



Our Bank is committed to maintaining a high level of corporate governance. We abide strictly by the laws and regulations of the jurisdictions in which we operate, and observe the guidelines and rules issued by Hong Kong regulatory authorities. We endeavour to adhere to international and domestic corporate governance best practices.

We have complied with the code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2006, and have substantially complied with the recommended best practices set out in the Code.

General Meeting of Shareholders

Responsibilities of the General Meeting of Shareholders

The general meeting of shareholders, composed of all shareholders of the Bank, is the primary authoritative body of the Bank, whose primary roles include but are not limited to:

- determining the operating guidelines and investment plans of the Bank;
- electing and replacing directors and supervisors (except for employee representative supervisors), and determining remuneration of directors and supervisors;

- deliberating and approving annual financial budget plans, final accounting plans, profit distribution plans and loss coverage plans;
- adopting resolutions related to the increase or reduction of registered capital, and merger, split, dissolution and liquidation of the Bank;
- adopting resolutions related to the issue and listing of corporate bonds or other securities;
- adopting resolutions related to material acquisitions and the repurchase of shares of the Bank;
- adopting resolutions to engage, remove or discontinue the services of accounting firms;
- amending the Articles of Association and other fundamental corporate governance documents of the Bank.
- convening the general meeting of shareholders and reporting to the general meeting of shareholders;
- implementing the resolutions of the general meeting of shareholders ;
- deciding on operational plans and investment plans of the Bank;
- preparing annual financial budget plans, final accounting plans, profit distribution plans and loss recovery plans;
- preparing plans related to the increase or reduction of registered capital; the issue and listing of convertible bonds, subordinate bonds, corporate bonds or other securities; and plans related to merger, split, dissolution and liquidation of the Bank;
- preparing plans relating to material acquisitions and the repurchase of shares of the Bank;

During the course of 2006, the Bank held one annual general meeting of shareholders and one extraordinary general meeting of shareholders .

Board of Directors

Responsibilities of the Board

The Board is the executive body of the general meeting of shareholders, which is accountable to the general meeting of shareholders, and performs the following duties in accordance with relevant laws:

- exercising other powers authorised by the general meeting of shareholders and under the Articles of Association of the Bank.

The primary roles of the Board are to determine the objectives, strategies, policies and business plans of the Bank, supervise and control operations and financial performance, and formulate appropriate risk control policies to ensure that our strategic objectives can be achieved.

Composition of the Board

Our Board comprises 16 directors, including four executive directors, namely Mr. Guo Shuqing, Mr. Zhang Jianguo, Mr. Zhao Lin and Mr. Luo Zhefu, seven non-executive directors, namely Mr. Zhu Zhenmin, Mr. Jing Xuecheng, Ms. Wang Shumin, Mr. Wang Yonggang, Mr. Liu Xianghui, Mr. Zhang Xiangdong and Mr. Gregory L. Curl, and five independent non-executive directors, namely Mr. Song Fengming, Mr. Yashiro Masamoto, Mr. Tse Hau Yin, Aloysius, Ms. Elaine La Roche and Lord Peter Levene.

The biographies of our directors are set out in “Profiles of Directors, Supervisors and Senior Management”. The information can also be found on our website at www.ccb.com.

Chairman and President

Mr. Guo Shuqing is the chairman of our Board, and is responsible for our business strategy and overall development. The chairman is our legal representative. Mr. Zhang Jianguo is the president of the Bank, and is responsible for the day-to-day management of our business and operations. Our president is appointed by the Board, accountable to the Board, and discharges his duties in accordance with the Articles of Association and the scope of delegation by the Board. The roles of the chairman and the president are separate and their duties are clearly defined.

Appointment and Re-election of Directors

The term of office of directors is three years (commencing from the date of their

appointment by election and ending on the date of the annual general meeting of the final year of the term of their office), and they may be re-elected upon expiration of their three years term.

In 2006 Mr. Zhang Jianguo was appointed as vice chairman of the Board and executive director of the Bank, Mr. Luo Zhefu was appointed as an executive director of the Bank, and Lord Peter Levene was appointed as an independent non-executive director of the Bank. Mr. Chang Zhenming and Ms. Liu Shulan resigned from their posts of executive director.

The term of office of the first Board will end on the date of the forthcoming 2006 annual general meeting, at which the following directors will stand for re-election to the second Board: executive directors Mr. Guo Shuqing, Mr. Zhang Jianguo, Mr. Zhao Lin and Mr. Luo Zhefu, non-executive directors Ms. Wang Shumin, Mr. Wang Yonggang, Mr. Liu Xianghui, Mr. Zhang Xiangdong and Mr. Gregory L. Curl, and independent non-executive directors Mr. Song Fengming, Mr. Tse Hau Yin, Aloysius, Ms. Elaine La Roche and Lord Peter Levene. The directors are eligible and have offered themselves for re-election. Mr. Wang Yong will be nominated as non-executive director of the Bank at the forthcoming 2006 annual general meeting.

Operation of the Board

The Board has regular meetings, generally not less than four times per year, and extraordinary meetings are convened if and when required. Directors may attend meetings in person or participate via other means of communication.

Directors are consulted to include matters in the agenda for regular Board meetings. Board meeting papers and background materials are usually circulated to directors fourteen days in advance of Board meetings.

All directors have access to the advice and services of the secretary to the Board and company secretary, with a view to ensuring compliance with Board procedures and all applicable rules and regulations. Detailed minutes of Board meetings are kept, and minutes are circulated to all attending directors for review after the meeting. Directors will provide comments after receiving the minutes. After the minutes have been approved, the secretary to the Board sends the finalised minutes to all directors promptly. Minutes of the Board meetings are kept by the secretary to the Board and are open for inspection by directors from time to time.

The Board and each director have separate and independent access to the senior executives in order to raise enquiries on management issues. Our president reports his work to the Board on a regular basis, and is supervised by the Board. Other senior executives are from time to time invited to attend Board meetings to make presentations or answer the Board's questions.

At Board meetings, an open environment exists in which directors can put forward alternative views and major decisions are only made after a full discussion. Individual directors may also retain outside advisers, at our expense, to provide independent professional advice if he/she deems necessary. If any director has material interests in a matter proposed by the

Board, the director concerned is not counted in the quorum of the proposal and must abstain from discussion and voting on the relevant proposal.

Induction programmes are organised to provide trainings for new directors and to assist them in becoming familiar with our management, operations and governance practices. We periodically organise trainings for all directors, and encourage them to participate in continuing professional development seminars and courses organised by qualified institutions to ensure that they continually update their skills and are kept abreast of the latest development or changes to the laws and regulations, Listing Rules and corporate governance practices required to enable them to properly discharge their responsibilities.

We have directors' liability insurance policies in place for all of our directors in 2006.

Securities Transactions by Directors

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors in terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules. Upon enquiry, all of the directors and supervisors confirm that during the year ended 31 December 2006, they have complied with the provisions of this code of practice in relation to securities transactions. None of our directors, supervisors or senior management holds any securities in the Bank.

Board Meetings

Individual attendance records of the directors in Board meetings and Board committee meetings in 2006 are set out as follows:

Directors	Number of meetings attended/Number of meetings during term of office					
	Board	Strategy development committee	Audit committee	Risk management committee	Nomination and compensation committee	Related party transactions committee
<i>Executive Directors</i>						
Mr. Guo Shuqing	13/13	5/5				
Mr. Zhang Jianguo	3/3	1/1		2/2		
Mr. Zhao Lin	13/13			8/8	6/6	4/4
Mr. Luo Zhefu	7/7	2/2		4/4		
<i>Non-executive Director</i>						
Mr. Zhu Zhenmin	13/13	5/5			9/9	
Mr. Jing Xuecheng	13/13	5/5		7/8		
Ms. Wang Shumin	13/13	5/5	8/8			
Mr. Wang Yonggang	13/13	5/5	8/8			
Mr. Liu Xianghui	13/13	5/5		8/8	3/3	
Mr. Zhang Xiangdong	13/13	5/5		8/8		
Mr. Gregory L. Curl	13/13	5/5	8/8		9/9	
<i>Independent Non-executive Directors</i>						
Mr. Song Fengming	13/13		8/8	8/8	9/9	9/9
Mr. Yashiro Masamoto	13/13	5/5	8/8	8/8	9/9	
Mr. Tse Hau Yin, Aloysius	13/13		8/8	4/4	9/9	9/9
Ms. Elaine La Roche	13/13	5/5	8/8		9/9	
Lord Peter Levene	3/3	1/1		2/2		
<i>Resigned Directors</i>						
Mr. Chang Zhenming	6/6	3/3		4/4		
Ms. Liu Shulan	2/2	2/2				4/4

Delegation by the Board

The division of power between the Board and senior management is in strict compliance with our Articles of Association and other corporate governance documents.

By virtue of the authority conferred on him by the Board, the president decides operational, management and decision-making issues within his scope of authority. Specifically, his scope of authority includes:

- being in charge of the operation and management of the Bank and initiating the implementation of Board resolutions;
- proposing operational plans and investment proposals of the Bank to the Board and initiating the implementation of such plans or proposals upon approval by the Board;
- developing proposals for establishment of the internal management departments within the Bank;

- developing the general management system for the Bank and formulating specific rules and regulations for the Bank;
- proposing to the Board the appointment or dismissal of vice presidents and other senior management officers (excluding the chief auditor and the secretary to the Board);
- other authority conferred on him by the Board and the Articles of Association of the Bank.

Accountability of the Directors in Relation to the Financial Statements

The directors are responsible for overseeing the preparation of the financial statements for each fiscal period to give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2006, the directors have selected appropriate accounting policies and applied them consistently, and made judgements and estimates that are prudent and reasonable. In accordance with the Listing Rules, we have announced our annual financial results within four months after the end of the relevant period.

Internal Control

The Board is responsible for the internal control system of the Bank and reviews the effectiveness of the relevant systems through the risk management committee and audit committee. In accordance with relevant laws

and regulations stipulated by the regulatory authorities, we have formulated and implemented a series of internal control rules, procedures and methods to ensure the quality of accounting information and the safety and intactness of our assets.

In 2006 the Board carried out an internal control assessment project. The internal control assessment plan was designed on the basis of regulatory rules and our constitutional documents and took into account our organisational structure and business operation model. The assessment included five components: internal control environment; risk identification and assessment; internal control measures; information and communication; and monitoring and rectification. The internal control assessment was carried out by way of self-assessment, which involved our directors, supervisors, senior management and other employees. The overall objective was to review the internal control environment of the Group, standardise internal control systems and procedures and maintain legal operations and continuing development. During 2006, no major issues have been identified, and appropriate measures have been taken to address areas identified for improvement.

Information about the risk management structure and the policies and procedures for management of each of the major types of risk the Group faces, including credit risk, liquidity risk, market risk and operational risks, are included in the risk management part of the "Management Discussion and Analysis", and in note 37 to the "Financial Statements".

Committees under the Board

There are five committees established under the Board: the strategy development committee, audit committee, risk management committee, nomination and compensation committee and related party transactions committee. Among these committees, the audit committee, nomination and compensation committee and related party transactions committee are chaired by our independent non-executive directors, and more than half of the committee members are independent non-executive directors.

Strategy Development Committee

Our strategy development committee consists of thirteen directors: Mr. Guo Shuqing, Mr. Zhang Jianguo, Mr. Luo Zhefu, Mr. Zhu Zhenmin, Mr. Jing Xuecheng, Ms. Wang Shumin, Mr. Wang Yonggang, Mr. Liu Xianghui, Mr. Zhang Xiangdong, Mr. Gregory L. Curl, Mr. Yashiro Masamoto, Ms. Elaine La Roche and Lord Peter Levene. Mr. Guo Shuqing, chairman of the Board, currently serves as chairman of our strategy development committee.

The primary responsibilities of the strategy development committee include:

- drafting medium to long-term strategic development plans, and assessing implementation thereof;
- reviewing annual operational plans and financial budgets of the Bank;

- reviewing strategic capital allocation plans and asset and liability management targets;
- evaluating the coordinated development of various financial businesses;
- reviewing material restructuring and re-organisation plans; and
- reviewing significant investment and financing projects.

In 2006 the strategy development committee of the Board attached great importance to the material operational strategy of the Bank and submitted preliminary review opinions on the budget, operational plans, overseas development strategy, material investment plans and institutional readjustment of the Bank. The committee also heard special reports with regard to key issues on strategic transformation, and studied such issues as enhancing the retail business, promoting services for small and medium-sized enterprises, conducting diversified operations and considering corresponding strategies for corporate culture and talent attraction. Furthermore, it discussed and studied such issues as amendments to the Bank's strategic outline for operational development and the improvement of budget management.

Audit Committee

Our audit committee consists of seven directors: Mr. Tse Hau Yin, Aloysius, Ms. Wang Shumin, Mr. Wang Yonggang, Mr. Gregory L.

Curl, Mr. Song Fengming, Mr. Yashiro Masamoto and Ms. Elaine La Roche. Our independent non-executive director Mr. Tse Hau Yin, Aloysius, an internationally qualified accountant, currently serves as chairman of the audit committee and Mr. Wang Yonggang is a senior accountant. Both of them have extensive experience in financial matters or possess expertise in the relevant financial management. None of the audit committee members are currently members of the former or existing auditors of our Bank nor have any relationships with them.

The primary responsibilities of our audit committee include:

- monitoring the preparation of our financial statements, reviewing the disclosure of our accounting information and significant events;
- monitoring and assessing our internal controls;
- monitoring the compliance level of our core operating units, management procedures and principal business activities;
- monitoring and assessing the performance of our internal audit function;
- monitoring and assessing the performance of our external auditors, proposing to the Board the appointment or removal of external auditors, and facilitating the communication between external auditors and internal audit function; and

- reporting to the Board the performance of the audit committee, and communicating and coordinating with other Board committees.

The terms of reference of the audit committee have included the duties set out in C.3.3(a) to (n) of the Code, with appropriate modifications where necessary.

In 2006 the audit committee improved communications with internal auditing divisions, by being informed of internal auditing work in a timely manner, learning through the auditing process and correcting problems, and examining and determining the internal auditing plan for 2007 and long-term working plan. The audit committee prepared a set of detailed work rules for the chief auditor and submitted it to the Board for approval and adoption. The audit committee attached importance to the construction of an internal control system for financial and accounting reporting, organised Bank-wide appraisal work, and urged the management to establish a procedure for lodging complaints and uncovering material financial issues.

The audit committee strengthened the supervision over and appraisal of external auditors and prepared an appraisal method and appraisal system. The committee also put the requirements of the general meeting of shareholders and Board of 2005 into effect and conducted the selection by tender of the external auditors for 2007. Additionally, the committee held separate meetings with external auditors and assisted in the preparation of guidelines in order to regulate the provision of non-auditing services by external auditors.

Risk Management Committee

Our risk management committee consists of ten directors: Mr. Zhang Xiangdong, Mr. Zhang Jianguo, Mr. Zhao Lin, Mr. Luo Zhefu, Mr. Jing Xuecheng, Mr. Liu Xianghui, Mr. Song Fengming, Mr. Yashiro Masamoto, Mr. Tse Hau Yin, Aloysius and Lord Peter Levene. Non-executive director Mr. Zhang Xiangdong is the chairman of the risk management committee.

The primary responsibilities of our risk management committee include:

- formulating and amending our risk strategy and risk management policies in accordance with our overall strategy and monitoring and evaluating their implementation;
- providing guidance on building our risk management and internal control systems, and supervising and assessing our internal control systems;
- monitoring and assessing the effectiveness of the organisational structure, reporting lines, working procedures and effects of risk management, and proposing changes for improvements;
- conducting periodic assessments of our risk management and internal control system, and providing their opinions in relation to further improvements; and
- evaluating the performance of our chief risk officer.

In 2006 the risk management committee paid great attention to the asset quality of the Bank, regularly listened to reports on overall risk management status, and pushed the senior management to strengthen overall risk management. The committee also studied the risk management system reforms of the Bank; carried out the internal control system assessment jointly with the audit committee; received reports on non-compliance cases of the branches; investigated and studied the risk management platform; and actively cooperated with regulatory authority in inspections.

Nomination and Compensation Committee

Our nomination and compensation committee consists of seven directors: Mr. Yashiro Masamoto, Mr. Zhu Zhenmin, Mr. Liu Xianghui, Mr. Gregory L. Curl, Mr. Song Fengming, Mr. Tse Hau Yin, Aloysius, and Ms. Elaine La Roche. Our independent non-executive director Mr. Yashiro Masamoto currently serves as chairman of the nomination and compensation committee.

The primary responsibilities of the nomination and compensation committee include:

- formulating procedures and criteria for the selection and appointment of directors and senior management;
- proposing candidates for directors, presidents, chief auditor, secretary to the Board and Board committee members;

- evaluating candidates for senior management nominated by the president;
- formulating development plans for senior management and other key executives;
- drafting performance evaluation procedures for directors and senior management, and compensation plans for directors, supervisors and senior management;
- reviewing the compensation system submitted by the president;
- proposing and drafting the performance evaluation system for directors and senior management, and the compensation evaluation system for directors, supervisors and senior management;
- proposing the compensation of directors and senior management;
- proposing the compensation of supervisors in accordance with the opinion of the board of supervisors; and
- monitoring the implementation of the Bank's performance and compensation evaluation system.

The terms of reference of the nomination and compensation committee have included the specific duties set out in Rules B.1.3(a) to (f) of the Code, with appropriate modifications where necessary.

When making recommendations in respect of the candidates for directors, president, chief auditor, secretary to the Board and other key positions, the nomination and compensation committee primarily takes into account their educational background and working experience as well as the specific conditions and requirements of the Bank.

Regarding nomination, in 2006 the nomination and compensation committee considered proposals for nominating independent non-executive directors, adjusting the composition of the Board committees and nominating members of the Board committees. The committee also submitted proposals on candidates for directors, presidents, secretary to the Board and other important management positions.

Regarding compensation, in 2006 the nomination and compensation committee organised the determination of the compensation to directors, supervisors and senior management for 2005, formulated detailed implementation rules for the compensation distribution of directors, supervisors, senior management for 2006, organised the signing of target undertakings with executive directors and senior management, organised the amendment to the measures for compensation allocation of directors, supervisors and senior management, organised the formulation and implementation of liability insurance plans for directors, supervisors and senior employees, and studied the employee share incentive scheme.

Related Party Transactions Committee

Our related party transactions committee consists of three directors: Mr. Song Fengming, Mr. Zhao Lin and Mr. Tse Hau Yin, Aloysius. Our independent non-executive director Mr. Song Fengming currently serves as chairman of our related party transactions committee.

The primary responsibilities of our related party transactions committee include:

- formulating and proposing standards for material related party transactions and the system for management of related party transactions, as well as the internal approval and reporting system of the Bank;
- identifying our related parties;
- receiving reports on related party transactions, and if necessary approving related party transactions; and
- reviewing material related party transactions.

In 2006 pursuant to relevant regulation, the related party transactions committee reviewed related party transactions, amended the measures for the management of related party transactions and submitted it to the Board and general meeting of shareholders for examination and approval. The related party transactions committee also established the

regular reporting system for related party transactions, regularly listened to information on the occurrence of related party transactions and on the progress of relevant work, kept up-to-date on the management of related party transactions, and further clarified the work process and method for identifying related parties.

Board of Supervisors

Responsibilities of the Board of Supervisors

The board of supervisors, being the supervisory authority of the Bank, is accountable to the general meeting of shareholders and performs the following duties in accordance with relevant laws:

- supervising the performance of the Board, senior management and their members;
- requiring the directors, chairman of the Board and senior management to correct their acts that infringe the interests of the Bank and all of its shareholders;
- inspecting and supervising the financial activities of the Bank;
- verifying the financial information, including the financial report, business report and profit distribution proposal, proposed to the general meeting of shareholders by the Board;

- conducting audits on the business decisions, risk management and internal control of the Bank according to its discretion and giving guidance on the internal audit work of the Bank; and
- exercising other powers authorised by the general meeting of shareholders and the Articles of Association of the Bank.

Composition of the Board of Supervisors

Our board of supervisors consists of nine supervisors, comprising four shareholder representative supervisors, namely Mr. Xie Duyang, Ms. Liu Jin, Mr. Jin Panshi and Ms. Chen Yueming, three employee representative supervisors, namely Ms. Cheng Meifen, Mr. Sun Zhixin and Ms. Ning Liming, and two external supervisors, namely Mr. Cui Jianmin and Mr. Guo Feng.

A list of our supervisors and their dates of appointment and biographies are set out in “Profiles of Directors, Supervisors and Senior Management”. The information can also be found on our website at www.ccb.com.

Chairman of the Board of Supervisors

Mr. Xie Duyang is the chairman of the board of supervisors of the Bank and is responsible for organising the performance of duties of the board of supervisors.

Appointment and Re-election of Supervisors

The term of office of supervisors is three years, and they may be re-elected upon expiration of their term of office. Shareholder representative supervisors and external supervisors of the Bank are elected by the general meeting of shareholders, and employee representative supervisors of the Bank are elected by the employees’ representative agency.

In 2006 Mr. Sun Zhixin and Ms. Ning Liming were appointed as employee representative supervisors.

The term of office of the first board of supervisors will end on the date of the forthcoming 2006 annual general meeting, at which the following supervisors (excluding employee representative supervisors) will stand for re-election to the second board of supervisors: shareholder representative supervisors Mr. Xie Duyang, Ms. Liu Jin and Mr. Jin Panshi, and external supervisor Mr. Guo Feng. The supervisors are eligible and have offered themselves for re-election by the shareholders. Mr. Dai Deming will be nominated as external supervisor of the Bank at the forthcoming 2006 annual general meeting.

Operation of the Board of Supervisors

The board of supervisors has regular meetings, generally not less than four times per year, and extraordinary meetings are convened, if and when required. Supervisors are notified in

writing 10 days prior to the convening of the board of supervisors' meeting. Matters concerning such meeting are specified in the written notice. During the meeting, the supervisors are free to express their opinions and decisions on important matters are only made after detailed discussion.

Minutes are prepared for the meetings of the board of supervisors. At the end of each meeting, minutes will be provided to all attending supervisors for examination and comments. After finalising the minutes, the office of the board of supervisors shall be responsible for distributing the final version of the minutes to all supervisors.

The board of supervisors may engage external advisors in legal or accounting areas as it deems necessary to discharge its duties, and the Bank will bear all related expenses. The Bank takes necessary measures and methods to ensure the right of information of the supervisors, and provide relevant information to them in accordance with related regulations.

Members of the board of supervisors attend the Board meeting as non-voting attendees, and the board of supervisors may as it consider appropriate assign supervisors to attend as non-voting attendees such meetings of the Bank as annual work conference, symposia of general managers of branches, analytic meetings on operation conditions, and president executive meetings. The board of supervisors of the Bank conducts supervisory work through methods such as supervisory

testing and surveys, visits and symposia, inspection and review of information, off-site monitoring and analysis, on-site specific inspection, and research in specific areas.

We have supervisors' liability insurance policies in place for all of our supervisors in 2006.

Meetings of the Board of Supervisors

The board of supervisors has convened six meetings during the year 2006. For details, please refer to the "Report of the Board of Supervisors".

Committees under the Board of Supervisors

Two committees, namely the performance and due diligence supervision committee and the finance and internal control supervision committee, are established under the board of supervisors, with different responsibilities, powers and functions.

Performance and Due Diligence Supervision Committee

The performance and due diligence supervision committee consists of six supervisors: Mr. Xie Duyang, Ms. Liu Jin, Mr. Jin Panshi, Ms. Cheng Meifen, Mr. Sun Zhixin and Mr. Guo Feng. Mr. Xie Duyang, the chairman of the board of supervisors, serves as chairman of the performance and due diligence supervision committee.

The primary responsibilities of the performance and due diligence supervision committee include:

- formulating the rules, work plans and proposals in connection with the supervision of the performance and degree of diligence of the Board, the senior management and their members; and implementing such rules, plans and proposals after the board of supervisors' approval;
- giving supervisory opinions on the performance of duties by the Board and senior management as well as the degree of diligence of the directors, the chairman of the Board and senior executives, and proposing the opinions to the board of supervisors for consideration; and
- formulating performance evaluation measures for the supervisors and implementing such measures, and organising implementation upon approval of the board of supervisors.

In 2006 the performance and due diligence supervision committee formulated the annual work plan for performance and due diligence supervision, and organised the implementation of such plan upon approval of the board of supervisors; further standardised and optimised the work rules for performance and due diligence supervision, enriched and reified relevant methods and contents of supervision; reinforced supervision over the implementation of resolutions of the general meeting of shareholders by the Board and the implementation of resolutions of the Board by

the senior management; considered and proposed supervisory opinions on the performance and due diligence of the Board, senior management and their members; and conducted assessment of the performance of the supervisors.

Finance and Internal Control Supervision Committee

The finance and internal control supervision committee consists of six supervisors: Mr. Cui Jianmin, Ms. Liu Jin, Mr. Jin Panshi, Ms. Chen Yueming, Ms. Cheng Meifen and Ms. Ning Liming. External supervisor Mr. Cui Jianmin serves as chairman of the finance and internal control supervision committee.

The primary responsibilities of the finance and internal control supervision committee include:

- formulating the rules, work plans and proposals in connection with the supervision of finance and internal control; and implementing or organising the implementation of such rules, plans and proposals upon the approval of the board of supervisors;
- examining the annual financial reports and business reports of the Bank together with the profit distribution proposals prepared by the Board, and providing suggestions on such reports to the board of supervisors;
- providing supervisory opinions on finance and internal control, and submitting such opinions to the board of supervisors for review; and

- formulating the action plans for the audit of the business decisions, risk management and internal control of the Bank, if necessary, and implementing such plans upon approval of the board of supervisors.

In 2006 the finance and internal control supervision committee formulated specific inspection plans and organised the implementation of such plans upon approval of the board of supervisors; conducted investigation in credit extension and information technology management; reviewed the final accounts, profit distribution plan, and periodic financial statements of the Bank; and proposed supervisory opinions on finance and internal control.

Auditors' Remuneration

At our 2005 annual general meeting held on 15 June 2006, our shareholders approved the Resolution for Appointment of the Auditors for China Construction Bank Corporation and agreed to appoint KPMG Huazhen as our domestic auditors and KPMG as our international auditors for the year 2006; and the directors were authorised to negotiate and determine the fees of such auditors in accordance with market practice.

Auditors' fees for the audit of the financial statements of the Group, including those of the Bank's overseas branches and subsidiaries, for the year ended 31 December 2006 was RMB134 million, of which RMB131 million were the fees paid to KPMG and KPMG Huazhen (including RMB42 million for our interim audit, RMB88 million for our annual audit and RMB1 million for our subsidiaries' annual audit). The total fees paid for non-audit services to KPMG and KPMG Huazhen amounted to RMB4 million in 2006.

Further Information

Shareholding Structure and Shareholders

As of 31 December 2006, we had 224,689,084,000 shares in issue of which approximately 25.92% was held by the public. As at that date, we had a broad base of 68,602 registered shareholders distributed throughout Asia, Europe and North America. The following table shows the distribution of ownership according to our register of members and the participant shareholding report generated from the Central Clearing and Settlement System as at 31 December 2006:

Category	Number of registered shareholders	% of shareholders	Number of shares	% of total issued share capital
Individual investors	68,381	99.67784%	302,888,413	0.1348%
Institutions, corporations, nominees and other non-individual investors (other than our promoters and strategic investors)	214	0.31194%	25,603,606,587	11.3951%
Promoters				
Central SAFE Investments Limited ("Huijin")	1	0.00146%	138,150,047,904	61.4850%
China Jianyin Investment Limited ("Jianyin")	1	0.00146%	20,692,250,000	9.2093%
Shanghai Baosteel Group Corporation	1	0.00146%	3,000,000,000	1.3352%
State Grid Corporation of China	1	0.00146%	3,000,000,000	1.3352%
China Yangtze Power Co. Limited	1	0.00146%	1,600,000,000	0.7121%
Strategic Investors				
BAC	1	0.00146%	19,132,974,346	8.5153%
AFH	1	0.00146%	13,207,316,750	5.8780%
Total	<u>68,602</u>	<u>100%</u>	<u>224,689,084,000</u>	<u>100%</u>

Shareholder Communication

The Bank values communication with shareholders, and exchanges opinions with shareholders through many channels such as general meetings of shareholders, results announcement meetings, road shows, receptions of visitors and telephone enquiries. When publicising annual and interim results, the Bank holds results announcement meetings and analysts' briefings. Relevant results announcements are publicised on designated newspapers and websites. Annual general meetings of shareholders of the Bank present important opportunities for communication with shareholders. Directors,

supervisors and senior management of the Bank attend annual general meetings of shareholders and answer questions from shareholders.

In the "2006 Asian Banks Competitiveness Rankings" jointly initiated by the 21st Century Business Herald, the Faculty of Business Administration of The Chinese University of Hong Kong and Guanghai School of Management of Peking University, the Bank was awarded the "Best Investor Relations Award".

Procedures for Voting by Poll

The procedures for voting by poll, which comply with the Listing Rules and the Articles of Association of the Bank, were set out in every circular sent to shareholders of the Bank during the year of 2006.

Shareholder Enquiries

Any enquiries related to your shareholding, including transfer of shares, change of name or address, loss of share certificates and dividend notes, should be sent in writing to our share registrar at:

Computershare Hong Kong
Investor Services Limited
Rooms 1806–1807, 18th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2862 8628
Facsimile: (852) 2865 0990/(852) 2529 6087

Investor Relations

Enquiries to our Board may be directed to:

Board of Directors Office
China Construction Bank Corporation
No. 25, Finance Street, Xicheng District,
Beijing, China
Telephone: (8610) 6621 5533
Facsimile: (8610) 6621 8888
Email: ir@ccb.com

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China Construction Bank Corporation
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This annual report is available in both English and Chinese. It is also available (in both English and Chinese) on our website at www.ccb.com and that of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

The organisational structure of our Board, the committees under the Board, the board of supervisors, the committees under the board of supervisors, senior management, and the summary of their respective roles and responsibilities are also posted on our website.

If you have any queries about how to obtain copies of this annual report or how to access those documents on our website, please call our hotline at (852) 2532 9637 or (8610) 6621 5533.