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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: 03968)

ANNOUNCEMENT ON ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY

The Company proposes to invest RMB2 billion in the establishment of a wholly-owned independent legal entity operating as a direct sales bank.

Following the consideration and approval of the Investment by the Board of Directors, there is no need to submit the Investment for approval at general meeting of the Company. The Investment is pending approval(s) of the relevant regulatory authorities.

The Investment does not constitute a connected transaction or discloseable transaction under the Hong Kong Listing Rules, or a material asset reorganization of the Company.

I. SUMMARY OF THE INVESTMENT AND BASIC INFORMATION ABOUT THE INVESTMENT TARGET

China Merchants Bank Co., Ltd. (the “Company” or the “Bank”) proposes to invest RMB2 billion in the establishment of a wholly-owned independent legal entity operating as a direct sales bank (the “Investment”). The initial registered capital of the entity is intended to be RMB2 billion, and the Company will hold 100% of its equity interests. According to the needs of business development and with the approval(s) of the competent regulatory authorities, the Company may, at an appropriate time, transfer no more than 30% of its equity interests, so as to introduce strategic investors.

The Investment does not constitute a connected transaction, or discloseable transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), or a material asset reorganization of the Company, and does not need to be submitted to the general meeting of the Company for approval.

II. CONSIDERATION OF THE INVESTMENT BY THE BOARD OF DIRECTORS

The Company issued the notice of the 7th meeting of the Tenth Session of the Board of Directors (the “Board of Directors”) on 13 February 2017, to convene the meeting by way of written resolution on 17 February 2017. 16 directors, who are entitled to attend the meeting, were present at the meeting, which is in compliance with the requirements of the Company Law of the People’s Republic of China and the Articles of Association of China Merchants Bank Co., Ltd..

The “Resolution of China Merchants Bank Co.,Ltd. on Establishment of an Independent Legal Entity Operating As a Direct Sales Bank” was considered and approved at the meeting. The resolution was approved with 16 affirmative votes, 0 objected vote and 0 abstained vote.

III. IMPACT OF THE INVESTMENT ON THE COMPANY

The establishment of the independent legal entity operating as a direct sales bank is a crucial step for the Company to stay abreast of the innovation-driven development trend and proactively explore inclusive finance and future banking pattern. It can effectively reduce the operating costs of the Bank, differentially replenish our existing business model and customer base, and keep the innovation-related risks under control through risk segregation. The establishment of the independent legal entity operating as a direct sales bank is in line with the guiding policies of the regulatory authorities, the innovative development trend of domestic and overseas banking industry and the business development level of the Company.

IV. RISK ANALYSIS OF THE INVESTMENT

The Investment is pending approval(s) of the relevant regulatory authorities.

**The Board of Directors of
China Merchants Bank Co., Ltd.**

17 February 2017

As at the date of this announcement, the executive directors of the Company are Tian Huiyu and Li Hao; the non-executive directors of the Company are Li Jianhong, Li Xiaopeng, Sun Yueying, Fu Gangfeng, Hong Xiaoyuan, Su Min, Zhang Jian and Wang Daxiong; and the independent non-executive directors of the Company are Leung Kam Chung, Antony, Wong Kwai Lam, Pan Chengwei, Pan Yingli, Guo Xuemeng and Zhao Jun.