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招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 3968)

CONTINUING CONNECTED TRANSACTIONS

The Company has respectively concluded the negotiation with CIGNA and CMC Life Insurance, China Merchants Fund Company and CM Securities to renew the Insurance Sales Co-operation Agreement, Investment Fund Agency Sales Agreement and Co-operation Agreement for the respective terms of 3 years, 3 years and 3 years, all commencing from 1 January 2009 and expiring on 31 December 2011.

Since the annual caps of the service fees under Insurance Sales Co-operation Agreement, Investment Fund Agency Sales Agreement and Co-operation Agreement for each of 2009, 2010 and 2011 shall be less than 2.5% of the relevant percentage ratio calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, those transactions will accordingly be subject only to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement.

CONTINUING CONNECTED TRANSACTIONS WHICH ARE EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

(1) Services for sale of insurance products with CIGNA and CMC Life Insurance

Pursuant to a share transfer agreement entered into between Shenzhen Municipal Dingzun Investment Advisory Company, Ltd. and the Company, the Company agreed to acquire 50% equity interest in CIGNA & CMC Life Insurance (please refer to the Company's announcement dated 5 May 2008 and the Company's circular dated 13 May 2008). The completion of the acquisition is subject to, inter alia, approvals being granted by relevant regulatory authorities including the China Banking Regulatory Commission and the China Insurance Regulatory Commission. After completion of the acquisition, CIGNA & CMC Life Insurance will become a non-wholly owned subsidiary of the Company and the future financial statements of CIGNA & CMC Life Insurance will be consolidated into the Company's financial statements. However, as at the date of this announcement, the relevant approvals have not yet been granted by the relevant regulatory authorities.

The existing Insurance Sales Co-operation Agreement expired on 31 December 2008 (please refer to the Company's announcement dated 23 January 2008). The Company has concluded the negotiation with CIGNA and CMC Life Insurance to renew the Insurance Sales Co-operation Agreement for a term of 3 years commencing on 1 January 2009 and expiring on 31 December 2011. Pursuant to the Insurance Sales Co-operation Agreement, the Company will continue to conduct the agency services relating to the sale of insurance products with CIGNA and CMC Life Insurance.

CM Steam Navigation is one of the promoters and a substantial shareholder of the Company. Including the deemed interest held via affiliates, it currently holds 17.87% equity interest in the Company. CM Group in turn holds 100% equity interest in CM Steam Navigation and prior to completion of the acquisition by the Company, CM Group through Shenzhen Municipal Dingzun Investment Advisory Company, Ltd. holds 50% equity interest in CIGNA and CMC Life Insurance. Pursuant to the Hong Kong Listing Rules, CIGNA and CMC Life Insurance is a connected person of the Company. The transactions contemplated under the Insurance Sales Co-operation Agreement will be carried out on an on-going basis, thus constituting continuing connected transactions of the Company for the purposes of the Hong Kong Listing Rules.

Pursuant to the Insurance Sales Co-operation Agreement (which is independent of the Investment Fund Agency Sales Agreement and the Co-operation Agreement), the Company will conduct the agency business relating to the sale of insurance products with CIGNA and CMC Life Insurance. The service fee for sale of the insurance products payable by CIGNA and CMC Life Insurance to the Company shall be reached in accordance with the following principles:

- (i) to follow the fee as prescribed by the PRC Government; or
- (ii) where there is no PRC Government prescribed fee but a Government guidance fee exists, to follow the Government guidance fee; or
- (iii) where there is neither a PRC Government prescribed fee nor a Government guidance fee, to follow the fees to be agreed between the parties based on arm's length negotiations.

In any event, the service fees payable by CIGNA and CMC Life Insurance to the Company shall be on terms no less favourable than those granted to independent third parties for provision of similar services. The payment of the service fees will be settled in arrears by way of cash transfer, or in accordance with the payment terms to be mutually agreed to by the parties pursuant to the Insurance Sales Co-operation Agreement. Save for the share transfer agreement, there are no previous transactions between the Company and CIGNA and CMC Life Insurance or its beneficial owners which require aggregation under Rule 14A.25 of the Hong Kong Listing Rules.

There has been a strong demand for insurance products during the past few years and hence the service fees for sale of insurance products received from CIGNA and CMC Life Insurance have experienced substantial increases. For each of the three years ended 31 December 2007 and the ten months ended 31 October 2008, the service fees for sale of insurance products paid to us by CIGNA and CMC Life Insurance were approximately RMB7.07 million, RMB17.67 million, RMB83.635 million and RMB70.83 million (unaudited), respectively. The increases were due primarily to the rapid development of the insurance market in the PRC and a number of external factors such as the business environment, the varying income and expenditure patterns of the customers, which are beyond the Company's control. Pending the completion of the acquisition, the Company expects that the service fees for sale of insurance products

will continue to increase substantially. Against such background and until the completion of the acquisition, the Company intends to set the annual cap for each of 2009, 2010 and 2011 in respect of the service fees for sale of insurance products to be received from CIGNA and CMC Life Insurance at RMB500 million, RMB500 million and RMB500 million, respectively. The setting of the annual caps of service fees for sale of insurance products is based on the increasing demand for insurance products and the current and projected operation conditions for the continuing connected transactions between the Company and CIGNA and CMC Life Insurance, with reference to the prevailing market conditions, the underlying transaction volumes and the expected growth in service fee. Taking into account that the growth in the service fee for sale of insurance products is market-driven in nature which is considered to be difficult for the Company to estimate, it is therefore reasonable to set the annual cap for each of 2009, 2010 and 2011 at RMB500 million, RMB500 million and RMB500 million, respectively, so as to allow more room for further expansion of the transaction amounts between the Company and CIGNA and CMC Life Insurance, thus enabling the Company to take full benefit of the continued growth of the PRC economy and the insurance market, and to maximize the Company's revenue generated from such service fees.

CIGNA and CMC Life Insurance is an insurance company limited operated in sizeable scale jointly by sino-foreign entities, providing products for life insurance, accident and health insurance, etc.. It has an advantageous position in banking insurance in that it can model the successful experience and expertise of the CIGNA and CMC Life Insurance Group of the United States which operates throughout various places of the world. The Directors (including the independent non-executive Directors) consider that the Insurance Sales Co-operation Agreement were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (in accordance with the terms on arm's length negotiation or terms no less favourable than the terms offered by the Company to independent third parties); and that the terms and the proposed caps are fair and reasonable. Further, having taking into consideration the fact that the transaction amounts for sale of insurance products may vary significantly depending on prevailing market conditions, the Directors (including the independent non-executive Directors) consider that the setting of the annual cap in respect of the service fees for sale of insurance products for each of 2009, 2010 and 2011 is in the interests of the Company and its shareholders as a whole.

Since the annual cap of the service fees for sale of insurance products for each of 2009, 2010 and 2011 shall be less than 2.5% of the relevant percentage ratio calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, those transactions will accordingly be subject only to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. Until the completion of the acquisition, as regards the sale of insurance products service conducted between the Company and CIGNA and CMC Life Insurance, the Company will comply with the annual audit review on continuing connected transactions as required by Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules.

(2) Services for sale of investment fund with China Merchants Fund Company

The existing Investment Fund Agency Sales Agreement expired on 31 December 2008 (please refer to the Company's announcement dated 23 January 2008). The Company has concluded the negotiation with China Merchants Fund Company to renew the Investment Fund Agency Sales Agreement for a term of 3 years commencing on 1 January 2009 and expiring on 31 December 2011. Pursuant to the Investment Fund Agency Sales Agreement, the Company will continue to conduct the agency services relating to the sale of investment fund with China Merchants Fund Company.

Pursuant to the share transfer agreement signed in June 2006, the Company acquired 33.4% of the equity interest in China Merchants Fund Company. Each of CM Securities and ING Asset Management B.V. holds 33.3% of the equity interest in China Merchants Fund Company after the acquisition (please refer to the Company's announcement dated 6 July 2007). The Company's acquisition of the 33.4% equity interest in China Merchants Fund Company completed on 28 August 2007. In accordance with the Hong Kong Listing Rules, China Merchants Fund Company became a connected person to the Company. The transactions contemplated under the Investment Fund Agency Sales Agreement will be carried out on an on-going basis, thus constituting continuing connected transactions of the Company for the purposes of the Hong Kong Listing Rules. There are no previous transactions between the Company and China Merchants Fund Company or its beneficial owners which require aggregation under Rule 14A.25 of the Hong Kong Listing Rules.

Pursuant to the Investment Fund Agency Sales Agreement (which is independent of the Insurance Sales Co-operation Agreement and the Co-operation Agreement), the Company will conduct the agency business relating to the sale of investment fund with China Merchants Fund Company in accordance with the relevant funds offering documents and offering prospectus. The service fees for sale of the investment funds payable to the Company by China Merchants Fund Company will be on an arm's length basis and calculated on normal commercial terms, having regard to the fees and charges specified in the funds offering documents and/or the offering prospectus. The payment of the service fees will be settled in arrears by way of cash transfer, or in accordance with the payment terms to be mutually agreed to by the parties pursuant to the Investment Fund Agency Sales Agreement.

With the gradual acceptance of fund investment by the general public, there has been an increasing demand for fund investment services. For the period from 28 August 2007 to 31 December 2007 and the ten months ended 31 October 2008, the service fees for sale of investment funds paid to us by China Merchants Fund Company were approximately RMB80.3 million and RMB51.97 million (unaudited), respectively. The increase in the transaction amounts was mainly due to the booming financial market in the PRC. The decision for investing in fund investment transactions is market-driven, largely determined by customers' decision on their wealth management portfolio which is not within the Company's control. There is no historical track record to account for the growth of the investment fund market in the PRC and the transaction amounts for sale of the investment funds vary significantly due to the unexpected fluctuations of the PRC financial market. Against such background, the Company intends to set the annual cap for each of 2009, 2010 and 2011 in respect of service fees for sale of investment fund to be received from China Merchants Fund Company at RMB800 million, RMB800 million and RMB800 million, respectively. The setting of the annual caps of service fees for sale of the investment funds is based on the increasing demand for fund investment and the current and projected operation conditions for the continuing connected transactions between the Company and China Merchants Fund Company, with reference to the prevailing market conditions, the underlying transaction volumes and the expected growth in service fee. Taking into account that the growth in the service fee for sale of the investment funds is market-driven in nature which is considered to be difficult for the Company to estimate, it is reasonable to set the annual cap for each of 2009, 2010 and 2011 at RMB800 million, RMB800 million and RMB800 million, respectively, so as to allow more room for further expansion of the transaction amounts between the Company and China Merchants Fund Company, thus enabling the Company to take full benefit of the growth of the PRC economy and the fund investment market, and to maximize the Company's revenue generated from such service fees.

China Merchants Fund Company is the first sino-foreign joint venture company approved by the China Securities Regulatory Commission for fund management and investment, providing various kinds of mutual funds and investment products. It has to-date established its own brandname and occupies a considerable share in the market. The Directors (including the independent non-executive Directors) consider that the Investment Fund Agency Sales Agreement were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (in accordance with the terms on arm's length negotiation or terms no less favourable than the terms offered by the Company to independent third parties); and that the terms and the proposed caps are fair and reasonable. Further, having taking into consideration the fact that the transaction amounts for sale of investment funds may vary significantly depending on the prevailing market conditions and the unexpected fluctuations of the financial markets, the Directors (including the independent non-executive Directors) consider that the setting of the annual cap in respect of service fees for sale of the investment funds for each of 2009, 2010 and 2011 is in the interests of the Company and its shareholders as a whole.

Since the annual cap of the service fees for sale of investment fund to be received from China Merchants Fund Company for each of 2009, 2010 and 2011 shall be less than 2.5% of the relevant percentage ratio calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, those transactions will accordingly be subject only to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. In addition, as regards the sale of investment fund service conducted between the Company and China Merchants Fund Company, the Company will comply with the annual audit review on continuing connected transactions as required by Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules.

(3) Services relating to provision of the third parties custodian account, agency sales services for financial products and collective investment products with CM Securities

The existing Co-operation Agreement expired on 31 December 2008 (please refer to the Company's announcement dated 23 January 2008). The Company has concluded the negotiation with CM Securities to renew the Co-operation Agreement for a term of 3 years commencing on 1 January 2009 and expiring on 31 December 2011. Pursuant to the Co-operation Agreement, the Company will continue to conduct services relating to provision of the third parties custodian account, agency sales services for financial products and collective investment products with CM Securities.

CM Steam Navigation is one of the promoters and a substantial shareholder of the Company. Including the deemed interest held via affiliates, it currently holds 17.87% equity interest in the Company. CM Group in turn holds 100% and 51.65% equity interest in CM Steam Navigation and CM Securities, respectively. Pursuant to the Hong Kong Listing Rules, CM Securities is a connected person of the Company as it is an associate of a connected person. The transactions contemplated under the Co-operation Agreement will be carried out on an on-going basis, thus constituting continuing connected transactions of the Company for the purposes of the Hong Kong Listing Rules.

Pursuant to the Co-operation Agreement (which is independent of the Insurance Sales Co-operation Agreement and the Investment Fund Agency Sales Agreement), the Company will conduct services relating to provision of the third parties custodian account, agency sales services for financial products and collective investment products with CM Securities. The service fees for provision of the third parties custodian account, agency sales services for financial products and collective investment products shall be reached in accordance with the following principles:

- (i) to follow the fee as prescribed by the PRC Government; or
- (ii) where there is no PRC Government prescribed fee but a Government guidance fee exists, to follow the Government guidance fee; or
- (iii) where there is neither a PRC Government prescribed fee nor a Government guidance fee, to follow the fees to be agreed between the parties based on arm's length negotiations.

In any event, the service fees payable by CM Securities to the Company shall be on terms no less favourable than those granted to independent third parties for provision of similar services. The payment of the service fees will be settled in arrears by way of cash transfer, or in accordance with the payment terms to be mutually agreed to by the parties pursuant to the Co-operation Agreement. There are no previous transactions between the Company and CM Securities or its beneficial owners which require aggregation under Rule 14A.25 of the Hong Kong Listing Rule.

The Company has been working closely with CM Securities to expand the agency sales of financial services and products. CM Securities has specialized teams to analyse the market trends, thus enabling it to devise diversified and enhanced financial services and products to capture the market growth. Given the background of the Company with CM Group, the Company has over the years established a good and quality co-operation relationship with CM Securities. For each of the three years ended 31 December 2007 and the ten months ended 31 October 2008, the service fees for Bank-Securities Express, services relating to the third party custodian account, agency sales services for financial products and collective investment products were approximately RMB48.5542 million, RMB195.2329 million, RMB611.0203 million and RMB177.41 million (unaudited), respectively. Although the performance of the PRC financial market and hence the Company's agency sales of financial services and products with CM securities were affected by the downturn of the financial markets worldwide last year, the Company believes that the large scale investments as boosted by the State will create a favourable and buoyant economic climate in the PRC in the next few years. Therefore, the Company believes that the PRC financial market will out-perform the global financial market and the Company's agency sales of financial services and products with CM Securities will re-pick the uprising track. Against such background, the Company intends to set the annual cap for each of 2009, 2010 and 2011 in respect of service fees for provision of the third parties custodian account, agency sales services for financial products and collective investment products to be received from CM Securities at RMB1,000 million, RMB1,000 million and RMB1,000 million, respectively. The setting of the annual caps of service fees is based on the internal assessment according to the prevailing operation conditions and the anticipated uprising demands for financial services in the PRC market, with reference to the prevailing market conditions, the external factors that may give rise to unexpected fluctuations of the financial markets and the underlying transaction volumes. Taking into account that the growth in the service fee for the third parties custodian account, agency sales services for financial products and collective investment products is market-driven in nature which is considered to be difficult for the Company to estimate, it is therefore reasonable to set the annual cap for each of 2009, 2010 and 2011 at RMB1,000 million, RMB1,000 million and RMB1,000 million, respectively so as

to allow more room for further expansion of the transaction amounts between the Company and CM Securities, thus enabling the Company to take full benefit of the continued growth of the PRC economy and the financial markets, and to maximize the Company's revenue generated from such service fees.

The Directors (including the independent non-executive Directors) consider that the terms of the Co-operation Agreement were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (in accordance with the terms on arm's length negotiation or terms no less favourable than the terms offered by the Company to independent third parties); and that the terms and the proposed caps are fair and reasonable. Further, having taking into consideration the fact that the transaction amounts relating to provision of the third parties custodian account, agency sales services for financial products and collective investment products may vary significantly depending on the prevailing market conditions and the unexpected fluctuations of the financial markets, the Directors (including the independent non-executive Directors) consider that the setting of the annual cap in respect of the service fees for provision of the third parties custodian account, agency sales services for financial products and collective investment products for each of 2009, 2010 and 2011 is in the interests of the Company and its shareholders as a whole.

Since the annual cap of the service fees for provision of the third parties custodian account, agency sales services for financial products and collective investment products to be received from CM Securities for each of 2009, 2010 and 2011 shall be less than 2.5% of the relevant percentage ratio calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, those transactions will accordingly be subject only to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. In addition, as regards the services for provision of the third parties custodian account, agency sales services for financial products and collective investment products conducted between the Company and CM Securities, the Company will comply with the annual audit review on continuing connected transactions as required by Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules.

General information relating to the Company, CIGNA and CMC Life Insurance, China Merchants Fund Company and CM Securities

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange. As at 30 June 2008, we had approximately RMB1,395.791 billion in total assets, RMB742.66 billion in total loans and RMB1,046.626 billion in total deposits from customers.

CIGNA and CMC Life Insurance is a company incorporated in the PRC on 8 September 2003. Its principal business includes the life insurance, accidents and health insurance products.

China Merchants Fund Company is a company incorporated in the PRC on 27 December 2002, of which the Company holds 33.4% of its equity interests. Its principal business includes the establishment and management of investment fund.

CM Securities is a company incorporated in the PRC. Its principal business includes dealing in securities, provision of financial products and advisory services.

DEFINITIONS

“associates”	has the meaning ascribed to it in the Hong Kong Listing Rules;
“China Merchants Fund Company”	means 招商基金管理有限公司 (China Merchants Fund Management Company Limited and its subsidiaries and associates from time to time;
“CIGNA and CMC Life Insurance”	means 招商信諾人壽保險有限公司 (CIGNA and CMC Life Insurance Company Limited) and its subsidiaries and associates from time to time;
“CM Group”	means 招商局集團有限公司 (China Merchants Group Limited) and its subsidiaries and associates;
“CM Securities”	means 招商證券股份有限公司 (China Merchants Securities Co. Ltd.) and its subsidiaries and associates from time to time;
“CM Steam Navigation”	means 招商局輪船股份有限公司 (China Merchants Steam Navigation Co., Ltd.), a substantial shareholder and promoter of the Company;
“Company”	means 招商銀行股份有限公司 (China Merchants Bank Co., Ltd.) and its subsidiaries from time to time;
“Co-operation Agreement”	means the co-operation agreement entered into between the Company and CM Securities on 5 January 2009;
“Directors”	the director(s), including the independent non-executive directors of the Company;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Insurance Sales Co-operation Agreement”	means the co-operation agreement entered into between the Company and CIGNA and CMC Life Insurance on 5 January 2009;
“Investment Fund Agency Sales Agreement”	means the agency sales agreement entered into between the Company and China Merchants Fund Company on 5 January 2009;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange”

means The Stock Exchange of Hong Kong Limited; and

“subsidiaries”

has the meaning ascribed to it in the Hong Kong Listing Rules.

By order of the Board of Directors of
China Merchants Bank Co., Ltd.

Qin Xiao
Chairman

5 January 2009

As at the date of this announcement, the executive directors of the Company are Ma Weihua, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Qin Xiao, Wei Jiafu, Fu Yuning, Li Yinquan, Hong Xiaoyuan, Ding An Hua Edward, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Wu Jiesi, Yan Lan, Yi Xiqun, Chow Kwong Fai, Edward, Liu Yongzhang and Liu Hongxia.