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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Bank of Communications Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



交通銀行股份有限公司

Bank of Communications Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03328)

**FIXED ASSETS INVESTMENT PLAN
PROPOSED CHANGE IN AUDITORS
ARRANGEMENT ON THE CONTINUING CONNECTED TRANSACTIONS
PROPOSED APPOINTMENT OF DIRECTORS
PROPOSED PAYMENT OF FINAL DIVIDEND AND PROPOSED BONUS ISSUE
AND
NOTICE OF AGM**

A notice convening the AGM to be held at Wyndham Grand Plaza Royale Oriental Shanghai Hotel, No. 2288 Pudong Avenue, Pudong New District, Shanghai, PRC at 9:00 a.m., on Tuesday, 28 June 2011 is set out on pages 17 to 19 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Bank in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable and in any event not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited or to the Bank's Board' Office on or before Tuesday, on 7 June 2011.

13 May 2011

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DEFINITION

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Bank for the year 2010 to be held at 9:00 a.m., on Tuesday, 28 June 2011
“A Shares”	ordinary shares of RMB1.00 each in the share capital of the Bank which are listed on the Shanghai Stock Exchange and traded in RMB
“associate(s)”	has the meaning as ascribed under the Hong Kong Listing Rules
“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Board”	the board of directors of the Bank
“Bond Transactions”	sales and purchases of bonds on the interbank bond market
“Bonus A Share(s)”	new A Shares to be allotted and issued under the Bonus Issue
“Bonus H Share(s)”	new H Shares to be allotted and issued under the Bonus Issue
“Bonus Issue”	the issue of one (1) Bonus Share for every ten (10) existing Shares to the Shareholders whose names appear on the registers of members of the Bank on the Record Date upon the approval of the Shareholders at the AGM
“Bonus Share(s)”	Bonus A Share(s) and Bonus H Share(s)
“CBRC”	China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company Law”	the company law of the PRC
“Directors”	the directors of the Bank
“Final Dividend”	has the meaning ascribed thereto under the section headed “Proposed Payment of Final Dividend” in this circular
“Foreign Currency Transactions”	sales and purchase of foreign currency
“Group”	the Bank and its subsidiaries

DEFINITION

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“HSBC Group”	HSBC and its subsidiaries and associates
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Bank which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Latest Practicable Date”	9 May 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the board of directors of the Hong Kong Stock Exchange
“Money Market Transactions”	sales and purchases of exchange fund bills and notes issued by the Hong Kong Monetary Authority and other money market instruments
“New Interbank Transactions Master Agreement”	the interbank transactions master agreement to be entered into between the Bank and HSBC
“Original Interbank Transactions Master Agreement”	the interbank transactions master agreement dated 16 June 2008 entered into between the Bank and HSBC and which will expire on 31 May 2011
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of members of the Bank for H Shares is/are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PWC”	PricewaterhouseCoopers
“Record Date”	18 July 2011, being the record date in respect of the Shareholders by reference to which entitlements to the Bonus Issue and Final Dividend

DEFINITION

“Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shareholders”	holders of Shares
“Shares”	A Shares and/or H Shares
“Swaps and Options Transactions”	currency swaps, interest rate swaps, currency options and swaptions, which transactions are or will be entered into on either an agency or own account basis

LETTER FROM THE BOARD



BANK OF COMMUNICATIONS

交通銀行股份有限公司

Bank of Communications Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03328)

Executive Directors:

Mr. Hu Huaibang
Mr. Niu Ximing
Mr. Qian Wenhui
Mr. Wang Bin

Registered Office:

188 Yin Cheng Zhong Lu
Shanghai
PRC

Non-executive Directors:

Mr. Zhang Jixiang
Mr. Hu Huating
Mr. Wong Tung Shun, Peter
Ms. Fung Yuen Mei, Anita
Mr. Lei Jun

Place of Business in Hong Kong:

20 Pedder Street
Central
Hong Kong

Independent non-executive Directors:

Mr. Li Ka-cheung, Eric
Mr. Gu Mingchao
Mr. Wang Weiqiang
Mr. Peter Hugh Nolan
Mr. Chen Zhiwu

13 May 2011

To the Shareholders

Dear Sir or Madam,

**FIXED ASSETS INVESTMENT PLAN
PROPOSED CHANGE IN AUDITORS
ARRANGEMENT ON THE CONTINUING CONNECTED TRANSACTIONS
PROPOSED APPOINTMENT OF DIRECTORS
PROPOSED PAYMENT OF FINAL DIVIDEND AND PROPOSED BONUS ISSUE
AND
NOTICE OF AGM**

1. INTRODUCTION

At the AGM, among other things, a number of ordinary resolutions will be proposed to approve the fixed assets investment plan for the year 2011, the proposed change in auditors, the arrangement on the continuing connected transactions and the proposed appointment of Directors and a special resolution will

LETTER FROM THE BOARD

be proposed to approve the payment of Final Dividend and the Bonus Issue. The purpose of this circular is to provide you with information regarding the relevant resolutions to be considered at the AGM and to set out the notice of AGM.

2. FIXED ASSETS INVESTMENT PLAN

The Bank proposes to incur RMB3.697 billion in the fixed assets balance (net value of the fixed assets and construction-in-progress) for the year 2011. The proposed investment for the fixed assets will be primarily used to explore various onshore and offshore businesses of the Bank, which will be principally used for construction and renovation of properties, transportation instruments and purchases of equipments, accounting for 59.9%, 1.8% and 38.3% for the total investment, respectively.

3. PROPOSED CHANGE IN AUDITORS

According to the “Administrative Measures for Tendering of Financial Institutions’ Selection and Hiring of Accounting Firms (Trial) — Caijin [2010] No. 169” issued by the Ministry of Finance of the PRC in respect of the requirement on the longest period of continuous service of auditors appointed, and the continuous period for providing auditing services to the Bank by PWC has reached 10 years, the Board proposed to cease to re-appoint PWC as the international auditors of the Bank for the year 2011.

PWC has confirmed in written that there were no matters regarding the proposed ceasing to re-appoint of PWC (the “**Proposed Non-reappointment**”) as the international auditors of the Bank for the year 2011 that should be brought to the attention to the Shareholders. The Board was not aware of any matter regarding the Proposed Non-reappointment that should be brought to the attention to the Shareholders. The Board and the audit committee of the Bank also confirmed that there were no disagreements or unresolved matters between the Bank and PWC regarding the Proposed Non-reappointment.

After the recommendation from the audit committee of the Bank, the Board has resolved to and proposed to appoint Deloitte as the auditors of the Bank and its principal subsidiaries for the year 2011, among which, Deloitte Touche Tohmatsu CPA Ltd., acting as the domestic auditors of the Bank, will be responsible for the audit work on the preparation of the financial report of the Bank in accordance with PRC GAAP, and Deloitte Touche Tohmatsu, acting as the international auditors of the Bank, will be responsible for the audit work on the preparation of the financial report of the Bank in accordance with International Financial Reporting Standards.

4. ARRANGEMENTS ON THE CONTINUING CONNECTED TRANSACTIONS

Members of the Group have regularly engaged in various kinds of transactions in the normal course of banking business with members of the HSBC Group, including but not limited to Bond Transactions, Foreign Currency Transactions, Money Market Transactions, Swaps and Options Transactions and other transactions.

To regulate these on-going transactions, the Bank entered into the interbank transactions master agreement for a term of three years with HSBC on 1 June 2005 and renewed such agreement on 16 June 2008, also for a term of three years, pursuant to which members of the HSBC Group and members of the Group agreed to conduct inter-bank transactions in accordance with applicable normal inter-bank practices and on normal commercial terms.

LETTER FROM THE BOARD

In light of the expiry of the Original Interbank Transactions Master Agreement, the parties agreed to enter into a New Interbank Transactions Master Agreement for a term of three years commencing on 1 June 2011 and expiring on 31 May 2014 upon the approval of Shareholders at the AGM.

The parties agreed that (i) each of the realized gains, the realized losses, unrealized gains, unrealized losses arising from the transactions to be entered into between the Bank or the subsidiaries of the Bank and members of the HSBC Group in the ordinary and usual course of business and on normal commercial terms shall not exceed RMB5.237 billion in each year, (ii) fair values of the Foreign Currency Transactions and Swaps and Options Transactions (whether or not record as assets or liabilities) to be entered into between the Bank or the subsidiaries of the Bank and members of the HSBC Group in the ordinary and usual course of business and on normal commercial terms shall not exceed RMB11.139 billion in each year.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Hong Kong Listing Rules) in respect of the annual caps for the above transactions exceed 0.1% but less than 5%, such transactions contemplated under the New Interbank Transactions Master Agreement are only subject to the reporting, annual review and announcement requirements, and are exempt from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

As the New Interbank Transactions Master Agreement has not been entered into, the Bank need not to comply with relevant requirements under Chapter 14A of the Hong Kong Listing Rules yet with respect to the not-yet-signed New Interbank Transactions Master Agreement. Upon the approval of the Shareholders at the AGM and at the time of entering into the New Interbank Transactions Master Agreement, the Bank will comply with relevant requirements under Chapter 14A of the Hong Kong Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the New Interbank Transactions Master Agreement to be entered into is in the ordinary and usual course of business of the Group and will be conducted in accordance with applicable normal inter-bank practices and on normal commercial terms; and the terms and the proposed annual caps of the New Interbank Transactions Master Agreement are fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

Mr. Wong Tung Shun, Peter, being the chief executive of HSBC and Ms. Fung Yuen Mei, Anita, being the general manager of HSBC Group (and Asia-Pacific Principle of the Global Bank and Capital Market of HSBC concurrently), have material interests in the transactions under the New Interbank Transactions Master Agreement (which is to be entered into) and have abstained from voting on the relevant board resolution. Other than those Directors mentioned above, none of the other Directors has material interests in the transactions under the New Interbank Transactions Master Agreement.

HSBC is a substantial shareholder of the Bank, which currently holds 10,482,252,967 Shares of the Bank, will abstain from voting at the AGM on the resolution in relation to the continuing connected transactions to be entered into with HSBC Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save as disclosed above, no connected person of the Bank, Shareholder or their respective associates with a material interest in the continuing connected transactions to be entered into with HSBC Group is required to abstain from voting on the relevant resolution at the AGM.

LETTER FROM THE BOARD

5. PROPOSED APPOINTMENT OF DIRECTORS

On 28 April 2011, the Board announced that:

- (a) Ms. Du Yuemei (“**Ms. Du**”) was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and her qualification as the non-executive Director is subject to the approval of the CBRC;
- (b) Mr. Ma Qiang (“**Mr. Ma**”) was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the non-executive Director is subject to the approval of the CBRC;
- (c) Mr. Bu Zhaogang (“**Mr. Bu**”) was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the non-executive Director is subject to the approval of the CBRC; and
- (d) Mr. Choi Yiu Kwan (“**Mr. Choi**”) was nominated as an independent non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the independent non-executive Director is subject to the approval of the CBRC.

Board Committees

Upon the approval from the Shareholders on the appointment of and upon the approval from the CBRC on the qualifications of Ms. Du Yuemei, Mr. Ma Qiang and Mr. Bu Zhaogang as the non-executive Directors and Mr. Choi Yiu Kwan as the independent non-executive Director, Ms. Du Yuemei, Mr. Bu Zhaogang and Mr. Choi Yiu Kwan will be appointed as members of the audit committee of the Board; Mr. Ma Qiang will be appointed as a member of the risk management committee and of the social responsibility committee of the Board; and Mr. Choi Yiu Kwan will also be appointed as a member of the human resources and remuneration committee of the Board.

Biographical Details

Ms. Du Yuemei (杜悦妹)

Ms. Du, aged 56, was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and her qualification as the non-executive Director is subject to the approval of the CBRC.

Ms. Du served as an instructor of YunNan Finance and Economics School (雲南省財經學校) from October 1976 to January 1981. Ms. Du worked at Yunnan Financial Research Institute (雲南省財政研究所) from February 1981 to August 1983. Ms. Du studied at Jiangxi Institute of Finance and Economics (江西財經學院) from August 1983 to August 1985. Ms. Du served as the director of the office and the vice chief of Yunnan Financial Research Institute (雲南省財政研究所) from September 1985 to November 1992. Ms. Du served as the deputy general manager of YunNan International Trust and Investment Corporation (雲南省國際信託投資公司) from November 1992 to April 1995. Ms. Du served as the deputy head and the head of the budget division and as the deputy director-general of the Department of Finance of YunNan Province (雲南省財政廳) from April 1995 to June 2002. Ms. Du served as the deputy supervision commissioner and the supervision commissioner of Shanghai Commissioner Office of the Ministry of Finance (財政部駐上海專員辦) from June 2002 to April 2011.

LETTER FROM THE BOARD

Ms. Du obtained an EMBA from Shanghai National Accounting Institute in 2006. She is also a senior accountant and economist.

Ms. Du has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Ms. Du does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Bank, nor does she have any interests in the shares of the Bank within the meaning of Part XV of the SFO.

Ms. Du has not entered into any service contract with the Bank which provides for a specified length of service. According to the Articles of Association, Ms. Du shall hold office until the annual general meeting of the Bank for the year 2012 and shall be eligible for re-election. Ms. Du, if appointed as a non-executive Director of the Bank, will receive remuneration from the Bank, including salary, discretionary bonus and statutory social security benefits, which will be determined in accordance with the Articles of Association, the relevant provisions and the annual review of the performance. The amount of remuneration of Ms. Du will be determined at the end of the year and will be disclosed in the Bank's annual report.

Save as disclosed above, the Board is not aware of any other matters relating to Ms. Du's proposed appointment as the non-executive Director that need to be brought to the attention of the Shareholders nor any information which is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules.

Mr. Ma Qiang (馬強)

Mr. Ma, aged 51, was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the non-executive Director is subject to the approval of the CBRC.

Mr. Ma served as an officer of Tianjin Statistics Bureau (天津市統計局) from April 1982 to June 1987. Mr. Ma served as the cadre and the officer of the general office of the People's Government of Tianjin (天津市人民政府) from June 1987 to October 1995. Mr. Ma served as the deputy head of the fund management division, the deputy head of the budget division, the head of the fund management division as well as of the budget division of Tianjin Finance Bureau (天津市財政局) from December 1995 to July 2001. Mr. Ma served as the deputy chief and the member of the party leadership group, the deputy chief and the deputy secretary of the party leadership group (the bureau level) of Tianjin Finance Bureau, also Tianjin Local Tax, (天津市財政局暨天津市地方稅務局) from July 2001 to December 2010. Mr. Ma has been serving as the director of the equity management department of National Council for Social Security Fund (全國社會保障基金理事會) since December 2010.

Mr. Ma graduated from the Internet Faculty of Hunan University in 2004, majored in Finance.

Mr. Ma has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Mr. Ma does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Bank, nor has any interests in the shares of the Bank within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Mr. Ma has not entered into any service contract with the Bank which provides for a specified length of service. According to the Articles of Association, Mr. Ma shall hold office until the annual general meeting of the Bank for the year 2012 and shall be eligible for re-election. Mr. Ma, if appointed as a non-executive Director, will not receive any remuneration from the Bank other than the transportation allowance for attending the Board meetings.

Save as disclosed above, the Board is not aware of any other matters relating to Mr. Ma's proposed appointment as the non-executive Director that need to be brought to the attention of the Shareholders nor any information which is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules.

Mr. Bu Zhaogang (卜兆剛)

Mr. Bu, aged 38, was nominated as a non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the non-executive Director is subject to the approval of the CBRC.

Mr. Bu worked in the finance section of Tianjin Junliangcheng Power Plant (天津軍糧城發電廠) from July 1995 to October 1997. Mr. Bu served as the cadre, the assistant of the director, the deputy director of the finance department of Tianjin Electric Power Corporation (天津市電力公司) from October 1997 to December 2005. Mr. Bu, from December 2005 to December 2010, served as the director of Tianjin business department, the director of the finance and accounting department, the director of the development planning department of China Power Finance Co., Ltd (中國電力財務有限公司). Mr. Bu has been serving as the director of the finance and asset department of Yingda International Holdings Group Limited (英大國際控股集團有限公司) since December 2010.

Mr. Bu graduated with a master degree in Management from Sun Yat-sen University in 2009. He is also a senior accountant.

Mr. Bu has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Mr. Bu does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Bank, nor does he have any interests in the shares of the Bank within the meaning of Part XV of the SFO.

Mr. Bu has not entered into any service contract with the Bank which provides for a specified length of service. According to the Articles of Association, Mr. Bu shall hold office until the annual general meeting of the Bank for the year 2012 and shall be eligible for re-election. Mr. Bu, if appointed as a non-executive Director, will not receive any remuneration from the Bank other than the transportation allowance for attending the Board meeting.

Save as disclosed above, the Board is not aware of any other matters relating to Mr. Bu's proposed appointment as the non-executive Director that need to be brought to the attention of the Shareholders nor any information which is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Mr. Choi Yiu Kwan (蔡耀君)

Mr. Choi, aged 56, was nominated as an independent non-executive Director, subject to the approval by the Shareholders at the AGM and his qualification as the independent non-executive Director is subject to the approval of the CBRC.

Mr. Choi served as the bank examination assistant, the assistant bank examiner, the bank examiner, the senior bank examiner, the assistant banking commissioner of the Commissioner of Banking Office of Hong Kong Government (香港政府) from November 1974 to March 1993. Mr. Choi continued to hold various positions at Hong Kong Monetary Authority (香港政府金融管理局) from April 1993 to January 2010, such as, the head of the banking policy department, the head of administration, the executive director (banking supervision), the deputy chief executive (monetary policy and reserves management), the deputy chief executive (banking supervision). Mr. Choi retired in January 2010.

Mr. Choi was awarded the honour of Silver Bauhinia Star by Hong Kong SAR Government.

Mr. Choi obtained a higher certificate from the Accounting Faculty of Hong Kong Polytechnic in 1976.

Mr. Choi has not held any other directorships in any other listed companies in the last three years.

Furthermore, Mr. Choi does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Bank, nor does he have any interests in the shares of the Bank within the meaning of Part XV of the SFO.

Mr. Choi has not entered into any service contract with the Bank which provides for a specified length of service. According to the Articles of Association, Mr. Choi shall hold office until the annual general meeting of the Bank for the year 2012 and shall be eligible for re-election. Mr. Choi, if appointed as an independent non-executive Director, will be entitled to a remuneration of RMB250,000 (tax inclusive) per annum which is determined by reference to his duties and responsibilities.

Save as disclosed above, the Board is not aware of any other matters relating to Mr. Choi's proposed appointment as the independent non-executive Director that need to be brought to the attention of the Shareholders nor any information which is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules.

6. PROPOSED PAYMENT OF FINAL DIVIDEND AND PROPOSED BONUS ISSUE

Reference is made to the announcement of the Bank dated 30 March 2011 in relation to its annual results for the year ended 31 December 2010, the proposed payment of Final Dividend and the proposed Bonus Issue.

On 30 March 2011, the Board proposed to despatch to the Shareholders whose names appear on the registers of members of the Bank on the Record Date with i) a cash dividend of RMB0.20 (tax inclusive) for every ten (10) existing Shares held by way of capitalization of retained earnings as at 31 December 2010; ii) a bonus issue of shares on the basis of one (1) Bonus Share for every ten (10) existing Shares held by way of capitalization of retained earnings as at 31 December 2010.

LETTER FROM THE BOARD

Proposed Payment of Final Dividend

On 30 March 2011, the Board proposed that a final dividend (the “**Final Dividend**”) of RMB0.20 (tax inclusive) for every ten (10) existing Shares held will be paid in cash in an aggregate amount of RMB1,125,000,000 of the Bank’s retained earnings as at 31 December 2010.

The payment of the Final Dividend is subject to the approval of the Shareholders at the AGM.

Proposed Bonus Issue

On 30 March 2011, the Board also proposed that, the Bonus Issue will be made to the Shareholders whose names appear on the registers of members of the Bank on the Record Date on the basis of one (1) Bonus Share to be issued for every ten (10) existing Shares held for the Shareholders by way of capitalization of retained earnings of the Bank as at 31 December 2010.

As at the Latest Practicable Date, the registered and issued share capital of the Bank is RMB56,259,641,398, which comprised of 29,735,503,042 A Shares and 26,524,138,356 H Shares. On the basis that an aggregate of 56,259,641,398 Shares in issue, immediately upon the completion of the Bonus Issue, the Bonus Shares will comprise 2,973,550,304 A Shares and 2,652,413,836 H Shares.

As at the Latest Practicable Date, there are not any outstanding options, warrants or convertible securities to subscribe for the Shares of the Bank.

a. Conditions of the Bonus Issue

The Bonus Issue is subject to the following conditions:

- (i) the approval of the Shareholders at the AGM;
- (ii) the approval granted by the Hong Kong Stock Exchange for the listing of, and permission to deal in, the new Bonus H Shares to be issued under the Bonus Issue; and
- (iii) if required, the compliance with the relevant laws and regulations and requirements under the Company Law to effect the Bonus Issue.

The Shareholders whose names appear on the registers of members on the Record Date will be entitled to the Final Dividend and the Bonus Issue.

LETTER FROM THE BOARD

b. Enterprise Income Tax payable by Non-resident Enterprise Shareholders

In accordance with the Enterprise Income Tax Law of the PRC and the Rules for the Implementation of the Enterprise Income Tax Law of the PRC, both implemented in 2008, with effect from 1 January 2008, the Bank shall be obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise shareholders with a tax rate of 10% when the Bank distributes any dividends to non-resident enterprise shareholders whose names appear on the register of members of H Shares of the Bank. As such, any H Shares of the Bank registered other than in the name(s) of individual(s), including HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed to be H Shares held by non-resident enterprise shareholder(s) and the PRC enterprise income tax shall be withheld from any dividends payable thereon. The Bank shall comply with the relevant rules and regulations to withhold and pay the PRC enterprise income tax on behalf of the relevant holders of Shares who are listed in the register of members of H Shares of the Bank as of the Record Date for the Bonus H Shares and the Final Dividend.

c. Status of the New Bonus Shares and Fractional Entitlement

The new Bonus Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the H Shares and A Shares, respectively, in issue on the date of the issue of the Bonus Shares. Holders of the new Bonus Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Bonus Shares are allotted and issued, but will not be entitled to the Final Dividend. The Bonus Issue should result in no change in the rights or interests of the H Shares traded on the Hong Kong Stock Exchange. No fractional shares will be issued or distributed pursuant to the Bonus Issue, but will be aggregated and sold for the benefit of the Bank.

d. Effect to the Shareholding Upon the Completion of Bonus Issue

Set out below is the shareholding structure of the Bank as at the date of this circular and immediately upon completion of the Bonus Issue (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, upon satisfaction of the conditions set out above):

	As at the date of this circular		Immediately upon completion of the Bonus Issue	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
H Shares	26,524,138,356	47.15	29,176,552,192	47.15
A Shares	29,735,503,042	52.85	32,709,053,346	52.85
Total	<u>56,259,641,398</u>	<u>100.00</u>	<u>61,885,605,538</u>	<u>100.00</u>

Upon the completion of the issue of Bonus A Shares, the Ministry of Finance of the PRC will hold 12,618,353,050 A Shares, representing 20.39% of the total issued share capital of the Bank.

LETTER FROM THE BOARD

e. Overseas Shareholders

If on the Record Date, the register of members of the Bank for H Shares reveals there are Overseas Shareholders, an enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Hong Kong Listing Rules regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and upon the enquiry, if the Board is of the view that for Overseas Shareholders who will not be entitled to the Bonus Issue because of the legal restrictions under the laws or statutory regulations of their jurisdiction or the requirements of the stock exchange in that jurisdiction, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholder, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Bank.

f. Application for Listing

The H Shares are listed on the Hong Kong Stock Exchange whereas the A Shares are listed on the Shanghai Stock Exchange. Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonus H Shares. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the approval by the Hong Kong Stock Exchange), the Bonus H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made for the Bonus H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The Bonus A Shares to be allotted and issued to the holders of A Shares pursuant to the Bonus Issue will be listed on the Shanghai Stock Exchange. The issue of Bonus H Shares and the issue of Bonus A Shares are inter-conditional. Dealings in the Bonus H Shares is subject to Hong Kong Stamp Duty.

The Bank issued RMB subordinated bonds in the Inter-bank Bond Market, the Bank also issued RMB bonds in Hong Kong.

g. Reasons for the Bonus Issue

The Board believes that the Bonus Issue i) will provide the Bank with a wider capital base and therefore increase the marketability of the Shares; and ii) is a return to the long-term support and care of the Shareholders.

Other than the expenses incurred in relation to the Bonus Issue, the implementation of the same will not alter the underlying assets, business operations, management or financial position of the Bank or the interests of its Shareholders. The Board believes that the Bonus Issue will not have any adverse effect on the financial position of the Bank.

LETTER FROM THE BOARD

h. Expected Timetable

Despatch of this circular, the notice of AGM, the form of proxy and the reply slip	Friday, 13 May 2011
Record date for the AGM (last time for lodging transfer documents of Shares to be entitled to attending the AGM)	4:30 p.m., Friday, 27 May 2011
Book closure period for H Shares for the AGM	Sunday, 29 May 2011 to Tuesday, 28 June 2011 (both days inclusive)
Time for returning and lodging the form of proxy to Computershare Hong Kong Investor Services Limited ends	9:00 a.m., Monday, 27 June 2011
AGM	9:00 a.m., Tuesday, 28 June 2011
Last day of dealing in the H Shares cum-entitlement to the Bonus H Shares and the Final Dividend	Thursday, 7 July 2011
First day of dealing in the H Shares ex-entitlement to the Bonus H shares and the Final Dividend (H Shares ex-entitlement date)	Friday, 8 July 2011
Latest time for lodging transfer documents of H Shares to be entitled to the Bonus Issue and the Final Dividend	4:30 p.m., Monday, 11 July 2011
Book closure period for H Shares for the Bonus Issue and the Final Dividend	Tuesday, 12 July 2011 to Monday, 18 July 2011 (both days inclusive)
Record Date (Record Date for the Shares to be entitled to the Bonus Issue and the Final Dividend)	Monday, 18 July 2011
Register of members of the Bank for H Shares re-opens	Tuesday, 19 July 2011
Expected despatch date of share certificates of Bonus H Shares	Thursday, 4 August 2011
Expected first day of listing of, and dealing in the Bonus H Shares	Monday, 8 August 2011
Payment of Final Dividend for H Shares	Thursday, 18 August 2011

i. Amendments to Articles of Association

Upon the approval at the AGM, the Board will be authorized to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the completion of the Bonus Issue. The amendments to the Articles of Association will be the changes in the number of Shares and the registered capital of the Bank.

LETTER FROM THE BOARD

7. AGM

A notice convening the AGM to be held at Wyndham Grand Plaza Royale Oriental Shanghai Hotel, No. 2288 Pudong Avenue, Pudong New District, Shanghai, PRC at 9:00 a.m., on Tuesday, 28 June 2011 is set out on pages 17 to 19 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Bank in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable and in any event not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited or to the Bank's Board Office on or before Tuesday, 7 June 2011.

8. WAIVER FROM STRICT COMPLIANCE WITH CERTAIN REQUIREMENTS UNDER THE HONG KONG LISTING RULES

Hong Kong Stock Exchange has granted to the Bank a waiver from strict compliance with Rule 19A.38 of the Hong Kong Listing Rules with respect to the requirement to convene separate class meetings.

9. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

10. STATEMENTS TO BE MADE ON ACQUISITION OF SHARES

The Bank shall ensure that all its listing documents and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (i) The acquirer of Shares agrees with the Bank and each Shareholder of the Bank, and the Bank agrees with each Shareholder, to observe and comply with the Company Law, the Regulations and the Articles of Association.

LETTER FROM THE BOARD

- (ii) The acquirer of Shares agrees with the Bank, each Shareholder, Director, supervisor, manager and officer of the Bank and the Bank acting for itself and for each Director, supervisor, manager and officer agrees with each Shareholder to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Bank to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.
- (iii) The acquirer of Shares agrees with the Bank and each Shareholder of the Bank that Shares in the Bank are freely transferable by the holder thereof.
- (iv) The acquirer of Shares authorises the Bank to enter into a contract on his behalf with each Director and officer whereby such Directors and officers undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the place of business of the Bank in Hong Kong at 20 Pedder Street, Central, Hong Kong during normal business hours from the date of this circular up to and including 28 June 2011:

- a. Articles of Association;
- b. The annual reports of the Bank for the two years ended 31 December 2010; and
- c. This circular.

12. RECOMMENDATION

The Directors consider that the fixed assets investment plan for the year 2011, the proposed change in auditors, the arrangement on the continuing connected transactions, the proposed appointment of Directors and the proposed payment of Final Dividend and proposed Bonus Issue are in the best interest of the Bank and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions which will be proposed at the AGM.

By order of the board of
Bank of Communications Co., Ltd.
Du Jianglong
Company Secretary

NOTICE OF AGM



交通銀行股份有限公司

Bank of Communications Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03328)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Bank of Communications Co., Ltd. (the “Bank”) for the year 2010 will be held at 9:00 a.m., on Tuesday, 28 June 2011 at Wyndham Grand Plaza Royale Oriental Shanghai Hotel, No. 2288 Pudong Avenue, Pudong New District, Shanghai, the People’s Republic of China, for the purpose of passing the following resolutions:

Ordinary Resolutions:

- 1 To consider, and if thought fit, to approve the report of the board of directors of the Bank for the year ended 31 December 2010.
- 2 To consider, and if thought fit, to approve the report of the supervisory committee of the Bank for the year ended 31 December 2010.
- 3 To consider, and if thought fit, to approve the audited accounts of the Bank for the year ended 31 December 2010.
- 4 To consider, and if thought fit, to approve the fixed assets investment plan of the Bank for the year ending 31 December 2011.
- 5 To consider, and if thought fit, to approve the non-reappointment of PricewaterhouseCoopers as the international auditors of the Bank and the appointment of Deloitte as the auditors of the Bank and its principal subsidiaries for the year 2011, among which Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA Ltd. will be appointed as the international auditors and the domestic auditors of the Bank for the year 2011, respectively, for the provision of auditing services and other relevant services to the Bank for a total remuneration of RMB27.80 million, for a term of one year from the date of the AGM till the date of the annual general meeting for the year 2011.
- 6 To consider, and if thought fit, to approve the Bank to enter into an interbank transactions master agreement with the Hongkong and Shanghai Banking Corporation Limited; and Mr. Qian Wenhui, an executive director of the Bank, be and is hereby authorised to execute all such documents, and to do all such acts or things, to give effect to the interbank transactions master agreement and the continuing connected transactions contemplated therein on behalf of the Bank.
- 7 (a) To consider, and if thought fit, to approve the appointment of Ms. Du Yuemei as a non-executive director of the Bank.
(b) To consider, and if thought fit, to approve the appointment of Mr. Ma Qiang as a non-executive director of the Bank.

NOTICE OF AGM

- (c) To consider, and if thought fit, to approve the appointment of Mr. Bu Zhaogang as a non-executive director of the Bank.
- (d) To consider, and if thought fit, to approve the appointment of Mr. Choi Yiu Kwan as an independent non-executive director of the Bank.

Special Resolution:

- 8 To consider, and if thought fit, to approve the profit distribution plan (including the issue of bonus shares and the payment of final dividend) of the Bank for the year ended 31 December 2010; and the board of directors be authorised and the senior management be authorised by the board of directors to take any action and execute any document as they think necessary or fit to effect the profit distribution plan, including but not limited to increasing the registered capital of the Bank and making necessary amendments to the articles of association of the Bank which will be the changes in the number of shares and the registered capital of the Bank as a result of the completion of the issue of bonus shares and making necessary filing with the relevant administrative authority for industry and commerce in this regard.

By order of the board of
Bank of Communications Co., Ltd.
Du Jianglong
Company Secretary

Shanghai, PRC
13 May 2011

Notes:

1. Closure of register of members for H Shares and eligibilities for attending the AGM and for receiving the bonus H Shares and final dividend

The shareholders whose names appear on the registers of members of the Bank at the close of business on Friday, 27 May 2011 are entitled to attend the AGM with their passports or other identity papers.

The register of members of the Bank for H Shares will be closed from Sunday, 29 May 2011 to Tuesday, 28 June 2011 (both days inclusive), during which time no transfer of shares will be registered.

Holders of H Shares intending to attend and vote at the AGM shall lodge all the transfer documents for H Shares with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Bank in Hong Kong, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m., on Friday, 27 May 2011.

The register of members of the Bank for H Shares will also be closed from Tuesday, 12 July 2011 to Monday, 18 July 2011 (both days inclusive), during which time no transfer of shares will be registered. The shareholders whose names appear on the register of members of the Bank for H Shares on Monday, 18 July 2011 are entitled to receiving bonus H shares and final dividend. In order to qualify for receiving bonus H shares and final dividend, all the transfer documents of the holders of H Shares of the Bank must be lodged at our H shares registrar and transfer office of the Bank in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m., on Monday, 11 July 2011.

NOTICE OF AGM

2. Proxy

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote in their stead. A proxy need not be a shareholder of the Bank.

A proxy of a shareholder who has appointed more than one proxy may only vote on a poll in respect of the shares actually held.

The instrument appointing a proxy must be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified.

To be valid, the notarially certified power of attorney, or other documents of authorisation, and the proxy form must be delivered to the Bank's H Share registrar by hand, post or fax as soon as possible and in any event not less than 24 hours before the time appointed for the AGM or any adjournment thereof. The Bank's H Share registrar is Computershare Hong Kong Investor Services Limited, whose address is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555, Fax: (852) 2865 0990).

3. Reply slip

Shareholders intending to attend the AGM should return the reply slip (which will be despatched to the shareholders together with this notice) to the Bank's Board Office or Computershare Hong Kong Investor Services Limited on or before Tuesday, 7 June 2011 by hand, post or fax. Failure to return the reply slip will not affect a shareholder's right to attend the AGM or any adjournment thereof in person. The Bank's Board Office is located at No. 188 Yincheng Zhong Lu, Pudong New District, Shanghai, the PRC (Tel: (86 21) 5876 6688, Fax: (86 21) 5879 8398, Post code: 200120). The contact persons are Mr. Pan and Ms. Song. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555, Fax: (852) 2865 0990).

4. Method of voting at the AGM

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the AGM will demand a poll in relation to the proposed resolutions at the AGM.

5. Other business

The AGM is expected to last for half a day. Shareholders (in person or by proxy) attending the AGM shall be responsible for their own travelling and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents and the authorisation documents mentioned above. A photocopy of such identity documents and authorisation documents should also be provided. For photocopies of documents for an individual shareholder, the photocopies shall be signed by the individual. For photocopies of documents for a corporate shareholder, the photocopies shall be stamped with the company chop.