-allotment option, the state-owned shareholders of the Company reduced their shareholdings by transferring 22 million state-owned shares to the National Social Security Fund for conversion into H shares. Trading of the above 242,000,000 H shares commenced on SEHK on 5 October 2006. As a result of the exercise of the over-allotment, the total number of H Shares issued by the Company amounted to 2,662,000,000.