

SHARE CAPITAL

As of the Latest Practicable Date, our share capital, which comprised 18,823,001,989 A Shares, is categorized as follows:

	Number of shares	Approximate percentage of share capital
A Shares	18,823,001,989	100.00%
	18,823,001,989	100.00%

Our shareholders approved at an extraordinary general meeting on October 17, 2005 a share reform plan and conversion of capital reserve fund into share capital. Pursuant to the Conversion Scheme, we issued to each shareholder 1.55 new shares for every ten shares held by the shareholder out of our capital reserve fund, all of the new shares issued to the holders of non-tradable shares were then transferred to the holders of tradable shares, on the basis of 5.02416 new shares for every 10 shares held by the holders of tradable shares prior to the conversion. The Conversion Scheme was approved by the SASAC and the CBRC and implemented in October 2005.

Immediately after completion of the Global Offering, but without taking into account the exercise of the Over-allotment Option, our total share capital would be as follows:

	Number of shares	Approximate percentage of share capital
A Shares	18,823,001,989	85.00%
H Shares	3,321,706,000	15.00%
	22,144,707,989	100.00%

If the Over-allotment Option is exercised in full, our total share capital would be as follows:

	Number of shares	Approximate percentage of share capital
A Shares	18,823,001,989	83.13%
H Shares	3,819,961,000	16.87%
	22,642,962,989	100.00%

TRANSFER OF OUR A SHARES FOR LISTING AND TRADING ON THE OVERSEAS STOCK EXCHANGE

According to the stipulations by the State Council securities regulatory authority and our Articles of Association, our A Shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have duly completed any requisite internal approval process and obtained the approval from the relevant PRC regulatory authorities, including the CSRC. In addition, such transfer and trading shall in all respect comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of our A Shares are to be transferred to overseas investors and to be traded as H Shares on the Hong Kong Stock Exchange, such transfer and conversion requires the approval of the relevant PRC regulatory authorities, including the CSRC. The listing of such converted shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange. We have been advised by the Hong Kong Stock Exchange that based on the methodology and procedures for the transfer and conversion of our A Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our A Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share

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register. As any listing of additional shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, the Hong Kong Stock Exchange has advised us that it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No class shareholder voting is required for the listing and trading of the transferred shares on an overseas stock exchange. Any application for listing of the converted shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform shareholders and the public of any proposed transfer.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant A Shares will be withdrawn from the China Securities Depository and Clearing Corporation Limited and we will re-register such shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the conditions that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due despatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Hong Kong Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such shares would not be listed as H Shares.

So far as our directors are aware, none of our promoters proposes to convert any of their A Shares into H Shares.

RANKING

A Shares and H Shares are ordinary shares in the share capital of our Bank. However, unless otherwise approved by relevant authorities, H Shares cannot be subscribed for by, or traded between, legal or natural persons of the PRC. A Shares, on the other hand, can only be subscribed for by, and traded between, legal or natural persons of the PRC or qualified foreign institutional investors or eligible foreign strategic investors, and must be traded in Renminbi. All dividends or distributions declared, paid or made in respect of the A Shares and H Shares after the date of this prospectus will rank pari passu with each other. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in Renminbi.

Our A Shares have been listed on the Shanghai Stock Exchange since December 19, 2000.

For companies such as us, which will be dual listed on the A share and H share markets upon the listing of our H Shares on the Hong Kong Stock Exchange, class meetings and voting may be required for some corporate decisions, which could have an impact on our shareholding structure. Additionally, the market prices of our A Shares and H Shares may be different. See "Risk Factors — The characteristics of the A Share and H Share markets may differ, and the liquidity and market price of our H Shares following the Global Offering may be volatile."

Except as described above and in relation to the despatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different registers of shareholders, the method of share transfer and the appointment of dividend receiving agents, are all provided for in our Articles of Association and summarized in Appendix VIII to this prospectus.