

1 FURTHER INFORMATION ABOUT OUR COMPANY

A Incorporation

Our Company was initially established in 1908. In 1958, our then PRC operations were split and merged into the then local PBOC and then local People's Construction Bank of China. Our Hong Kong operation continued to function independently under the supervision of Bank of China. On March 30, 1987, we were re-established as a national joint stock commercial bank under the name of Bank of Communications upon approval by the State Council. On December 24, 2004, upon approval by the CBRC, our Company was registered as a joint stock limited liability company under the name of Bank of Communications Co., Ltd.

Our Company has established a principal place of business in Hong Kong at 20 Pedder Street, Central, Hong Kong and has been registered with the Registrar of Companies as an oversea company under Part XI of the Companies Ordinance. Chan Ha Fong Nancy of Flat A, 1110, Block M, Kornhill, Quarry Bay, Hong Kong, Shou Fugang of Flat A, 13th Floor, 7-11 Ching Wah Street, North Point, Hong Kong and Yang Dongping of Flat A, 22nd Floor, Block 1, Braemar Hill Mansions, 15 Braemar Hill Road, North Point, Hong Kong, the authorized representatives of our Company for the purposes of Part XI of the Companies Ordinance, have been appointed as our agent for the acceptance of service of process in Hong Kong. As our Company was established in the PRC, it is subject to the relevant laws, rules and regulations of the PRC. A summary of certain relevant aspects of PRC laws and principal regulatory provisions are set out in Appendix VII. A summary of the relevant sections of the Articles of Association are set out in Appendix VIII.

B Changes in share capital

During the two years prior to the date of this prospectus, our Company recorded the following changes in our issued share capital:

- on June 15, 2004, our Company entered into the Shareholding Investment Agreement with the National Council for Social Security Fund, pursuant to which, the Company issued 5,555,555,556 Domestic Shares to the National Council for Social Security Fund;
- on June 28, 2004, pursuant to the Notice in relation to the Increase of Equity Investment in the Bank of Communications by the Central Finance (關於中央財政向交通銀行增資的通知), the Company issued 5,000,000,000 Domestic Shares to the MOF;
- as of June 30, 2004, the Company issued 3,000,000,000 Domestic Shares to China SAFE Investments Ltd.;
- As of July 9, 2004, our Company allotted and issued 631,410,570 Domestic Shares to 1,033 of our shareholders at a ratio of 2 shares for every 15 shares held; and
- on August 6, 2004, our Company entered into the Share Subscription Agreement with HSBC, pursuant to which the Company issued 7,774,942,580 Unlisted Foreign Shares to HSBC.

Immediately prior to the Global Offering, the registered capital of our Company was RMB39,070,063,216, divided into 39,070,063,216 Shares of par value RMB1.00 each. Immediately after the Global Offering, the registered share capital of our Company will be RMB44,925,689,216, made up of approximately 22,739,565,080 Domestic Shares and 22,186,124,136 H Shares, representing approximately 50.62% and 49.38% of the registered capital, respectively (assuming the Over-allotment Option is not exercised).

Save as disclosed herein, there has been no alteration in our Company's share capital within the two years preceding the date of this prospectus.

C Resolutions of the Company's shareholders passed on September 23, 2004

Resolutions were passed by our shareholders at an extraordinary meeting on September 23, 2004 pursuant to which, among other matters:

- the Directors were authorized to implement the listing proposal for the issuance and listing of the H Shares on the Hong Kong Stock Exchange; and
- the Directors were authorized to amend and adopt the Articles of Association in accordance with any comments from the CBRC, CSRC, the Hong Kong Stock Exchange, the HKSCC, the H Share Registrar and other relevant governing authorities in the PRC.

2 SUBSIDIARIES**A Investments in subsidiaries**

The Company's principal subsidiaries are listed in the Accountants Report set out in Appendix I to this prospectus.

B Changes in share capital

The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

- On November 11, 2003, BCOM Securities Company Limited increased its authorised share capital by 75,000,000 ordinary shares of HK\$1.00 each;
- On November 11, 2003, BCOM Securities Company Limited allotted and issued for cash at par 35,000,000 ordinary shares of HK\$1.00 each to Bank of Communications (Nominee) Company Limited;
- On January 26, 2004, BCOM Securities Company Limited allotted and issued for cash at par 15,000,000 ordinary shares of HK\$1.00 each to Bank of Communications (Nominee) Company Limited;
- On November 9, 2004, BCOM Securities Company Limited increased its authorised share capital by 200,000,000 ordinary shares of HK\$1.00 each;
- On November 9, 2004, BCOM Securities Company Limited allotted and issued for cash at par 100,000,000 ordinary shares of HK\$1.00 each to Bank of Communications (Nominee) Company Limited;
- On November 12, 2004, China Communications Insurance Company Limited increased its authorised share capital by 200,000,000 ordinary shares of HK\$1.00 each; and
- On November 12, 2004, China Communications Insurance Company Limited allotted and issued for cash at par 150,000,000 ordinary shares of HK\$1.00 each to Bank of Communications (Nominee) Company Limited.

Save as disclosed in this prospectus, there has been no alteration in the share capital of any of our Company's subsidiaries within the two years preceding the date of this prospectus.

3 FURTHER INFORMATION ABOUT OUR BUSINESS

A Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus which are or may be material:

- (i) the Share Subscription Agreement dated August 6, 2004 entered into between us and HSBC regarding the subscription for 7,774,942,580 Shares in our Company;
- (ii) the Investor Rights Agreement dated August 18, 2004 entered into between us and HSBC regarding HSBC's rights following its subscription for equity interest in our Company referred to in the section headed "Strategic Investor";
- (iii) the Credit Cards Cooperation Agreement dated August 18, 2004 entered into between us and HSBC, as supplemented by the letter agreement dated May 27, 2005, regarding cooperation between the parties in developing credit card business referred to in the section headed "Strategic Investor";
- (iv) the Licence Agreement dated August 18, 2004 entered into between us and HSBC regarding the license by HSBC of certain trademarks to our Company referred to in the section headed "Business – Licensing of trademarks by HSBC";
- (v) the Technical Support and Assistance Agreement dated August 18, 2004 entered into between us and HSBC regarding the scope of advice and guidance to be provided by HSBC to our Company referred to in the section headed "Strategic Investor";
- (vi) the Shareholding Investment Agreement dated June 15, 2004 entered into between us and the National Council for Social Security Fund regarding the subscription for 5,555,555,556 Shares in our Company referred to in the section headed "Our Reorganization and Restructuring – Financial Restructuring";
- (vii) the fixed-term subordinated debt agreement dated June 24, 2004 entered into between us and China Postal Savings and Remittance Bureau (國家郵政局郵政儲滙局) regarding the issuance of RMB4,000,000,000 fixed-term subordinated debts of the Company;
- (viii) the fixed-term subordinated debt agreement dated June 24, 2004 entered into between us and China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險集團股份有限公司) regarding the issuance of RMB1,000,000,000 fixed-term subordinated debts of the Company;
- (ix) the fixed-term subordinated debt agreement dated June 25, 2004 entered into between us and Daqing Petroleum Management Bureau (大慶石油管理局) regarding the issuance of RMB1,000,000,000 fixed-term subordinated debts of the Company;
- (x) the fixed-term subordinated debt agreement dated June 28, 2004 entered into between us and China Life Insurance (Group) Company (中國人壽保險(集團)公司) regarding the issuance of RMB2,000,000,000 fixed-term subordinated debts of the Company;
- (xi) the fixed-term subordinated debt agreement dated June 28, 2004 entered into between us and China Life Insurance Company Limited (中國人壽保險股份有限公司) regarding the issuance of RMB2,400,000,000 fixed-term subordinated debts of the Company;
- (xii) the fixed-term subordinated debt agreement dated July 7, 2004 entered into between us and PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) regarding the issuance of RMB620,000,000 fixed-term subordinated debts of the Company;

- (xiii) the fixed-term subordinated debt agreement dated July 8, 2004 entered into between us and China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) regarding the issuance of RMB300,000,000 fixed-term subordinated debts of the Company;
- (xiv) the fixed-term subordinated debt agreement dated July 13, 2004 entered into between us and China Life Insurance (Group) Company (中國人壽保險(集團)公司) regarding the issuance of RMB400,000,000 fixed-term subordinated debts of the Company;
- (xv) the fixed-term subordinated debt agreement dated July 7, 2004 entered into between us and New China Life Insurance Company Limited (新華人壽保險股份有限公司) regarding the issuance of RMB280,000,000 fixed-term subordinated debts of the Company;
- (xvi) the acquisition of non-performing loans agreement dated June 7, 2004 entered into between us and China Cinda Asset Management Corporation regarding the transfer of loans with a total carrying value of RMB4,140,000,000 of our Company that, as of May 31, 2004, were classified as “Doubtful” loans referred to in the section headed “Our Reorganization and Restructuring – Financial Restructuring”;
- (xvii) the Bank of Communications mass data processing system engineering agreement dated April 4, 2003 entered into between us and Beijing Hi Sun Information Technology Company Limited regarding the development of a core banking business application system;
- (xviii) the Promoters and Joint Venture Agreement dated May 27, 2005 entered into among us, China International Marine Container (Group) Limited and Schroder Investment Management Limited pursuant to which the parties agree to establish a fund management company in the PRC;
- (xix) the Interbank Transactions Master Agreement dated June 1, 2005 entered into between us and HSBC, further details of which are set out in the section headed “Business – Connected Transactions – Non-exempt connected transactions and continuing connected transactions with the HSBC Group in the normal course of banking business”; and
- (xx) the Hong Kong Underwriting Agreement dated June 10, 2005 entered into between us, the Joint Global Coordinators, and the Hong Kong Underwriters, further details of which are set out in the section headed “Underwriting”.

B Our intellectual property rights

As at the Latest Practicable Date, we have registered the following material trademarks:

<u>Trade Mark</u>	<u>Class⁽¹⁾</u>	<u>Territory</u>	<u>Expiry Date</u>	<u>Application Number</u>	<u>Registration Number</u>
	36	PRC	6 November 2014	N/A	771118
	36	PRC	20 September 2007	N/A	1109731
	36	Hong Kong	25 March 2013	N/A	1993B03798 ⁽²⁾
	36	PRC	20 December 2011	N/A	1687722
神通	36	PRC	6 December 2009	N/A	134265
Bank of Communications	36	USA	20 June 2012	N/A	S-17957
bc Device	36	USA	20 June 2012	N/A	S-17958
交通銀行 BANK OF COMMUNICATIONS	36	USA	20 June 2012	N/A	S-17959
BANK OF COMMUNICATIONS 交通銀行 & bc Device	36	Hong Kong	5 August 2014	N/A	300264050 ⁽²⁾
	36	Hong Kong	5 August 2014	N/A	300264078 ⁽²⁾
BANK OF COMMUNICATIONS HONG KONG BRANCH 交通銀行 香港分行 & bc Device	36	Hong Kong	15 September 2014	N/A	300287019 ⁽²⁾

As at the Latest Practicable Date, we have filed applications for the following material trademarks:

<u>Trade Mark</u>	<u>Class⁽¹⁾</u>	<u>Territory</u>	<u>Expiry Date</u>	<u>Application Number</u>	<u>Registration Number</u>
交通银行	36	PRC	N/A	3584075	N/A
Bank of Communications	36	PRC	N/A	3584029	N/A
bc Device	36	PRC	N/A	3584074	N/A
交银	36	PRC	N/A	3584073	N/A
www.bankcomm.com	36	PRC	N/A	3584072	N/A
95559	36	PRC	N/A	3584071	N/A
交银理财	36	PRC	N/A	3584070	N/A
BOCOM FORTUNE 交银理财全新财富方式 & Device	36	PRC	N/A	3584067	N/A
交通	36	PRC	N/A	3584081	N/A
Bocom	36	PRC	N/A	3584080	N/A
全新财富方式	36	PRC	N/A	3584030	N/A
Pacific	36	PRC	N/A	3584062	N/A
太平洋	36	PRC	N/A	3584063	N/A
太平洋卡	36	PRC	N/A	3584078	N/A
圆梦宝	36	PRC	N/A	3584079	N/A
交e通	36	PRC	N/A	3584077	N/A
银讯通	36	PRC	N/A	3584065	N/A
银讯通	38	PRC	N/A	3584064	N/A
货盈通	36	PRC	N/A	3584066	N/A
全储通	36	PRC	N/A	3584031	N/A
快易通	36	PRC	N/A	3584025	N/A
银保通	36	PRC	N/A	3584026	N/A
恒通理财	36	PRC	N/A	3584027	N/A
美丽人生	36	PRC	N/A	3584028	N/A
BOCOM FORTUNE	36	PRC	N/A	3584069	N/A
Device	36	PRC	N/A	3584068	N/A
银宝通	36	PRC	N/A	3584076	N/A
七彩帆	36	PRC	N/A	4248734	N/A
BComBEST	36	Hong Kong	N/A	300431315 ⁽³⁾	N/A

Notes:

(1) Class 36 in the PRC covers, inter alia, banking and financial services. Class 38 in the PRC covers, inter alia, telecommunications services.

Class 36 in Hong Kong covers, inter alia, banking and financial services.

(2) The registrant is "Bank of Communications, Hong Kong branch".

(3) The applicant is "Bank of Communications, Hong Kong branch".

As at the Latest Practicable Date, we have filed applications for the following material patents:

<u>Title of Patent</u>	<u>Place of Application</u>	<u>Application Number</u>
Design (cover of bank magnetic card) ⁽¹⁾	PRC	2004300077320
Design (cover of bank magnetic card)	PRC	200430109804.2

Notes:

(1) Assignment to the Company pending.

As at the Latest Practicable Date, we have registered the following material domain names:

<u>Domain name</u>	<u>Date of registration</u>	<u>Expiry Date</u>
bankcomm.com ⁽¹⁾	October 5, 1997	October 6, 2012
bankcomm.com.cn ⁽¹⁾	November 27, 2003	November 27, 2008
bankcomm.cn ⁽¹⁾	November 27, 2003	November 27, 2008
bankcomm.net.cn ⁽¹⁾	November 27, 2003	November 27, 2008
bankcomm.org.cn ⁽¹⁾	November 27, 2003	November 27, 2008
95559.com.cn ⁽¹⁾	June 7, 2001	June 7, 2006
95559.org.cn ⁽¹⁾	November 27, 2003	November 27, 2008
中国交通银行股份有限公司. 公司 ⁽¹⁾	November 16, 2004	November 16, 2007
中国交通银行股份有限公司. 中国 ⁽¹⁾	November 16, 2004	November 16, 2007

Notes:

(1) Information contained in websites incorporating these domain names does not form part of this prospectus.

As of the Latest Practicable Date, we are using the following material technology:

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Network Engineering Construction	a project that supports all business application systems of the Bank including "quan guo tong", electronic foreign exchange remittance and conversion as well as online banking services; it is a large-scale network system integrating a back-bone network with network management, security, IP video and IP telephone services	Network communications throughout the Group	Yes	Second prize winner of the Year 2004 Science and Technology Advancement by the PBOC
New Generation Comprehensive Office System	a comprehensive application system integrating office automation with banking information administration and decision-making support; it is established based on WEB technology and integrates different technologies such as portal and content management; it serves as a platform to incorporate separate systems such as information website, office automation, individual email and management information system	Office Automation Application	Yes	Second prize winner of the Year 2004 Science and Technology Advancement by the PBOC

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Credit Risk Assessment System	a system that provides a uniform risk assessment working platform for credit customer managers and credit risk management personnel at all levels, as well as a multitude of enquiry and analysis tools and methods for users at all levels; its core functions include assessment processing, assessment process management, assessment methodology management and task management	Credit business	Yes	Third prize winner of the Year 2004 Science and Technology Advancement by the PBOC
“wai hui bao” System	a firm-offer transaction system for the buying and selling of foreign exchange by individuals; a centralized individual foreign exchange transaction system that provides online real-time transactions through various channels such as self-service terminal, phone banking, online banking and mobile phone banking	Foreign exchange business	Yes	Second prize winner of the Year 2000 Financial Science and Technology Advancement by the PBOC

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Retail Sales Business System	a large-scale online matter processing system for integrated data processing, and a bank retail business system combining the traditional saving/credit card business with the newly-emerged financial business of card/saving business, telephone banking, DIY banking, and intermediary services, thus achieving such functions as the interplay of card/saving business, city-wide saving deposits and exchange, and a nationwide online services for the Pacific credit/debit cards	Personal financial business	Yes	Second prize winner of the Year 2000 Financial Science and Technology Advancement by the PBOC
Electronic "Head Office"	an integration of e-mails, office information statements, distribution and collection of information, which enables users to obtain relevant instant information through browsers; it also provides various modernised information services to all personnel in the Bank such as information on plans, finance and accounting, laws, etc., as well as databank, electronic periodicals, etc	Office Automation Application	Yes	Third prize winner of the Year 2000 Financial Science and Technology Advancement by the PBOC

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Nationwide Foreign Exchange Electronic Remittance System	a system that enables various types of businesses including inward and outward remittances, draft transfer, foreign exchange trading, transfer of internal funds, inter-bank foreign exchange enquires and replies to such enquires, issuance of inter-bank notices, etc	Foreign exchange business	Yes	Third prize winner of the Year 2000 Financial Science and Technology Advancement by the PBOC
Zhengzhou Branch Internet Banking System	a system that provides various services including enquiry of bank card accounts, transfers within cards, inter-card transfers, payment of fees, buying and selling of treasury bonds, mortgage loans, verbal reporting of losses, foreign exchange trading, etc	Electronic banking business	Yes	Third prize winner of the Year 2000 Financial Science and Technology Advancement by the PBOC

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Credit Management Information System	a system that maintains a full record of customer information, business information and account information relating to credit business handling procedures, and logs a complete record of the historical data in the evolution and development of each item of credit business; it organises and processes all kinds of credit business information collected, prepares statements, materials and information required by the management at all levels, and generates data for uploading	Credit business	Yes	Second prize winner of the Year 2001 Financial Science and Technology Advancement by the PBOC
Integrated Business Processing System	a business processing and accounting system combining the Renminbi business with the foreign currency business, with central accounting as the core, customer management as the foundation and integrated teller system as the operation mode	Corporate and institution business	Yes	First prize winner of the Year 2002 Financial Science and Technology Advancement by the PBOC

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Pacific Card “quan guo tong” Business System	a system that enables cardholders to access functions such as cross-city deposits and withdrawals, consumption and enquiries, especially cross-city real-time transfers, making it a new form of card-based payment method compared with the traditional method of remittance via banks	Credit card business	Yes	Second prize winner of the Year 2002 Financial Science and Technology Advancement by the PBOC
Pacific Card Credit/ Debit Card Application System	a system that supports different credit/debit cards such as Bank Union card, Visa card, MasterCard, JCB card and also supports different transactions through such cards (e.g. real-time enquiry, deposit, withdraw, transfer, POS consumption and automatic off-setting a negative balance); also supports online banking, telephone banking and mobile banking; its functions include revolving credit limit, international payment, emergency assistance, mobile phone SMS, etc	Credit card business	Yes	

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
World Bank Project MIS System	a system that facilitates the management, checking and timely review of the credit examination and approval procedures through the electronisation of all examination and approval procedures for the extension of credits	Credit business	Yes	
Core Accounting System (C-banking)	a customer-oriented core accounting system which processes basic data of accounts through a platform comprising an IBM mainframe; it undertakes the administration of customer accounts and internal accounts of the Bank, handles banking services such as deposits, loan and account settlement, and provides interfaces with some peripheral channels and related systems necessary for provision of services or trading	Accounting and auditing for corporate and institution business	Yes	

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
International Business System (IBP)	an integrated processing system for international business of the Bank; its functions include international account settlement, trade financing, foreign exchange funding and inter-bank credit granting as an agent; it enables the Bank to standardise its international business operation, risk control and information process and to streamline its business flow electronically in future	International business	Yes	
Credit Management System (CMIS)	an electronic platform for the Bank to operate and manage its credit granting business; its functions include reporting, verification, examination and approval of credit granting business, release of funds under, monitoring over or recovery of funds under the credit granted, management of exposed asset, electronic contract and voucher formation; it enables the Bank to centralise its administration of credit granting business	Credit business	Yes	

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Customers Integrated Information System (CIIS)	a web-based MIS using data warehouse technology that supports comprehensive business operation management and decision making through integration of all enquiry of and analysis on marketing, management and business information	Corporate and institutional customers	Yes	
Post-Arrangement Supervision and Archive System (PASAS)	a system that enables the Bank to realise electronic filing and automated inspection of files through scanning all vouchers generated each day, making registration or booking items after occurrence of an event and discovering in a timely manner any errors that may occur in the course of front desk operations	Supervision of corporate and institutional business	Yes	
Zhengzhou Branch Credit Business Processing System	a system that handles all types of credit extension business including those relating to loans, letters of credit, acceptance, security, etc.; it facilitates the handling of credit extension examination and approval business on a centralised basis by electronising the whole process of examining and approving the extension of credits	Credit business	Yes	

<u>Name</u>	<u>Nature/Main Function</u>	<u>Applicable Business Area</u>	<u>Self-Developed</u>	<u>Remarks</u>
Data-Integrated System Platform	a platform which provides reliable protection for the development, testing and wide utilisation of business application systems and the uninterrupted operation of the business systems 24 hours a day and seven days a week	Data-integrated system platform technology	Yes	
Mainframe Application Version Control and Management of Release System	a system that effectively realises the control over and release of the versions of application systems installed in the mainframe, improves the controllability and completeness of the applications and the reliability of business operations	Application systems operation management	Yes	

4 FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, MANAGEMENT AND STAFF

A Particulars of Directors' and Supervisors' service agreements

None of our Directors or Supervisors has or is proposed to have a service contract with our Company (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

B Directors' and Supervisors' remuneration

Under the existing arrangements currently in force, the aggregate remuneration payable to, and benefits in kind receivable by, our Directors and Supervisors for the year ending December 31, 2005 are estimated to be approximately RMB4.8 million and RMB2.2 million, respectively.

Save as disclosed in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received any remuneration or benefits in kind from the Group for the three financial years ended December 31, 2004.

5 DISCLOSURE OF INTERESTS

A Substantial shareholders and persons who have an interest or short position disclosable under Divisions 2 and 3 of Part XV of the SFO

So far as our Directors are aware, the following persons will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no new Shares are issued pursuant to the HSBC Price Adjustment Top-Up), have an interest or short position in the shares or underlying shares of our Company which shall be disclosed to or by us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or control directly or indirectly or are entitled to exercise, or control the exercise of, 10% or more of our total issued share capital:

<u>Name of interested party</u>	<u>Capacity</u>	<u>Number of shares in which the interested party has or is deemed to have interested</u>	<u>Approximate percentage of interest in the relevant class of shares in the Company (%)</u>
MOF	direct interest	9,974,982,648 Domestic Shares	22.20
HSBC	direct interest	8,940,211,580 H Shares	19.90
National Council for Social Security Fund (全國社會保障基金理事會)	direct interest	5,555,555,556 H Shares	12.37
China SAFE Investments Ltd. (中央匯金投資有限責任公司)	direct interest	3,000,000,000 H Shares	6.68

Save as disclosed in this prospectus, but not taking into account any Shares which may be taken up under the Global Offering, our Directors are not aware of any legal person or individual (not being a director or chief executive of our Company) who will, immediately following the completion of the Global Offering, have any interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

B Directors' and Supervisors' interests and short positions in the share capital and debentures of our Company and its associated corporations

Immediately following the completion of the Global Offering, none of our Directors and Supervisors will have any interest or short position in our Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the H Shares are listed on the Hong Kong Stock Exchange. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to our Supervisors.

C Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or Supervisors nor any of the parties listed in paragraph 6E of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

- (b) none of the Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company's business;
- (c) save in connection with the Hong Kong Underwriting Agreement and the International Purchase Agreement, none of the parties listed in paragraph 6E of this Appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our Company's securities;
- (d) there are no existing or proposed service contracts (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensations) between us or our subsidiaries and any Directors or Supervisors;
- (e) none of our Directors or Supervisors or their associates or any shareholders of our Company who to the knowledge of the Directors owns more than 5% of our issued share capital has any interest in the top five business customers of our Company; and
- (f) none of our Directors or Supervisors is a director or employee of a company which has an interest in the share capital of the Company, which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO.

6 OTHER INFORMATION

A Estate Duty

The Directors have been advised by King & Wood, PRC Lawyers that currently there is no PRC law imposing liability for estate duty, and no material liability for estate duty under PRC law is likely to be imposed on us.

B Litigation

Save as disclosed in the section headed "Business – Legal and Regulatory Proceedings" of this prospectus, no member of the Group is involved in any material litigation, arbitration or administrative proceedings. So far as our Directors are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

C Application for listing

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

D Preliminary expenses

The estimated preliminary expenses are approximately RMB1,000,000 and are payable by us.

E Qualifications of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
Goldman Sachs (Asia) L.L.C.	Licensed under the SFO for type 1 (dealing in securities), type 2 (advising on securities) and type 6 (advising on corporate finance activities)
The Hongkong and Shanghai Banking Corporation Limited	a deemed registered institution of types 1, 4, 6, 7 and 9 regulated activities under the SFO and a licensed bank under the Banking Ordinance
PricewaterhouseCoopers	Certified public accountants
Sallmanns (Far East) Limited	Property valuers
King & Wood, PRC Lawyers	PRC legal advisers

F No material adverse change

Save as disclosed in this prospectus, the Directors believe that there has been no material adverse change in the Group's financial or trading position since December 31, 2004.

G Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

H Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iv) none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (v) we have no outstanding convertible debt securities or debentures;
- (vi) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of the Group;
- (vii) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any H Shares in our Company;

- (viii) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
 - (ix) there are no arrangements under which future dividends are waived or agreed to be waived;
 - (x) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months; and
 - (xi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.
- (b) We currently do not intend to apply for the status of a sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-foreign Joint Venture Law.

I Consents

Each of the Joint Sponsors, PricewaterhouseCoopers as our independent reporting accountants, Sallmanns (Far East) Limited as our property valuers, and King & Wood, PRC Lawyers as our legal advisers on PRC law, has given and has not withdrawn their respective written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

J Promoters

Our promoters are 中華人民共和國財政部 (MOF), 山東電力集團公司 (Shandong Electric Power Corporation), 中國第一汽車集團公司 (China FAW Group Corporation), 中國長城工業總公司 (China Great Wall Industry Corporation) and 中國航空工業第一集團公司 (China Aviation Industry Corporation I). Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

K Financial adviser in relation to the HSBC subscription

Goldman Sachs, one of the Joint Global Coordinators and the Joint Sponsors of the Hong Kong Public Offering, acted as our financial adviser in relation to the investment by HSBC in our Company in August, 2004. An advisory fee determined on an arm's-length basis was paid by our Company to Goldman Sachs in consideration of such services.

L Independence of the Joint Sponsors

Goldman Sachs, one of the Joint Sponsors, is independent from the Company pursuant to Rule 3A.07 of the Hong Kong Listing Rules. HSBC, one of the Joint Sponsors, is not independent from the Company pursuant to Rule 3A.07(1) of the Hong Kong Listing Rules in that HSBC holds more than 5% of the issued share capital of the Company.

M Exemptions from Companies Ordinance provisions

On the format and content of the valuation report, owing to the substantial number of properties we own (1,677 in total) and lease (2,359 in total), we have applied for and obtained an exemption from the SFC from strict compliance with Paragraph 34(2) of Part II of the Third Schedule to the Companies Ordinance on the grounds that it would be impracticable and unduly burdensome to include the full valuation report in this prospectus and that having regard to the financial services nature of the Company's business, it would be of little relevance and assistance to potential investors to include

excessive details on each property in this prospectus, and the non-inclusion of the full valuation report in this prospectus will not prejudice the interest of potential investors. The exemption is granted on the conditions that (1) the full valuation report (which will be prepared in the Chinese language only) complying with all the requirements of Paragraph 34 of Part II of the Third Schedule to the Companies Ordinance will be made available for public inspection; and (2) a summary valuation report of all of our property interests prepared on the basis of the full valuation report is included in Appendix V to this prospectus.

N Compliance Adviser

Our Company will appoint Goldman Sachs (Asia) L.L.C. as our compliance adviser upon listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

O Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).