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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)

CONTINUING CONNECTED TRANSACTIONS

ENTERING INTO NEW BUSINESS CO-OPERATION AGREEMENT WITH CM SECURITIES

The Company, as approved by the Board, entered into the New Business Co-operation Agreement with CM Securities on 28 April 2015 for a term of 3 years commencing on 1 January 2015.

CM Steam Navigation is a substantial shareholder of the Company. It currently holds 12.54% equity interest in the Company. CM Group in turn holds 100% and 50.86% equity interest in CM Steam Navigation and CM Securities, respectively. As at the date of this announcement, CM Group indirectly holds 20.00% equity interest in the Company (including those interests deemed to be held through connected companies). Pursuant to the Hong Kong Listing Rules, CM Securities Group is a connected person of the Company as it is an associate of a connected person. The transactions contemplated under the New Business 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.

Since each of the applicable percentage ratio (other than the profit ratio) in relation to each of the annual cap of the service fees for provision of agency sales service receivable from CM Securities Group under the New Business Co-operation Agreement for 2015, 2016 and 2017 is more than 0.1% but less than 5%, the conduct of those transactions will accordingly constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

INTRODUCTION

The Existing Business Co-operation Agreement expired on 31 December 2014. The Company, as approved by the Board, entered into the New Business Co-operation Agreement with CM Securities on 28 April 2015 for a term of 3 years commencing on 1 January 2015.

RELATIONSHIP BETWEEN THE PARTIES

CM Steam Navigation is a substantial shareholder of the Company. It currently holds 12.54% equity interest in the Company. CM Group in turn holds 100% and 50.86% equity interest in CM Steam Navigation and CM Securities, respectively. As at the date of this announcement, CM Group indirectly holds 20.00% equity interest in the Company (including those interests deemed to be held through connected companies). Pursuant to the Hong Kong Listing Rules, CM Securities Group is a connected person of the Company as it is an associate of a connected person. The transactions contemplated under the New Business 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.

NEW BUSINESS CO-OPERATION AGREEMENT

Principal terms of the New Business Co-operation Agreement are as follows:

- Date: 28 April 2015
- Parties: (a) the Company; and
(b) CM Securities
- Term: From 1 January 2015 to 31 December 2017 (both days inclusive)
- Description of transaction: The Group will conduct services relating to provision of the third parties custodian account, sales of funds, agency sales services for financial products and collective investment products with CM Securities Group. Members of the Group may, from time to time and as necessary, enter into separate implementation agreements with CM Securities Group for each specific investment product of CM Securities Group. The terms of any such implementation agreement will be governed by the New Business Co-operation Agreement and as such do not constitute new categories of continuing connected transactions
- Pricing principles: The service fees for agency sales payable by CM Securities Group will be on an arm's length basis and calculated on normal commercial terms, and 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. Nevertheless, the service fees for agency sales shall be at rate(s) no less favourable than those offered to the independent third parties in the ordinary and usual course of business

Payment terms: Payments of the service fees will be settled in arrears by way of cash transfer, or such other manners as agreed by the parties and in accordance with the agreed timing and manners as specified in the implementation agreements to be entered into between the Group and CM Securities Group from time to time

The transactions contemplated under the New Business Co-operation Agreement will be conducted on a non-exclusive basis. Payment terms are basically settled according to the above pricing principles. Nonetheless, the Company will conduct enquiry process by which the Company will seek quotations from at least two securities firms, or make reference to the terms of several other contemporaneous transactions with unrelated third parties for similar products and services to determine if the price and terms offered by CM Securities Group are fair and reasonable and comparable to those offered by independent third parties.

HISTORICAL AMOUNTS AND PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

For each of the three years ended 31 December 2014, the service fees for services relating to the third party custodian account, agency sales services for financial products and collective investment products were approximately RMB39.55 million, RMB45.50 million and RMB109.63 million, respectively. As at 28 February 2015, the services fees were RMB40.80 million (unaudited).

The Company proposes to set the annual cap for each of 2015, 2016 and 2017 in respect of service fees for provision of the third parties custodian account, sales of funds, agency sales services for financial products and collective investment products to be received from CM Securities Group at RMB500 million, RMB500 million and RMB500 million, respectively. In setting of the annual caps for the transactions under the New Business Co-operation Agreement, the Company has taken into account a number of factors, including service fees is based on the internal assessment according to the prevailing operation conditions and the anticipated uprising demands for securities 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 which is beyond the control of the Company and the underlying transaction volumes. Taking into account that the growth in the service fee for the third parties custodian account, sales of funds, 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 2015, 2016 and 2017 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 CM Securities Group, thus enabling the Company to take full benefit of the continued growth of the PRC economy and the securities financial markets, and to maximize the Company's revenue generated from such service fees.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company has been working closely with CM Securities Group to expand the agency sales of securities financial services and products. CM Securities Group has specialized teams to analyse the market trends, thus enabling it to devise diversified and enhanced securities 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 Group. By entering into the New Business Co-operation Agreement with CM Securities Group, the Group could maximise its benefits from the development of the securities financial market, so as to facilitate the increase of returns for the Company and all its shareholders as a whole.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors of the Company) considers that the New Business Co-operation Agreement was 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 annual caps are fair and reasonable. Further, having taking into consideration the fact that the transaction amounts for conducting services relating to provision of the third parties custodian account, agency sales services for financial products and collective investment products and fees for agency sales services for funds may vary significantly depending on the prevailing market conditions and the unexpected fluctuations of the securities financial markets, the Directors (including the independent non-executive Directors) consider that the setting of the annual cap in respect of service fees for agency sales for 2015, 2016 and 2017 under the New Business Co-operation Agreement are in the interests of the Company and its Shareholders as a whole.

Pursuant to Rule 14A.68(8) of the Hong Kong Listing Rules, Messrs. Li Jianhong, Li Xiaopeng, Li Yinquan, Fu Gangfeng and Hong Xiaoyuan (all being directors connected with CM Group and Mr. Hong Xiaoyuan is also a director of CM Securities) and Ms. Sun Yueying (being a director of CM Securities), abstained from voting on the board resolutions in respect of the entering into of the New Business Co-operation Agreement and the transaction contemplated thereunder (including each of the annual caps) in view of their position as connected directors. The relevant resolutions were voted and approved by Directors who are not connected to the transactions.

IMPLICATIONS UNDER HONG KONG LISTING RULES

Since each of the applicable percentage ratio (other than the profit ratio) in relation to each of the annual cap of RMB500 million in respect of the service fees for agency sales receivable from CM Securities Group under the New Business Co-operation Agreement for 2015, 2016 and 2017 is more than 0.1% but less than 5%, the conduct of those transactions will accordingly constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

GENERAL INFORMATION RELATING TO THE COMPANY AND CM SECURITIES

The Company is a joint stock company incorporated in the PRC with limited liability, the A shares and the H shares of which are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively. The Group provides customers with various wholesale and retail banking products and services, and maintains treasury businesses with proprietary purpose and on behalf of customers.

CM Securities is a joint stock limited company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange. Its principal business includes securities brokerage, investment advisory, dealing in securities, advisory, underwriting and sponsoring, asset management and futures business, etc.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules;
“Board”	the board of Directors of the Company;
“CM Group”	China Merchants Group Limited 招商局集團有限公司 and its subsidiaries and associates;
“CM Securities”	China Merchants Securities Co., Ltd. 招商證券股份有限公司;
“CM Securities Group”	China Merchants Securities Co., Ltd. and its subsidiaries (for the purpose of this announcement, including their respective associates);
“CM Steam Navigation”	China Merchants Steam Navigation Co., Ltd. 招商局輪船股份有限公司, a substantial shareholder of the Company;
“Company”	China Merchants Bank Co., Ltd. 招商銀行股份有限公司;
“connected person(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules;
“Director(s)”	the director(s), including the independent non-executive directors of the Company;
“Existing Business Co-operation Agreement”	the business co-operation agreement entered into between the Company and CM Securities on 28 December 2011;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“New Business Co-operation Agreement”	the business co-operation agreement entered into between the Company and CM Securities on 28 April 2015;

“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules.

By order of the Board of Directors
China Merchants Bank Co., Ltd.
Xu Shiqing Seng Sze Ka Mee Natalia
Joint Company Secretaries

28 April 2015

As at the date of this announcement, the executive directors of the Company are Tian Huiyu, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Li Jianhong, Ma Zehua, Li Xiaopeng, Li Yinquan, Fu Gangfeng, Sun Yueying, Su Min, Fu Junyuan and Hong Xiaoyuan; 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.