OVERVIEW

We recently established strategic relationships with Bank of America and Temasek as part of our efforts to accelerate our transformation into an internationally competitive and modern commercial bank.

On June 17, 2005, we entered into an investment agreement and a strategic assistance agreement with Bank of America, pursuant to which Bank of America agreed to purchase a number of our shares in the Global Offering and to provide us with strategic assistance in several areas of our business. Concurrently, Huijin entered into a share and option purchase agreement with Bank of America, pursuant to which Bank of America purchased from Huijin a number of our shares and an option to purchase additional shares of our bank. On August 29, 2005, Bank of America completed its purchase of 17,482,209,346 shares, representing 9.0% of our outstanding shares prior to the Global Offering, from Huijin.

Bank of America, one of the world's largest financial institutions, is a U.S. banking corporation which provides individual consumers, small and middle market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk-management products and services. Bank of America manages the largest retail branch network in the United States, serving 33 million customer relationships with more than 5,800 retail banking offices, has extensive experience in developing and marketing innovative financial products, and has proven expertise in developing and applying sophisticated risk management tools, policies and procedures.

Bank of America's strengths in risk management and consumer banking, product expertise, technology and experience will be valuable to us in achieving our strategic objectives in China. We believe our respective corporate cultures are based on similar values and provide a firm foundation for our strategic relationship.

On July 1, 2005, we entered into an investment agreement with a wholly-owned subsidiary of Temasek, AFH, pursuant to which AFH agreed to purchase a number of our shares in the Global Offering. On the same date, Huijin entered into a share purchase agreement with AFH, pursuant to which AFH purchased from Huijin a number of our shares. In addition, we and AFH expect to enter into a separate agreement under which AFH will provide us with technical assistance in a number of areas. On August 29, 2005, AFH completed its purchase of 9,905,742,750 shares, representing 5.1% of our outstanding shares prior to the Global Offering, from Huijin.

Temasek is an investment company headquartered in Singapore. It manages a diversified global portfolio of approximately US$62.7 billion as of March 31, 2005, with investments in Singapore, China, other Asian countries and the Organization for Economic Co-operation and Development economies. Temasek's investments are in a range of industries, including telecommunications and media, financial services, property, transportation and logistics. Its investments in the financial services sector include its shareholding in DBS Group Holdings Ltd. Through its wholly-owned subsidiary, AFH, Temasek continues to invest in financial institutions in Asia. We believe Temasek's expertise in the Asian financial services sector will be of invaluable assistance to us.

OUR STRATEGIC RELATIONSHIP WITH BANK OF AMERICA

Investments in Our Shares

On August 29, 2005, under the share and option purchase agreement between Huijin and Bank of America, (i) Bank of America purchased 17,482,209,346 of our shares from Huijin, which represent 9.0% of our outstanding shares prior to the Global Offering and will be converted into H shares upon completion of the

Global Offering, and (ii) Huijin granted Bank of America a call option entitling Bank of America to purchase from Huijin an aggregate number of our H shares equal to 19.9% of our issued and outstanding shares as of the closing date of the Global Offering, less any shares already owned by Bank of America as of that date. Bank of America paid US$2.5 billion in cash to Huijin for this purchase of shares and the grant of the call option. The number of shares purchased by Bank of America was determined by dividing US$2.5 billion by 1.15 times our book value per share as of December 31, 2004, as determined by reference to our IFRS financial statements for the year ended December 31, 2004 and converted into U.S. dollars on the basis of an agreed reference rate. Under our investment agreement with Bank of America, Bank of America will purchase in the Global Offering the number of our H shares that can be purchased for US$500 million at the offer price. Based on an offer price of HK$2.15, which is the mid-point of our indicative offer price range, Bank of America will purchase 1,806,813,000 H shares in the Global Offering, representing 0.819% of our outstanding shares upon completion of the Global Offering (assuming the over-allotment option is not exercised).

The Call Option Granted by Huijin

The call option may be exercised, in whole or in part, at any time following the closing date of the Global Offering, and will expire on March 1, 2011. Subject to adjustments described in "— Adjustments in Connection with Shares and Call Option Acquired from Huijin," the exercise price per share of the call option will be the greater of:

- the offer price per share under the Global Offering until August 29, 2007, increasing to 103.00% of that price on or after August 29, 2007; 107.12% of that price on or after August 29, 2008; 112.48% of that price on or after August 29, 2009; and 118.10% of that price on or after August 29, 2010; and
- 1.2 times our book value per share as of the date of exercise, based on our most recent audited financial statements.

The exercise price of the call option may be below or above the market price of our H shares at the time of exercise.

The exercise of the call option will be subject to customary conditions, including obtaining any necessary consents, and will be effected through the delivery of a notice specifying the number of shares in respect of which the option is being exercised. No additional PRC regulatory approval is needed for the exercise of the call option. See "— Regulatory Matters."

Adjustments in Connection with Shares and Call Option Acquired from Huijin

The purchase price for the shares acquired from Huijin on August 29, 2005 is subject to adjustment. At any time before August 29, 2010, in the event of a restatement or modification of our financial statements for the year ended December 31, 2004 which would result in a change in our book value per share as of December 31, 2004, for reasons other than a change in the accounting principles comprising IFRS, either Huijin or Bank of America will be entitled to a purchase price adjustment. The number of shares Bank of America acquired from Huijin will be recomputed using the revised book value per share; and the difference between the number of shares based on the original book value per share and the number of shares based on the revised book value per share will be delivered to the party entitled to the adjustment. If the revised book value per share as of December 31, 2004 is higher than the original book value per share as of that date, Bank of America must return the relevant number of shares to Huijin. Conversely, if the revised book value per share as of December 31, 2004 is lower than the original book value per share as of that date, Huijin must deliver the relevant number of shares to Bank of America. There is no compensation ceiling set for such an adjustment. However, in the event a price adjustment resulted in Bank of America holding more than 19.9% of our shares, Bank of America would be required, absent a change in current PRC law and regulations, to dispose of any such excess shares. If this occurred during Bank of America's lock-up period described in "— Lock-up" below, Bank of America would have the ability to sell the shares back to Huijin pursuant to a specific exception to the lock-up arrangements.

The exercise price of the call option is subject to adjustment in similar circumstances. Within five years following any exercise of the option where the exercise price is based on our book value per share, in the event of a restatement or modification of our financial statements from which the book value per share was derived which would result in a change in our book value per share for reasons other than a change in the accounting principles comprising IFRS, either Huijin or Bank of America will be entitled to an exercise price adjustment. The exercise price, pursuant to the formula described above, will be recomputed using the revised book value per share; and the difference between the aggregate exercise price for the number of shares in respect of which the option was exercised based on the original book value per share and the aggregate exercise price for such shares based on the revised book value per share will be paid in cash to the party entitled to the adjustment. If the revised book value per share as of the relevant date is higher than the original book value per share as of that date, Bank of America must pay Huijin in cash an amount equal to the difference in the aggregate exercise price for the number of shares in respect of which the option was exercised. Conversely, if the revised book value per share as of the relevant date is lower than the original book value per share as of that date, Huijin must pay Bank of America in cash an amount equal to the difference in the aggregate exercise price for the number of shares in respect of which the option was exercised. There is no compensation ceiling set for such an adjustment.

In addition, the exercise price of the call option is subject to customary anti-dilution adjustments in the event of (i) any subdivision (including dividends or distributions in the form of shares) of our shares without consideration, or any combination of our shares, or (ii) our issuance of additional shares, securities convertible into or exchangeable for our shares, or options to purchase our shares, in each case for a consideration per share less than the call option exercise price and the fair market value per share at the time of issuance. These adjustments are subject to certain exceptions, including issuances of securities pursuant to employee benefit plans or underwritten capital raising transactions in which any discount is consistent with then prevailing market practices and less than 5% of the fair market value per share. The price adjustment mechanism provides for a proportional reduction (in the case of a subdivision) or increase (in the case of a combination) of the call option exercise price in the circumstances described in (i) above, and a reduction of the call option exercise price in the circumstances described in (ii) above to mitigate the dilutive effects of any such issuance.

Effect of Huijin Undertaking to Hong Kong Stock Exchange on Call Option and Adjustments

As described in "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules — By Huijin", Huijin has undertaken to the Hong Kong Stock Exchange that, for a period of six months following the date of our listing on the Hong Kong Stock Exchange, it will not dispose of any shares of our bank. By its terms, Huijin's commitment would prohibit it from delivering shares to Bank of America upon an exercise by Bank of America of its call option or the occurrence of a purchase price adjustment. Bank of America has accordingly agreed with Huijin that it will not exercise its call option during this six-month lock-up period. In addition, Bank of America and Huijin have agreed that, in the event of a purchase price adjustment requiring Huijin to deliver shares to Bank of America during the six-month lock-up period, the shares will be delivered as soon as practicable following the expiry of the lock-up period.

Preemptive Rights Granted by Huijin

Until the call option expires or is exercised in full, and subject to exceptions for the Global Offering, issuances under any employee benefit plans, and any share subdivisions or pro rata share distributions, Bank of America has pre-emptive rights entitling it to purchase from Huijin up to 19.9% of any new shares we sell or issue. In connection with any offerings made available to all our shareholders, however, Bank of America may only exercise its pre-emptive rights with respect to Huijin to the extent it places an order for shares in such offering and is unable to purchase our shares on the same terms and conditions as offered to other purchasers in the offering.

Share Repurchase and Issuance Matters

For as long as Bank of America, together with its direct and indirect wholly-owned subsidiaries, owns at least 5% of our outstanding shares, we have agreed not to redeem or repurchase or offer to make any payments in respect of our shares other than on a pro rata basis to all our shareholders. We have also agreed, primarily to accommodate certain requirements under the U.S. Bank Holding Company Act of 1956 applicable to Bank of America, not to repurchase our shares or take any action that could cause Bank of America's percentage ownership of our shares to increase or otherwise trigger certain applications of the U.S. Bank Holding Company Act, without the prior consent of Bank of America. We have further agreed not to issue any shares of capital stock or convertible or exchangeable securities that would result in a restriction on Bank of America's ability to exercise its call option.

Strategic Assistance

We and Bank of America have entered into an exclusive agreement pursuant to which Bank of America has agreed to provide us with strategic assistance in the following areas, as part of our overall effort to adopt international best practices in our businesses:

- risk management, focusing on strengthening our risk management, developing a comprehensive risk management framework, and improving our measurement and monitoring of credit, market and operational risk;
- corporate governance and management, focusing on such projects as establishing a management framework for corporate and retail business units, enhancing our investor relations function, improving our human resources policies and procedures, and enhancing our financial reporting and management;
- credit cards, focusing on strengthening our capability in credit card product design and marketing, improving our credit card core and supporting systems, improving the operation and management of our back office, and increasing our customer satisfaction;
- consumer banking, focusing on such projects as personal banking product development, high net worth customer services and products, other personal loan products, cross-selling capabilities, branch function enhancement, and a small enterprise customer business model;
- global treasury services, focusing on such projects as strengthening our corporate client treasury management model;

- information technology, focusing on projects related to our customer relationship management, data warehousing, internet banking, call center, and disaster recovery, as well as providing advice and assistance with respect to our IT systems management; and
- any other areas we and Bank of America may identify and agree on from time to time.

As part of its strategic assistance, Bank of America has agreed that approximately 50 of its personnel will assist us in reviewing, enhancing or developing policies, procedures and practices for our operations. Bank of America will not oversee or manage our operations, which will remain solely our responsibility. In addition, senior representatives of our bank and Bank of America will meet periodically to review the status and progress of the strategic assistance.

We and Bank of America have agreed that the strategic assistance arrangements may be terminated by either party, among other reasons, (i) on the later of (A) August 29, 2012 and (B) the date on which Bank of America, together with its directly and indirectly wholly-owned subsidiaries, ceases to own at least 5% (assuming that any options held by Bank of America have been exercised in full) of our issued and outstanding shares, (ii) upon a change in control of our bank.

In connection with the Bank of America personnel who will assist us, we will reimburse Bank of America for certain out-of-pocket, compliance-related and other costs and expenses related to the assignment of the personnel in China or other country outside the United States. We are not obligated to pay any other consideration to Bank of America under the strategic assistance agreement.

Corporate Governance

As part of our strategic relationship with Bank of America, we and Huijin granted certain corporate governance rights to Bank of America which have been reflected in our articles of association. For a summary of the provisions of our articles of association, see Appendix VIII — "Summary of Articles of Association."

Our articles of association provide that each holder of at least 5% of our shares has the right to nominate any number of candidates for election to our board of directors at a shareholders' meeting. If Bank of America owns at least 5% of our outstanding shares, it is entitled, under the agreement with Huijin, to nominate one individual for election to our board of directors and to have that individual serve on our audit committee and nomination and compensation committee. If Bank of America beneficially owns at least 15% (assuming its call option has been fully exercised) of our outstanding shares, it is entitled, under the agreement with Huijin, to have its board nominee serve on our strategy development committee. Huijin has agreed to take all necessary actions, including voting its and its subsidiaries' shares in our bank in favor of any proposal voted upon by shareholders, to facilitate the nomination and election of the director nominated by Bank of America (or his replacement in the event the director ceases to serve for any reason), the director's continued membership on our board and the director's membership on the relevant board committees.

For as long as Bank of America, together with its direct or indirect wholly-owned subsidiaries, owns at least 5% of our shares, we have agreed to use our reasonable best efforts, to the fullest extent permitted by PRC law and the Hong Kong Listing Rules, to prevent any amendment to our charter documents (consisting of our articles of association, bylaws for shareholders, bylaws for our board of directors, and bylaws for our board of supervisors) with respect to the following provisions if such an amendment were adverse to the rights of Bank of America:

- our board of directors is to consist of 16 directors, at least two-thirds of whom must be non-executive directors; except that we have the right to amend our charter documents at any time to permit our board of directors to consist of no fewer than 15 and no more than 19 directors;
- the audit and compensation committees of our board of directors are to consist of no fewer than five directors and must be chaired by a non-executive director;
- each holder of at least 5% of our shares has the right to nominate any number of candidates for election to our board of directors at a shareholders' meeting;
- we may enter into indemnification agreements with our directors in accordance with customary practices; and
- the provisions listed above, and any other provisions of our charter documents relating to corporate governance, may not be amended without the consent of holders of at least $66\frac{2}{3}\%$ of our shares present at the relevant shareholders' meeting.

However, under PRC laws and our articles of association, we may not prevent our shareholders from duly exercising their rights as shareholders, including the right to amend the articles of association. Our directors must also exercise their fiduciary duties to treat all shareholders equally and must comply with PRC laws and our articles of association in considering proposals to amend our articles of association. Accordingly, we have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that any amendments to our articles of association made in accordance with PRC laws and our articles of association would not constitute a breach of contract and would not entitle Bank of America to make a contractual claim for damages against us.

We have agreed, to the extent permitted by applicable law (including the Hong Kong Listing Rules), to facilitate the implementation of the agreements that Huijin has made with Bank of America in connection with the foregoing board matters. We have further agreed to provide the director nominated by Bank of America with the same information as we provide to our other directors.

Consistent with PRC laws and our articles of association, any Bank of America nominee for election to our board must be elected by our shareholders and approved by the CBRC. Pursuant to our articles of association, representation by Bank of America on any of our board committees must be approved by our board of directors.

Lock-up

Subject to the exceptions described below, Bank of America entered into lock-up arrangements with us for the following periods, during which it may not transfer shares subject to the arrangements without our prior written consent: (i) for the 17,482,209,346 shares purchased from Huijin on August 29, 2005 (including any shares acquired by Bank of America pursuant to any subsequent purchase price adjustment) and any H shares purchased in the Global Offering, until three years after the closing date of the Global Offering; (ii) for any H shares purchased from Huijin pursuant to the exercise of the call option, until August 29, 2011; and (iii) for any H shares purchased under the pre-emptive rights granted by Huijin, until three years after the purchase thereof by Bank of America. There are exceptions to these lock-up arrangements for: (i) transfers of shares to Huijin, us or our subsidiaries; (ii) intra-group transfers; (iii) transfers pursuant to any takeover bid, merger, consolidation or similar transaction that is approved or recommended by our board of directors and offered to our shareholders generally; and (iv) transactions entered into in the ordinary course of Bank of America's asset management, fiduciary, brokerage, underwriting, dealing or securities trading business and not for the purpose of avoiding the lock-up arrangements.

In addition, Bank of America has agreed with China International Capital Corporation Limited, China International Capital Corporation (Hong Kong) Limited and Morgan Stanley Dean Witter Asia Limited that, without consents of China International Capital Corporation Limited and Morgan Stanley Dean Witter Asia Limited and subject to an exception for intra-group transfers, it will not dispose of any of the above-mentioned shares for a period of one year.

Our consent to any release of Bank of America from its lock-up obligations, as well as the exceptions to its lock-up obligations, are subject to applicable requirements under the Hong Kong Listing Rules.

Other Arrangements

Bank of America's Business Obligations

As part of its strategic arrangements with us, Bank of America has agreed not to acquire, directly or indirectly, any interest in a banking institution based in the PRC and organized under PRC law that is engaged in the retail banking business, nor to enter into any similar strategic assistance agreement or relationship with any other commercial banking institution in the PRC. Bank of America has further agreed to cease to conduct its existing retail banking operations in the PRC and not to commence new retail banking operations directly in the PRC. Bank of America, however, may maintain the minimum number of existing branches in the PRC required to conduct its global wholesale corporate business servicing its global clients.

Apportionment of Dividends

Huijin and Bank of America have agreed to apportion certain dividends on our shares as follows:

- Bank of America is not entitled to any dividends declared or paid with respect to our shares prior to August 29, 2005.
- If we declare or pay any dividend in the period beginning on August 29, 2005 and ending on the date immediately preceding the date of the Global Offering in respect of income for the period beginning on July 1, 2005 and ending on the date immediately preceding the Global Offering, Bank of America is entitled only to the portion of such dividend per share in respect of any of our shares it purchased from Huijin equal to the amount determined pursuant to the following formula:

$$\text{Dividend declared per share} \times \frac{\text{Number of days in the period beginning on August 29, 2005 and ending on the date immediately preceding the date of the Global Offering}}{\text{Number of days in the period beginning on July 1, 2005 and ending on the date immediately preceding the date of the Global Offering}}$$

Any portion of such dividend to which Bank of America is not entitled will be paid to Huijin. Applying the foregoing formula to the RMB 3.1 billion special dividend described in "Summary — Dividend Policy" and "Financial Information — Dividend Policy," Bank of America is entitled to a dividend in the amount of approximately RMB 139.5 million.

- Bank of America is entitled to the full amount of any dividend declared or paid on our shares held by Bank of America in respect of income for any period commencing on or after the date of our Global Offering.
- Dividends on our shares acquired from Huijin pursuant to an exercise of the call option in respect of income for the year in which Bank of America acquires such shares will be allocated as follows: (i) if such shares are acquired between January 1 and June 30, Bank of America will be entitled to receive all such dividends in respect of the income for such year and (ii) if such shares are acquired between July 1 and December 31, each of Bank of America and Huijin will be entitled to one half of all such dividends in respect of the income for such year.

Registration Rights

Bank of America has the right to register the shares in our bank that it holds in the event we were to register our shares with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934. We have no present intention to register our shares in the United States.

Information Rights

We have agreed to provide Bank of America with our financial statements for the year ended December 31, 2004 and the related audit report issued by our outside auditors. For subsequent fiscal years, we have agreed to provide Bank of America with an audit opinion issued by one of the five largest independent accounting firms worldwide with respect to our consolidated balance sheet and consolidated income statement, each prepared in accordance with IFRS. The information provided to Bank of America pursuant to these information rights is or will be publicly available.

Annual Certificate

Primarily to accommodate certain U.S. bank regulatory requirements applicable to Bank of America, we have agreed to provide Bank of America with an annual certificate signed by an authorized senior executive of our bank with respect to such issues as the proportion of our consolidated assets and consolidated revenues that is attributable to activities not wholly within the scope of our principal business in China.

Other

Banc of America Securities LLC, an affiliate of Bank of America, is a member of the underwriting syndicate in relation to the International Offering.

Arrangements Lapsing before or upon Completion of the Global Offering

In addition to the arrangements mentioned above, we and Huijin granted Bank of America a number of rights that have either lapsed or will lapse upon completion of the Global Offering, as follows:

(i) rights granted by us:

- the right and obligation to purchase our shares in the Global Offering, which lapses upon completion of the Global Offering;
- the right of access to us and information about us, which (except for the survival of the rights relating to certain information and an annual certificate described above) lapsed on August 29, 2005; and

- mutual exclusivity rights in connection with certain other strategic investments in our bank, which lapsed on August 29, 2005;

(ii) rights granted by Huijin:

- mutual exclusivity rights in connection with certain other strategic investments in our bank, which lapsed on August 29, 2005; and
- "tag along" rights entitling Bank of America, in the event Huijin sells all or a portion of our shares that it holds, to sell a similar proportion of our shares that Bank of America holds. These rights lapse upon completion of the Global Offering.

OUR STRATEGIC RELATIONSHIP WITH TEMASEK

Investments in Our Shares

Pursuant to an agreement we have entered into with AFH, Temasek's wholly-owned subsidiary, AFH will purchase in the Global Offering the number of our H shares that can be purchased for US$1.0 billion at the offer price. Based on an offer price of HK$2.15, which is the mid-point of our indicative offer price range, AFH will purchase 3,613,627,000 H shares in the Global Offering, representing 1.637% of our outstanding shares upon completion of the Global Offering, (assuming the over-allotment option is not exercised). Huijin has also entered into an agreement with AFH, pursuant to which, on August 29, 2005, AFH paid Huijin US$1.466 billion in cash to acquire 9,905,742,750 of our shares from Huijin, based on a purchase price of 1.19 times our book value per share as of December 31, 2004, as determined by reference to our IFRS financial statements for the year ended December 31, 2004. The shares purchased from Huijin will be converted into H shares upon completion of the Global Offering.

We have made an application to the Hong Kong Stock Exchange to allow one or more affiliates of Temasek (other than AFH) to purchase a number of our H shares (in addition to the investment described above) in the International Offering. If this application is approved and additional H shares are allocated to Temasek's affiliate(s), details of the allocation will be disclosed in our announcement of the results of allocations in the Global Offering. See "Structure of the Global Offering — Pricing and Allocation — Announcement of Offer Price and Basis of Allocations."

Technical Assistance

AFH has agreed with us to negotiate in good faith a separate agreement under which AFH would provide technical assistance to us.

Board Matters

Consistent with our articles of association, if AFH owns at least 5% of our total outstanding shares, it has the right to nominate a representative for election to our board. We have agreed to provide the director nominated by AFH with the same information as we provide to our other directors. In addition, in its agreement with Huijin, AFH has agreed that, so long as it owns at least 5% of our total outstanding shares, it will not vote to remove any director nominated by Huijin, unless it is pursuant to Huijin's request.

Lock-up

We, Huijin and China International Capital Corporation, China International Capital Corporation (Hong Kong) Limited, Morgan Stanley Dean Witter Asia Limited and Morgan Stanley & Co. International Limited have entered into a series of lock-up arrangements with AFH.

With respect to the shares AFH purchased from Huijin on August 29, 2005 and the H shares AFH will purchase from us in the Global Offering, AFH may not, without the prior written consent of China International Capital Corporation and Morgan Stanley Dean Witter Asia Limited, transfer any such shares, except for intra-group transfers, until one year after the closing date of the Global Offering.

With respect to the 9,905,742,750 shares AFH purchased from Huijin on August 29, 2005, AFH may not, without the prior written consent of Huijin, transfer any such shares prior to August 29, 2008, unless the transfer is (i) pursuant to a transfer request which we and Huijin are required in good faith to consider, at any time after the closing date of the Global Offering, (ii) for up to 4,952,871,375 of our shares at any time after August 29, 2007, or (iii) an intra-group transfer. Huijin has agreed to exercise its voting rights as our shareholder and procure that the directors nominated by Huijin will exercise their voting rights in favor of any resolution relating to any transfer of shares permitted under the lock-up arrangements with Huijin.

With respect to the H shares AFH will purchase in the Global Offering, AFH may not, without our prior written consent, transfer any such shares, except for intra-group transfers, until one year after the closing date of the Global Offering. Our consent to a release of AFH from its lock-up obligations will be subject to applicable requirements under the Hong Kong Listing Rules.

Apportionment of Dividends

Huijin and AFH have agreed to apportion certain dividends on our shares as follows:

- AFH is not entitled to any dividends declared or paid with respect to our shares prior to August 29, 2005.
- If we declare or pay any dividend in the period beginning on August 29, 2005 and ending on the date immediately preceding the date of the Global Offering in respect of income for the period beginning on July 1, 2005 and ending on the date immediately preceding the Global Offering, AFH is entitled only to the portion of such dividend per share in respect of any of our shares it purchased from Huijin equal to the amount determined pursuant to the following formula:

$$\text{Dividend declared per share} \times \frac{\text{Number of days in the period beginning on August 29, 2005 and ending on the date immediately preceding the date of the Global Offering}}{\text{Number of days in the period beginning on July 1, 2005 and ending on the date immediately preceding the date of the Global Offering}}$$

  Any portion of such dividend to which AFH is not entitled will be paid to Huijin. Applying the foregoing formula to the RMB 3.1 billion special dividend described in "Summary — Dividend Policy" and "Financial Information — Dividend Policy," AFH is entitled to a dividend in the amount of approximately RMB 79.1 million.

- AFH is entitled to the full amount of any dividend declared or paid on our shares held by AFH in respect of income for any period commencing on or after the date of our Global Offering.

REGULATORY MATTERS

The strategic arrangements with Bank of America and AFH have been approved by the PRC State Council and the CBRC. No further PRC regulatory approval is needed in connection with these arrangements.

The investments by Bank of America and AFH in our bank are subject to the prohibition under PRC law on any single foreign investor holding 20% or more of the share capital of a domestic bank. See "Regulation and Supervision — PRC Regulation and Supervision — Restrictions on Equity Investments in Banks."