



# **Far-sighted Management**



## CHAIRMAN



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**Mr. Guo Shuqing**

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## CHAIRMAN'S STATEMENT

2005 has been a significant year for our Bank, one that saw not only our landmark listing on the Hong Kong Stock Exchange on 27 October 2005 but also our continuing development into a modern and internationally competitive financial institution.

Our global public offering was a success by every measure: the first public listing of the big four PRC commercial banks; the largest IPO ever for a bank; and the largest IPO globally for the past five years. Our successful listing marked another milestone in our transformation into a world class commercial bank, after the completion of our restructuring in 2003, our establishment as a joint-stock bank in 2004 and the sale of equity stakes to strategic investors in 2005. The strong demand for shares of the Bank demonstrates investors' confidence in the prospects for financial services industry reform in China and our ability to be at the forefront of China's continued development. The proceeds from the IPO have enabled us to strengthen our capital base, and pursue new areas of business.

In 2005, we further improved our corporate governance by reinforcing the checks and balances among the shareholders' general meeting, board of directors, board of supervisors and management. Our business development strategy was better understood across the Bank. We established our vision, and developed our business and market positioning strategy, enabling us to achieve a long term steady and sustainable growth. Committed to implementing a customer-focused culture, we improved our operating processes and service quality. Our execution capability and market penetration were significantly enhanced as a result of further reforms of our internal operation and management. While maintaining the strengths in our traditional business, we actively expanded our personal financial services, small and medium-sized enterprises financial services and fee and commission based services, and introduced new financial products and services.

We are pleased to report that our net profit attributable to our shareholders in 2005 amounted to RMB 47,103 million with earnings per share of RMB 0.24. Return on average assets and return on average equity reached 1.11% and 21.59% respectively. The directors propose a final dividend of RMB 0.015 per share.

Continuing economic development in China in the coming year will further drive the growth of the banking industry. As a public corporation with worldwide investors, we will be committed to developing our business, with a stronger sense of mission and responsibility, and measuring ourselves at higher standards. We believe that, with our steady operational strategy, strong asset quality, extensive customer base, improved management ability and close cooperation with our strategic investors, the Bank is well positioned to take advantage of the opportunities ahead, provide the best service to our customers, maximise shareholder value and provide excellent career opportunities to our employees.

Finally, on behalf of the board of directors, I would like to express our appreciation to our shareholders, customers and business partners for their support and trust. Our gratitude also goes to the management and staff of the Bank for the efforts and the contributions they have made in this momentous year.



*Chairman*

6 April 2006