You should carefully consider, in addition to the other information contained in this prospectus, the risks described below before making an investment decision. The occurrence of any of the following events could harm us. If these events occur, the trading price of our H shares could decline, and you may lose all or part of your investment.

RISKS RELATING TO OUR LOAN PORTFOLIO

Our historical financial and asset quality data reflect certain significant non-recurring events relating to our non-performing loans.

Our results of operations have been negatively affected by our non-performing loans. The ratio of our non-performing loans to customers, which consist of loans classified as substandard, doubtful or loss, to our total loan portfolio was 3.91% as of June 30, 2005, 3.92% as of December 31, 2004, 4.27% as of December 2003 and 16.97% as of December 31, 2002. Our non-performing loan data for these and earlier years reflect certain non-recurring events that have had a significant impact on our results of operations and financial condition. In 1999, our predecessor, China Construction Bank, disposed of non-performing assets with an aggregate principal amount of RMB 250.0 billion to Cinda, in exchange for a ten-year bond with a face value of RMB 247.0 billion issued by Cinda and RMB 3.0 billion in cash. As part of our restructuring which began in 2003, our predecessor, China Construction Bank, disposed of non-performing loans with an aggregate principal amount of RMB 128.9 billion at 50% of the principal amount as of December 31, 2003. In addition, with the special approval of the PRC government, we wrote off RMB 56.9 billion in non-performing loans as of December 31, 2003. In the absence of such disposals and write-off, the ratio of our non-performing loans to customers to our total loan portfolio as of December 31, 2002, 2003 and 2004 and June 30, 2005 would have been substantially higher. These disposals were made at values higher than the net carrying value of those non-performing loans. In the future, we are unlikely to be able to make disposals or write-offs in such large amounts or on similar terms. As a result, our historical financial and asset quality data must be viewed in light of such disposals and write-offs and may not be indicative of our prospective results of operations and financial condition.

Our allowance for impairment losses may not be adequate to cover future actual losses to our loan portfolio.

As of June 30, 2005, our allowance for impairment losses on loans was RMB 59.0 billion, the ratio of our allowance for impairment losses to total loans to customers was 2.48%, and the ratio of our allowance for impairment losses to non-performing loans was 63.52%. The amount of the allowance is based on our current assessment of and expectations concerning various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment ability and repayment intention, the realizable value of any collateral and the prospect for support from any guarantor, as well as China's economy, government macroeconomic policies, interest rates, exchange rates, and legal and regulatory environment. Many of these factors are beyond our control. If our assessment of and expectations concerning these factors differ from actual developments, or if the quality of our loan portfolio deteriorates, our allowance for impairment losses may not be adequate to cover our actual losses and we may need to make additional provisions for impairment losses, which may materially and adversely affect our results of operations and financial condition.

Our loan classification and provisioning policies are different in certain respects from those applicable to banks in certain other countries or regions.

We classify our loans using a five-category loan classification system, which complies with the CBRC's guidelines. In late 2003, we also began to assess our loans for impairment, determine a level of allowance for impairment losses, and recognize any related provisions made in a year, using the concept of impairment under IAS 39. (For purposes of the consolidated financial statements, the allowance for impairment losses and provisions for impairment losses are presented as if we had assessed our loans for impairment under IAS 39 on a consistent basis for all the periods presented.) Our loan classification and provisioning policies are different in certain respects from those of banks incorporated in certain other countries or regions. As a result, our loan classification as well as our allowance for impairment losses, as calculated under our loan classification and provisioning policies, may differ from the amount which would be reported if we were located in those countries or regions.

Future amendments to IAS 39 and interpretive guidance on its application may require us to change our loan provisioning practice.

We assess our loans for impairment under IAS 39, as revised and in effect since January 1, 2005. The International Financial Reporting Interpretations Committee, or IFRIC, and other relevant accounting standard-setting bodies and regulators have been asked by their constituents to consider providing interpretive guidance relating to the application of IAS 39. We cannot assure you whether the IASB will issue amendments to IAS 39, or the IFRIC or the other relevant accounting standard-setting bodies and regulators will issue authoritative interpretive guidance on the application of IAS 39, relating to loan provisioning. Any such future amendments to IAS 39 and interpretive guidance on the application of IAS 39 may require us to change our current loan provisioning practice and may, as a result, materially affect our financial condition and results of operations.

We have a high concentration of exposures to certain customers and certain sectors.

As of June 30, 2005, our loans to our ten largest single borrowers totaled RMB 98.5 billion, which represented 4.1% of our total loan portfolio and 37.8% of our regulatory capital. As of the same date, our loans to our ten largest group borrowers totaled RMB 241.0 billion, which represented 10.2% of our total loan portfolio and 92.4% of our regulatory capital. We have significant exposures to Chinese state-owned enterprises. A majority of our corporate loans are to corporate entities wholly owned or controlled by the government, and to certain authorized government agencies. If any of the loans to our largest single or group borrowers deteriorate, our asset quality, results of operations and financial condition may be materially and adversely affected.

As of June 30, 2005, our loans to the (i) manufacturing; (ii) transportation, storage and postal services; (iii) power, gas and water; and (iv) property development industries represented 18.0%, 11.6%, 11.1%, and 11.1% of our total domestic loan portfolio, respectively. In addition to property development loans, our exposures to the real estate market in China include residential mortgage loans and significant amounts of collateral in the form of real estate. As of June 30, 2005, residential mortgage loans represented 14.0% of our total domestic loans. If any of these industries in which our loans are highly concentrated experiences a significant downturn, our asset quality, results of operations and financial condition may be materially and adversely affected. In addition, if the real estate market in China experiences a significant downturn, the value of real estate securing loans may decrease, resulting in a reduction in the amount we can recover from liquidating this collateral. This may also materially and adversely affect our asset quality, results of operations and financial condition.

We may be unable to realize the full value of the collateral or guarantees securing our loan portfolio.

A significant percentage of our loan portfolio is secured by collateral. However, the procedures for liquidating or otherwise realizing the value of collateral of borrowers in China may be protracted, and the enforcement process in China may be difficult. As a result, it may be difficult and time-consuming for banks to take control of or liquidate the collateral securing non-performing loans. Furthermore, according to a judicial interpretation issued by the Supreme Court of the PRC, effective January 1, 2005, courts may not foreclose on, auction off, or otherwise liquidate collateral if such collateral is the borrower's essential residence. Accordingly, we may be unable to realize the expected value on collateral in a timely manner or at all.

In addition, a material portion of our loans is secured by guarantees provided by third parties or by affiliates of the borrower. Our exposure to the guarantors is generally unsecured. A significant deterioration in the financial condition of the guarantors may significantly decrease the amounts we may recover from them. Moreover, we are subject to the risk of guarantees being deemed to be invalid. For the foregoing reasons, we are exposed to the risk that we may not be able to recover all or any part of the amount of the guarantees from the guarantors.

RISKS RELATING TO OUR BUSINESS

We may be unable to meet regulatory requirements relating to capital adequacy.

We were required by the CBRC to attain a minimum core capital adequacy ratio of 4% and capital adequacy ratio of 8% beginning in 2004. As of June 30, 2005, our core capital adequacy ratio was 8.11% and our capital adequacy ratio was 10.71%.

In recent years, the PRC government has provided significant financial support to us to enhance our capital adequacy. See "Our Restructuring and Operational Reform." Prior to our restructuring, which began in December 2003, our capital adequacy ratio was lower than 8%. In 2004, we issued subordinated bonds with a total face value of RMB 40.0 billion that qualify as supplementary capital. We may be required to raise additional core or supplementary capital in the future in order to maintain our capital adequacy ratios above the minimum required levels. We do not expect the PRC government to provide additional financial support to us. In addition, our ability to obtain additional capital may be restricted by a number of factors, including:

- our future financial condition, results of operations and cash flows;
- any necessary government regulatory approvals;
- our credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- economic, political and other conditions both within and outside the PRC.

If we require additional capital in the future, we cannot guarantee that we will be able to obtain this capital on favorable terms, in a timely manner or at all. Furthermore, the CBRC may increase the minimum capital adequacy requirements. Accordingly, although we currently meet the applicable capital adequacy requirements, we may face difficulties in meeting these requirements in the future. If we fail to meet the capital adequacy requirements, the CBRC may take certain actions, including restricting our asset growth, suspending all but our low-risk activities and imposing restrictions on the payment of dividends. These actions could materially and adversely affect our reputation, results of operations and financial condition.

Some of our risk management and internal control policies and procedures are newly implemented and neither our compliance with them nor their effectiveness has been fully tested.

We have in the past suffered from credit-quality problems, lapses in credit approval and control processes, internal control deficiencies and operational problems as a result of weaknesses in our risk management controls. We have significantly revised and enhanced our risk management policies and procedures in recent years in an effort to improve our risk management capabilities and enhance our internal controls, including our internal audit function. See "Risk Management — Overview." However, as these policies and procedures are relatively new, we will require additional time to fully measure the impact of, and evaluate compliance with, these policies and procedures. Moreover, our staff will require time to adjust to these policies and procedures and we cannot assure you that our staff will be able consistently to follow or correctly apply these policies and procedures. In addition, our risk management capabilities are limited by the information, tools or technologies available to us. For example, we may not be able to effectively monitor credit risk due to limited information resources or tools. Furthermore, our ability to control market risk and liquidity risk is constrained by the current PRC laws and regulations that restrict the types of financial instruments and investments we may hold. If we are unable effectively to implement the enhanced risk management and internal control policies and procedures, or if the intended results of such policies and procedures are not achieved in a timely manner, our asset quality, results of operations and financial condition may be materially and adversely affected.

We face certain risks relating to a number of operational reform initiatives recently implemented.

We are developing and implementing a number of operational reform initiatives in an effort to become a more competitive and market-oriented company, including those relating to corporate governance and organizational structure. See "Our Restructuring and Operational Reform — Our Operational Reform." If we do not successfully implement all or any of these reform initiatives or, if implemented, these initiatives do not achieve the intended benefits generally or within our desired time frame, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

There have been a number of publicized cases involving fraud or other misconduct by employees or third parties against financial institutions in China, including our bank, in recent years. Fraud and other misconduct by employees or third parties may be difficult to detect and deter and could subject us to financial losses and sanctions imposed by governmental authorities and seriously harm our reputation. Types of misconduct by our employees in the past have included, among other things: theft, embezzlement or misappropriation of customers' funds; mishandling of customer deposits and settlement of payment transactions; improper extensions of credit; improper accounting; fraud; and acceptance of bribes. For certain statistical data relating to misconduct by our employees, see "Risk Management — Operational Risk Management — Reporting and Monitoring of Non-compliance." Types of misconduct by third parties against us include, among other things, fraud, theft, robbery and certain armed crimes. In addition, our employees may commit errors that could subject us to financial claims as well as regulatory actions. Although we are increasing our efforts to detect and prevent employee and outside parties' misconduct and fraud, it is not always possible to detect or deter such activities, and the precautions we take to detect and prevent these activities may not be effective in all cases. We cannot assure you that employee misconduct or third-party fraud, whether involving past acts that have gone undetected or future acts, will not have a material adverse effect on our business, results of operations and financial condition.

We are subject to liquidity risk.

Customer deposits historically have been the main source of our funding. As of June 30, 2005, 92.4% of our total customer deposits had remaining maturities of one year or less or were payable on demand. A substantial proportion of our assets have longer-term maturities, resulting in a mismatch between the maturities of our funding and the maturities of our assets. In our experience, in part due to the lack of alternative investment products in China, our short-term customer deposits have generally not been withdrawn upon maturity and have thus represented a stable source of funding. However, we cannot assure you that this will continue to be the case. If a substantial portion of our depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, our liquidity position, results of operations and financial condition may be materially and adversely affected. We may also need to seek more expensive sources of funding to meet our funding requirements.

Our business is highly dependent on the proper functioning and improvement of our information technology systems.

Our business is highly dependent on the ability of our information technology systems to accurately process a large number of transactions across numerous and diverse markets and products in a timely manner. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks between our various branch outlets and our main data processing centers, is critical to our business and our ability to compete effectively. We have back-up data for our key data processing systems that could be used in the event of a catastrophe or a failure of our primary systems, and have established alternative communication networks where available. However, we do not operate all of our redundant systems on a real-time basis and cannot assure you that our business activities would not be materially disrupted if there is a partial or complete failure of any of these primary information technology systems or communications networks. Such failures could be caused by, among other things, software bugs, computer virus attacks or conversion errors due to system upgrading. In addition, any security breach caused by unauthorized access to information or systems, or intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to remain competitive will depend in part on our ability to upgrade our information technology systems on a timely and cost-effective basis. In addition, the information available to and received by us through our existing information technology systems may not be timely or sufficient for us to manage risks and plan for, and respond to, market changes and other developments in our current operating environment. As a result, we are making and intend to continue to make investments to improve or upgrade our information technology systems. Any substantial failure to improve or upgrade our information technology systems effectively or on a timely basis could materially and adversely affect our competitiveness, results of operations and financial condition.

We are subject to credit risk with respect to certain commitments and guarantees.

In the normal course of our business, we make commitments and guarantees which are not reflected as liabilities on our balance sheet, including providing financial guarantees and letters of credit to guarantee the performance of our customers to third parties, and providing bank acceptances. See "Financial Information — Off-Balance Sheet Commitments." We are subject to credit risk on our commitments and guarantees because certain of our commitments and guarantees may need to be fulfilled as a result of non-performance by our customers. If we are not able to obtain payment from our customers in respect of these commitments and guarantees, our results of operations and financial condition may be materially and adversely affected.

Our expanding range of products and services exposes us to new risks.

We have expanded and intend to continue to expand the range of our products and services. Expansion of our business activities exposes us to a number of risks and challenges, including the following:

- we may have limited or no experience in certain new business activities and may not compete effectively in these areas;
- there is no guarantee that our new business activities will meet our expectations for their profitability;
- we will need to hire or retrain personnel who are able to conduct new business activities; and
- we must continually add to the capability of our risk management and information technology systems to support a broader range of activities.

If we are not able to achieve the intended results in these new business areas, our business, results of operations and financial condition may be materially and adversely affected. In addition, if we fail to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, we may fail to maintain our market share or lose some of our existing customers to our competitors.

We are subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities.

We are subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. During the six months ended June 30, 2005 and the three years ended December 31, 2004, we were on occasion unable to meet certain of these operational requirements and guidelines. For example, as of December 31, 2004, our loans outstanding to three group borrowers were 16.2%, 16.1% and 15.7% of our regulatory capital, respectively, each exceeding the limit of 15% according to regulatory requirements. We have since reduced such excess exposures and, as of June 30, 2005, were in compliance with the 15% limit. We have not been subject to sanctions as a result of our failure to meet certain operational requirements and guidelines. However, we cannot assure you that we will be able to meet these operational requirements and guidelines in the future at all times, or that no sanction will be imposed on us in the future if we fail to do so. If sanctions are imposed on us for the breaches of these or other operational requirements and guidelines, our business, results of operations and financial condition may be materially and adversely affected.

We may be subject to risks related to our former chairman's resignation.

On March 16, 2005, our former chairman, Mr. Zhang Enzhao, resigned from his position with our bank. His resignation cited personal reasons. In June 2005, Mr. Zhang was arrested and is currently being investigated by the PRC Supreme People's Procuratorate for allegedly taking bribes. Based on the information available to us thus far, Mr. Zhang allegedly accepted bribes from two individuals. We have conducted an internal investigation into certain loans made to two companies controlled by these individuals, which were implicated in the alleged bribes, and, to date, nothing has come to our attention to cause us to believe that these loans were extended in violation of our credit approval procedures. As of June 30, 2005, the aggregate principal amount of all our outstanding loans to these two companies totaled approximately RMB 515 million and RMB 50 million, respectively, and were classified as doubtful and substandard, respectively. In addition, according to publicly available information, Mr. Zhang (among other parties) has been sued in an unrelated civil proceeding in a California state court for allegedly interfering with an agreement between two parties relating to certain license fees in connection with our predecessor's purchase of IT equipment by accepting a bribe and certain other favors. We are not a party to that lawsuit. Based on the information available to us thus far, we do not expect Mr. Zhang's resignation or the Supreme People's Procuratorate's investigation of Mr. Zhang to have any material effect on our results of operations or financial condition. However, until the investigation is complete, we are subject to the inherent risk of uncertainty concerning its implications. Depending on the outcome of the investigation of Mr. Zhang, we cannot assure you that Mr. Zhang's resignation may not have an adverse effect on our reputation and prospects.

We do not possess the relevant land use right certificates or building ownership certificates for some of the properties held by us, and we may be required to seek alternative premises for some of our offices due to our landlords' lack of relevant land use right certificates or building ownership certificates.

We lease approximately 9,717 properties in China, primarily as business premises for our branch outlets, accounting for approximately 46.6% of the total number of properties we occupy. See "Business — Properties — Leased Properties." We cannot assure you that all lessors of our leased business premises have the relevant land use right certificates or building ownership certificates. As a result, third parties may be able to challenge the validity of our leases. In addition, we cannot assure you that we will be able to renew our leases on terms acceptable to us upon their expiration. If any of our leases were terminated as a result of challenges by third parties or failure of the lessors to renew them upon expiration, we may be forced to relocate affected branch outlets and, if we fail to find suitable replacement sites on terms acceptable to us, our business, results of operations and financial condition may be materially and adversely affected.

In addition, as of August 31, 2005, we occupied 10,269 parcels of land and owned 11,109 buildings, including 241 parcels of land and 318 buildings for which we do not have the relevant land use right certificates or building ownership certificates. See "Business — Properties — Owned Properties." We are in the process of applying for the relevant land use right and building ownership certificates that we do not yet hold. However, we may not be able to obtain certificates for all of the 241 parcels of land and the 318 buildings due to various title defects or for other reasons. We cannot assure you that our ownership rights would not be adversely affected in respect of any parcels of land or buildings for which we were unable to obtain the relevant certificates.

We are subject to certain risks relating to the bond issued by Cinda.

In 1999, our predecessor, China Construction Bank, received a ten-year bond with a face value of RMB 247.0 billion issued by Cinda and RMB 3.0 billion in cash in exchange for the disposal to Cinda of non-performing assets with an aggregate principal amount of RMB 250.0 billion. See "Our Restructuring and Operational Reform." Cinda's ability to make full and timely payment of interest and principal on the bond depends primarily on the availability of proceeds generated from its disposition of non-performing loans it holds. In the absence of credit support or additional assets, Cinda may not be able to repay the principal or interest on the bond as it becomes due.

In connection with our restructuring, as approved by the State Council, the MOF issued a notice dated September 15, 2004, which provides that (i) beginning January 1, 2005, in the event that Cinda is unable to pay any interest on the bond to us in full, the MOF will provide financial support, and (ii) when necessary, the MOF will provide support with respect to Cinda's repayment of the principal of the bond. We have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that (i) the above-mentioned notice is a valid and effective legal document, (ii) the MOF is not authorized to rescind the notice without the State Council's approval and there is no reason to believe that the State Council will rescind or approve the rescission of the notice, and (iii) the notice should be deemed as support provided by the MOF based on the sovereign credit of the PRC for Cinda's payment obligations with respect to the interest on and principal of the bond.

We believe the MOF will meet its obligations under the notice. However, the notice is not a legally binding guarantee and, as a result, we cannot assure you that we would be able to enforce it under the law.

RISKS RELATING TO OUR RESTRUCTURING AND SEPARATION

Claims may be asserted against us relating to the separation.

We and Jianyin were each incorporated as a result of the separation of our predecessor, China Construction Bank. Under the separation agreement dated September 15, 2004 among Huijin, Jianyin and our bank, we succeeded to the commercial banking business, together with the related assets and liabilities (including the entrusted lending business conducted on behalf of government agencies and corporate entities from October 20, 2000 onwards, and the entrusted provident housing fund mortgage business) of our predecessor, China Construction Bank, as of December 31, 2003, and Jianyin succeeded to our predecessor's remaining business, assets and liabilities. See "Our Restructuring and Operational Reform" and "Relationship with Our Promoters and Connected Transactions."

We have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that (i) the separation was legally and validly completed; (ii) following the separation, we will not have any continuing joint and several obligations to creditors of Jianyin, if their claims arise from the business, assets or liabilities to which Jianyin succeeded; and (iii) the separation agreement is legally binding on and enforceable against the parties to the agreement. However, if Jianyin or any creditor of Jianyin asserts claims against us for disputes arising from the business, assets or liabilities to which Jianyin succeeded, or if claims are made against us for liabilities beyond those to which we agreed to succeed in the separation agreement, we cannot assure you that a court would decide in a manner consistent with Commerce & Finance Law Offices' opinions. If a court were to decide inconsistently with these opinions, our results of operations and financial condition may be materially and adversely affected.

Our principal shareholder is able to exercise significant influence over us.

Our largest shareholder, Huijin, is a state-owned investment company under the direction of the State Council. Immediately following the completion of the Global Offering (assuming that the over-allotment option is not exercised), Huijin will directly own approximately 62.592% of our outstanding shares, and indirectly own an additional 9.375% of our outstanding shares through Jianyin. Accordingly, Huijin will be able to exercise significant influence over our bank, including:

- nominating and electing a majority of our board members and, through the board, exercising significant influence over our management and policies;
- determining the timing and amount of our dividend payments;
- determining our issuance of new securities;

- approving and revising the terms of transactions affecting our bank, including mergers and acquisitions; and
- amending our articles of association.

At times, the interests of Huijin may not be consistent with our interests or those of our other shareholders. For example, it is possible that Huijin may take actions in relation to our business or dividend policy that are not in the best interests of our bank or our other shareholders.

RISKS RELATING TO THE BANKING INDUSTRY IN CHINA

Competition in the banking industry in China is increasing.

The banking industry in China is becoming increasingly competitive. See "Banking Industry in China — Current Competitive Landscape." We currently compete principally with the other three big four commercial banks and other domestic commercial banks. In addition, we expect competition from foreign-invested commercial banks to increase in the future, as regulatory restrictions on their geographical presence, customer base and operating licenses in China are scheduled to be removed by December 2006 as part of China's commitments in its accession to the World Trade Organization, or the WTO. The Mainland and Hong Kong Closer Economic Partnership Arrangement, or CEPA, which allows smaller Hong Kong banks to operate in the PRC, may also increase competition in the PRC banking industry. See "Banking Industry in China — Industry Trends — Greater Foreign Participation." Many of these banks compete with us for substantially the same loan, deposit and fee customers and some of them may have greater financial, managerial and technical resources than we do.

Moreover, the PRC government has, in recent years, implemented a series of measures designed to further liberalize the banking industry, including those relating to interest rates and fee- and commission-based products and services, which are changing the basis on which we compete with other banks for customers. The increased competitive pressure may adversely affect our business and prospects, the effectiveness of our strategies, our results of operations and financial condition by potentially:

- reducing our market share in our principal products and services;
- reducing the growth of our loan or deposit portfolios and other products and services;
- reducing our interest income, increasing our interest expense, and decreasing our net interest margin;
- reducing our fee and commission income;
- increasing our non-interest expenses, such as marketing expenses; and
- increasing competition for qualified managers and employees.

China's banking regulatory environment is continually evolving and may change.

Our business could be directly affected by changes in PRC banking regulatory policies, laws and regulations, such as those affecting the extent to which we can engage in specific businesses, as well as changes in other governmental policies. The CBRC, upon its establishment in 2003, became the primary banking industry regulator and assumed the majority of the bank regulatory functions from the PBOC. Since its establishment, the CBRC has promulgated a series of bank regulations and guidelines. We cannot assure you that the laws and regulations governing the banking sector will not change in the future or that any such changes will not materially and adversely affect our business, results of operations and financial condition, nor can we assure you that we will be able to adapt to all such changes on a timely basis.

We are subject to changes in interest rates and other market risks, which may be beyond our control.

As with most commercial banks, our results of operations depend to a great extent on our net interest income. For the six months ended June 30, 2005 and the year ended December 31, 2004, our net interest income represented 90.1% and 89.0%, respectively, of our operating income. Interest rates in China historically were highly regulated and have been gradually liberalized in recent years. Currently, RMB-denominated loans are subject to minimum rates based on the PBOC benchmark rates, but generally are not subject to maximum rates. RMB-denominated deposits are subject to the PBOC benchmark rates as maximum rates, but generally are not subject to minimum rates. Since January 1, 2002, the PBOC adjusted the overall benchmark rates for RMB-denominated loans and deposits in February 2002 and October 2004 and benchmark mortgage rates in March 2005. In addition, increasing competition in the banking industry and further liberalization of the interest rate regime may result in more volatility in interest rates. Changes in market interest rates could affect the interest rates charged on our interest-earning assets differently from the interest rates paid on our interest-bearing liabilities. Any adjustments to benchmark rates or changes in market interest rates may result in an increase in interest expense relative to interest income, leading to a reduction in our net interest income, which may materially and adversely affect our results of operations and financial condition. Furthermore, we cannot assure you that we will be able to adjust the composition of our assets and liabilities portfolios and our product pricing to enable us to effectively respond to the further liberalization of interest rates.

We also undertake trading and investment activities involving certain financial instruments both in China and abroad. Our income from these activities is subject to volatility, caused by, among other things, changes in interest rates and foreign currency exchange rates. For example, increases in interest rates generally have an adverse effect on the value of our fixed rate securities portfolio, which may materially and adversely affect our results of operations and financial condition. Furthermore, as the derivatives market has yet to fully develop in China, there is limited availability of risk management tools to enable us to reduce market risks.

We face risks relating to the inspections and examinations by PRC and overseas regulatory authorities.

We are subject to periodic or other inspections and examinations by PRC regulatory authorities, including the MOF, the PBOC, the CBRC, the tax authorities and the SAFE, as well as by overseas regulatory authorities for our overseas operations, relating to compliance with the relevant laws, regulations and guidelines. Some of these inspections and examinations have resulted in fines and penalties for cases of non-compliance at our bank. See "Business — Legal and Administrative Proceedings — Administrative Proceedings." These fines and penalties have not, individually or in the aggregate, had a material and adverse effect on our business, results of operations or financial condition. We cannot assure you, however, that future examinations by PRC regulatory authorities would not result in fines and penalties that could materially and adversely affect our reputation, business, results of operations and financial condition.

The PRC's National Audit Office, or the NAO, from time to time performs audits of certain state-controlled companies in China and publishes its audit results. Our predecessor, China Construction Bank, was audited by the NAO in 2002. We have taken certain corrective actions in response to those issues identified in the NAO audit results, including those with a view to strengthening our internal controls. We expect to be audited by the NAO again from time to time. However, we cannot predict the timing or the outcome of our next NAO audit. If, as a result of any such audit, material irregularities or other instances of non-compliance were found to have been committed by us, we may be subject to fines and other administrative penalties, which may result in a material adverse effect on our reputation, as well as our business and prospects.

The effectiveness of our credit risk management is affected by the quality and scope of information available in the PRC.

Nationwide credit information databases are currently being developed by the PBOC. However, due to limitations in the availability of information and the developing information infrastructure in the PRC, these nationwide credit information databases are generally undeveloped. Therefore, our assessment of the credit risks associated with a particular customer may not be based on complete, accurate or reliable information. Without such information and until a unified nationwide credit database on corporate and retail borrowers is fully implemented and effective, we have to rely on other publicly available resources and our internal resources, which may not be as effective as a unified, nationwide credit information system. As a result, our ability to effectively manage our credit risk may be materially and adversely affected.

We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this prospectus with respect to China, its economy or its banking industry.

Facts, forecasts and statistics in this prospectus relating to China, China's economy and the Chinese and global banking industries, including our market share information, are derived from various official and other publicly available sources which are generally believed to be reliable. However, we cannot guarantee the quality and reliability of such official source material. In addition, these facts, forecasts and statistics have not been independently verified by us and therefore we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of possible flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics produced for other economies, and you should not unduly rely upon them.

The ability of our shareholders to pledge their shares is limited by applicable PRC legal and regulatory requirements.

Under the PRC Company Law, we may not accept our shares as collateral to secure any of our loans.

In addition, any shareholder who owns 5% or more of our shares must give prior notice to our board of directors if it wishes to pledge its shares to any other lenders as collateral. See "Regulation and Supervision — PRC Regulation and Supervision — Restrictions on Equity Investments in Banks."

As a result of the foregoing, you may be unable to pledge your shares in our bank as collateral unless you comply with applicable PRC legal and regulatory requirements.

Any acquisition of 5% or more of our total outstanding shares will require the CBRC's prior approval.

Under the current ownership restrictions imposed on investments in commercial banks in the PRC, any natural or legal person intending to acquire 5% or more of the total equity interest of a commercial bank is required to obtain the prior approval of the CBRC. See "Regulation and Supervision — PRC Regulation and Supervision — Restrictions on Equity Investments in Banks." As a result, if one of your investment goals is to acquire a substantial equity interest in us, your goal may not be achieved unless you are able to obtain the prior approval of the CBRC.

RISKS RELATING TO THE PRC

China's economic, political and social conditions, as well as government policies, could affect our business.

Substantially all of our business, assets and operations are located in China. Accordingly, our results of operations, financial condition and business prospects are, to a significant degree, subject to the economic, political and legal developments in China.

China's economy has historically been a planned economy. A substantial portion of productive assets in China is still owned by the PRC government. The government also exercises significant control over China's economic growth through measures such as the allocation of resources, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the government has implemented economic reform measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. Such economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, we may not benefit from all such measures.

The PRC government has the power to implement macroeconomic policies affecting China's economy. The government has implemented various policies in an effort to control the growth rate of certain industries and limit inflation. For example, beginning in the second half of 2003, the government implemented a series of macroeconomic policies, which included raising the benchmark interest rates, increasing the PBOC statutory deposit reserve ratio and imposing commercial bank lending guidelines that had the effect of restricting loans to certain industries. Certain of these macroeconomic policies may materially and adversely affect our asset quality, results of operations and financial condition.

China has been one of the world's fastest growing economies as measured by gross domestic product, or GDP, in recent years. However, China may not be able to sustain such a growth rate. In addition, any future calamities, including, among others, natural disasters and outbreak of contagious diseases may cause a decrease in the level of economic activity and adversely affect economic growth in the PRC, Asia and elsewhere in the world. If China's economy experiences a significant downturn for any of the foregoing reasons, our financial condition and results of operations, as well as our future prospects, would be materially and adversely affected.

Interpretation of PRC laws and regulations may involve uncertainty.

We are organized under the laws of the PRC. The Chinese legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade. However, many of these laws and regulations are relatively new and continue to evolve, are subject to different interpretations, and may be inconsistently enforced. In addition, there is only a limited volume of published court decisions, which in any event may be cited for reference but are not binding on subsequent cases and have limited precedential value. These uncertainties relating to the interpretation of PRC laws and regulations can affect the legal remedies that are available to you and can adversely affect your legal protections.

Our articles of association provide that disputes between holders of H shares and us, our directors, supervisors and officers and the holders of domestic shares, arising out of our articles of association or the PRC Company Law and related regulations, concerning the affairs of our company or with respect to the transfer of our shares, are to be resolved through arbitration by arbitration organizations in Hong Kong or China, rather than by a court of law. Awards that are made by Chinese arbitral authorities recognized under the Hong Kong Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitral awards are also enforceable in China, subject to the satisfaction of certain PRC legal requirements. However, to our knowledge, no action has been brought in China by any holder of H shares issued by a Chinese company to enforce an arbitral award. As a result, we are uncertain whether any action brought in China to enforce an arbitral award made in favor of holders of H shares would succeed.

Unlike in the United States, certain member states of the European Union and Hong Kong, the applicable laws of China do not expressly allow shareholders to sue the directors, supervisors, officers or other shareholders on behalf of the corporation to enforce a claim against these parties that the corporation has failed to enforce itself. You may need to rely on other means in an effort to enforce your rights, such as through administrative proceedings brought by the relevant regulators. PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. Furthermore, you may not have the same protections afforded to a minority shareholder by companies incorporated under the laws of the United States, certain member states of the European Union, or in Hong Kong.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, a majority of our directors, supervisors and executive officers reside in China and substantially all of the assets of such directors, supervisors and executive officers are located in China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon us or such directors, supervisors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in China or Hong Kong of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter may be difficult or impossible.

Although we will be subject to the Hong Kong Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of our H shares on the Hong Kong Stock Exchange, the holders of H shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

Holders of H shares may be subject to PRC taxation.

Under the PRC's current tax laws, regulations and codes, dividends paid by us to holders of H shares outside China are currently exempt from PRC income tax. In addition, gains realized by individuals or enterprises upon the sale or other disposition of H shares are currently exempt from PRC income tax. If the exemptions are withdrawn in the future, holders of H shares may be subject to withholding taxes on dividends, which are currently imposed at the rate of 20%, or income tax on capital gains, which may currently be imposed upon individuals at the rate of 20%. See "Appendix VI — Taxation and Foreign Exchange — PRC."

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders in the future, including in respect of periods which our financial statements indicate that our operations have been profitable. Furthermore, we may not be able to pay any dividends in a given year if (i) we do not have distributable profits as determined under PRC GAAP, even if we have profits for that year as determined under IFRS or (ii) we do not have distributable profits under IFRS, even if we have profits for that year as determined under PRC GAAP. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

In addition, the CBRC has the discretionary authority to prohibit any bank that has a capital adequacy ratio below 8% or a core capital adequacy ratio below 4%, or has violated certain other PRC banking regulations, from paying dividends and other forms of distributions. See "Regulation and Supervision — PRC Regulation and Supervision — Regulations Regarding Capital Adequacy — CBRC Supervision of Capital Adequacy" and "— Principal Regulators — The CBRC."

We are subject to PRC government controls on currency conversion and future movements in exchange rates.

We receive substantially all of our revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments on declared dividends, if any, on our H shares.

Under China's existing foreign exchange regulations, following the completion of the Global Offering, by complying with certain procedural requirements, we will be able to pay dividends in foreign currencies without prior approval from the SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to our shareholders.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's and international political and economic conditions. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our H shares in foreign currency terms. As of June 30, 2005, 9.7% of our assets and 4.6% of our liabilities were denominated in foreign currencies. In an effort to reduce our exchange rate exposure on our U.S. dollar assets, we have purchased an option from Huijin to sell to Huijin in 2007 a maximum of US$22.5 billion at a specified Renminbi-U.S. dollar exchange rate. See "Financial Information — Quantitative and Qualitative Analysis of Market Risk — Exchange Rate Risk" and "Risk Management — Market Risk Management — Exchange Rate Risk Management." We are also required to obtain the approval of the SAFE before converting significant sums of foreign currencies into Renminbi. All these factors could materially and adversely affect our financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H shares may not develop, and their trading prices may fluctuate significantly.

Prior to the Global Offering, no public market for our shares has existed. We cannot assure you that a liquid public market for our H shares will develop or be sustained after the Global Offering. In addition, the offer price of our H shares is expected to be fixed by agreement among the Joint Bookrunners (on behalf of the underwriters) and our bank, and may not be indicative of the market price of our H shares following the completion of the Global Offering. If an active public market for our H shares does not develop after the Global Offering, the market price and liquidity of our H shares may be adversely affected.

Because the initial public offering price of the H shares is higher than the net tangible asset value per share, you will incur immediate dilution.

The initial public offering price of our H shares is higher than the net tangible asset value per share of the outstanding shares issued to our seven existing shareholders. Therefore, purchasers of our H shares in the Global Offering will experience an immediate dilution in net tangible asset value of HK$1.03 per H share (assuming an offer price of HK$2.15, which is the mid-point of our indicative offer price range, and assuming the over-allotment option is not exercised), and our seven existing shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H shares may experience a significant dilution of their interest if we obtain additional capital in the future.

There will be a five business day time gap between pricing and trading of our H shares offered in this offering.

The initial price to the public of our H shares sold in the Global Offering will be determined on the date of pricing. However, our H shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our H shares during that period. Accordingly, holders of our H shares are subject to the risk that the trading prices of our H shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Dividends declared in the past may not be indicative of our dividend policy in the future.

The cash dividends we distributed in respect of the year ended December 31, 2004 represented 5.9% of our net profit under IFRS for 2004. A declaration of dividends is proposed by our board and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects and other factors which our board may determine are important. For further details of our dividend policy, see "Financial Information — Dividend Policy." We cannot guarantee if and when we will pay dividends in the future.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including in the *South China Morning Post*, *Hong Kong Economic Journal*, *Ming Pao*, *The Sun*, *The Oriental Daily*, *The Apple Daily*, *The Sing Tao Daily* and *Sing Pao Daily News* on September 27, 2005, which included certain financial information, financial projections, valuations and other information about us that does not appear in our prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our H shares, you should rely only on the financial, operational and other information included in this prospectus.