

OTHER FINANCIAL SERVICES

In order to better serve our customers, we strive to make more services and products available to them. Especially during the early stage of our collaboration with clients and potential clients, the availability of these additional services can play a significant role in securing a project finance mandate. In the near-term, one of our objectives is to increase the scope of our services. As an example, by leveraging our capabilities in underwriting the debt securities of our clients, we believe that we can build a viable investment banking practice. We view CDB as more than the project finance arm of the Chinese government. We believe that our role in actively promoting the growth and diversification of China's capital markets will enable us to maintain our relevance in China's economy long into the future.

FINANCIAL ADVISORY SERVICES

Financial advisory services play an important role in attracting and retaining customers. In 2003, we signed a total of 219 agreements with local governments or large state-owned enterprises to provide financial advisory services. Below are some of the examples of projects that were financed by this incremental lending:

Beijing Olympics 2008 - The Bank has joined with international consultants in providing financial advisory services related to the construction projects for the Beijing Olympics 2008 ("Construction Projects"). These services include monitoring of the bidding progress for the Construction Projects, providing funding and financial advices to corporate entities managing the Construction Projects and ensuring that the funding needs of the Construction Projects are efficiently coordinated and the usage of the fund is strictly in accordance with the original plan.

To help ensure the success of Beijing Olympic Games in 2008, the Bank organized an experienced team of financial professionals to advise the Beijing Planning Committee in developing the plans for infrastructure construction in the capital, including the reform of local infrastructure finance entities. Significant elements of the infrastructure development initiative include highway and rail transit system construction. The financing plan submitted by the Bank was highly regarded by the municipal government.

Shanghai World Expo 2010 - The Bank has formed a team of experienced professionals to advise local officials in defining the financing needs of the Shanghai World Expo 2010 and related urban infrastructure construction. We hope to be appointed, with internationally recognized organizations, as joint financial advisors to the Shanghai World Expo 2010.

Chongqing Road Construction - The Bank supports the Chongqing High-level Road Construction and Investment Co., Ltd. (CHRCI) by acting in a financial advisory role in connection with the financing of road construction projects in Chongqing. The scope of services covers the design of a financing infrastructure and the development of a financing plan for the various road and highway construction projects to be undertaken by CHRCI.

DEBT-TO-EQUITY SWAPS

Our activities in this area were mainly focused on the management of the existing equity investments and asset resolution. We completed four new transactions during 2003, with total value of RMB 1.9 billion. In addition, a total of nine disposals of equity securities, with a carrying value of RMB 1.9 billion, were executed during the year. Our asset resolution has always been pursued with the objectives of developing new projects, supporting and maintaining meaningful relationships with our customer, and further enhancing the competitiveness of our bank. To improve our relationships with these customers, we delegated the front line communication in this area to the branches. This change in our customer service approach helped us develop further opportunities for the cross-selling of other services and products of our bank.

BOND UNDERWRITING

As one of the largest debt issuers in the domestic bond market, our bond underwriting business has remained stable and strong. In 2003, we became the largest issuer, in terms of both the number and volume of issuance, in the domestic bond market for the first time. We completed 12 successful offerings during the year, of which, three as the lead underwriter and three as co-lead underwriter. During 2003, our total underwriting reached RMB 4.7 billion, an increase of 7% compared with 2002. The fee income related to our bond underwriting was RMB 42.3 million in 2003.

FUND MANAGEMENT

In March 2003, the Sino-Swiss Venture Capital Fund Management Company (SSVC), the first Sino-foreign investment fund management company of its kind, commenced its operations. As a fund manager, SSVC is responsible for the management of the Sino-Swiss Partnership Fund ("SSPF"), and to provide related advisory services. In 2003, relevant government authorities approved the application for the second injection of capital to SSPF. The first tranche of Swiss Francs 31.3 million was fully paid in January 2001. A portion of the second tranche in the amount of Swiss Francs 8.3 million was contributed in December 2003, and the company has already made an investment in one new project during the year.