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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)

**PROPOSED H SHARE RIGHTS ISSUE OF 449,878,000 H SHARES,
ON THE BASIS OF 1.3 H RIGHTS SHARES
FOR EVERY 10 EXISTING H SHARES AT HK\$10.06 PER H RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**PROPOSED A SHARE RIGHTS ISSUE OF 2,035,655,702 A SHARES
ON THE BASIS OF 1.3 A RIGHTS SHARES
FOR EVERY 10 EXISTING A SHARES AT RMB8.85 PER A RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**CLOSURE OF THE H SHAREHOLDERS' REGISTER FROM
WEDNESDAY, 10 MARCH 2010 TO FRIDAY, 12 MARCH 2010**



China Merchants Finance Holdings

Shareholder Underwriter



UBS Investment
Bank

Global Coordinator
Joint Lead Underwriter



BNP PARIBAS

Joint Lead Underwriter

BofA Merrill Lynch

Joint Lead Underwriter

J.P.Morgan

Joint Lead Underwriter

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Financial Adviser



交銀國際
BOCOM INTERNATIONAL

Co-Underwriter



招銀國際
CMB INTERNATIONAL

Co-Underwriter



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

Co-Underwriter



Co-Underwriter

The Company made an announcement on 28 August 2009 and delivered a circular to the shareholders on 2 September 2009 in relation to the proposed Rights Issue. As described in the Voting Results Announcement published by the Company on 19 October 2009, the resolutions to approve the proposed Rights Issue were duly passed at the EGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting held on 19 October 2009, respectively. The CBRC has given its written approval dated 26 October 2009 in respect of the Rights Issue. On 1 March 2010, the Company received CSRC's written approval ([2010] no. 257) in respect of the A Share Rights Issue and written approval ([2010] no. 215) in respect of the H Share Rights Issue.

Pursuant to the authorisation granted to the Board at the EGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting, respectively, the Board has finalised the terms of the Rights Issue. A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set forth in this announcement. All H Shareholders whose names appear on the H Shareholders' register of the Company at the close of business on the H Share Record Date will be entitled to the Nil Paid H Rights. However, the Provisional Allotment Letters and the Excess Application Forms will not be sent to the Non-Qualifying H Shareholders and only the Qualifying H Shareholders can subscribe for the H Rights Shares pursuant to the terms of the H Share Rights Issue. The last day of dealings in the H Shares on a cum-rights basis will be Friday, 5 March 2010 and the H Shares will be dealt with on an ex-rights basis from Monday, 8 March 2010. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company at the close of business on the H Share Record Date and must not be a Non-Qualifying H Shareholder. The Prospectus Documents containing further details on the H Share Rights Issue are expected to be distributed to the Qualifying H Shareholders on Monday, 15 March 2010. In respect of Non-Qualifying H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send the H Share Rights Issue Prospectus to them for their information purposes only.

The Rights Issue is conducted on the basis of one and three-tenths (1.3) Rights Shares for every ten (10) existing Shares held by Shareholders on the Record Date at the Subscription Price of RMB8.85 per A Rights Share and HK\$10.06 per H Rights Share. The Rights Issue will raise (i) gross proceeds in an aggregate amount of approximately RMB21,996 million (assuming full subscription for the A Rights Shares) or RMB16,591 million (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB21,820 million (assuming full subscription for the A Rights Shares) or RMB16,415 million (assuming 70% subscription for the A Rights Shares).

The purpose of the Rights Issue is to improve the core capital adequacy ratio of the Company to support the continuing development and growth of its business. All the net proceeds to be raised by the Rights Issue will be applied towards such purpose.

The entitlements of H Shareholders will be rounded down to the nearest whole number and the fractional entitlements to the H Rights Shares will not be provisionally allotted to the H Shareholders. The Nil Paid H Rights representing the aggregate of all the fractions of the H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the nominee on the Company's behalf in the market as soon as practicable after the commencement in dealing in the Nil Paid H Rights and the net proceeds of such sale will be retained by the Company for its own benefit. Any H Rights Shares in respect of the unsold fractional entitlements will be made available for excess application by the Qualifying H Shareholders.

The H Shareholders' register of the Company will be closed from Wednesday, 10 March 2010 to Friday, 12 March 2010, both days inclusive. No transfers of H Shares will be registered during this period.

Pursuant to the Undertaking Letter, CM Group has irrevocably and unconditionally undertaken, *inter alia*, that it will, and will procure its associates who hold H Shares to, subscribe for the H Rights Shares provisionally allotted to them upon and subject to the terms and conditions of the Undertaking Letter.

Save for the undertaking from CM Group, the Company has not obtained undertakings from any other H Shareholders that they will subscribe for any or all of the H Rights Shares to be provisionally allotted to them.

The H Share Rights Issue will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

The Chinese version of the A Share Rights Issue Prospectus containing detailed terms of the A Share Rights Issue is available for viewing on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Shanghai Stock Exchange (www.sse.com.cn) as from the date of this announcement. A summary of the major terms of the A Share Rights Issue and the expected timetable of the A Share Rights Issue are included herein for information purposes only.

The H Share Rights Issue is conditional upon the fulfillment of the conditions set out under the paragraph headed "Conditions of the H Share Rights Issue" in this announcement. **If the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Joint Lead Underwriters by notice in writing to terminate the Underwriting Agreement upon occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed. Shareholders' and potential investors' attention is also drawn to the paragraph headed "Warning of the Risks of Dealing in the H Rights Shares and the Nil Paid H Rights" in this announcement. If in any doubt, investors are recommended to consult their professional advisers.**

A. APPROVALS FOR RIGHTS ISSUE

The Company made an announcement on 28 August 2009 and delivered a circular to the Shareholders on 2 September 2009 in relation to the proposed Rights Issue. As described in the Voting Results Announcement published by the Company on 19 October 2009, the resolutions to approve the proposed Rights Issue were duly passed at the EGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting held on 19 October 2009, respectively. The CBRC has given its written approval dated 26 October 2009 in respect of the Rights Issue. On 1 March 2010, the Company received CSRC's written approval ([2010] no. 257) in respect of the A Share Rights Issue and written approval ([2010] no. 215) in respect of the H Share Rights Issue.

B. RIGHTS ISSUE

Pursuant to the authorisation granted to the Board at the EGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting, respectively, the Board has finalised the terms of the Rights Issue.

The Rights Issue is conducted on the basis of one and three-tenths (1.3) Rights Shares for every ten (10) existing Shares held by Shareholders on the Record Date.

The Subscription Price of RMB8.85 per A Rights Share and HK\$10.06 per H Rights Share were determined by the Board in consultation with the sponsor for the A Share Rights Issue and the Joint Lead Underwriters for the H Share Rights Issue on the Price Determination Date based on a discount to market trading prices having regard to the prevailing market conditions at the time, including but not limited to, the trading prices of the A Shares and the H Shares on the secondary markets, the Company's core capital adequacy requirement in the coming three years, the price to earnings ratio and the price to book ratio.

The Subscription Price of RMB8.85 per A Rights Share and HK\$10.06 per H Rights Share is more than RMB5.41 (equivalent to approximately HK\$6.15), being the latest audited net asset value per Share as stated in the audited consolidated financial statements of the Company as at 31 December 2008 prepared under PRC GAAP (on the basis of the total number of Shares in issue as at 31 December 2008).

The Rights Issue, consisting of the A Share Rights Issue and the H Share Rights Issue, will raise (i) gross proceeds in an aggregate amount of approximately RMB21,996 million (assuming full subscription for the A Rights Shares) or RMB16,591 million (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB21,820 million (assuming full subscription for the A Rights Shares) or RMB16,415 million (assuming 70% subscription for the A Rights Shares), on the basis of the Subscription Price of RMB8.85 per A Rights Share and HK\$10.06 per H Rights Share.

C. H SHARE RIGHTS ISSUE

The H Share Rights Issue is subject to the fulfillment of the conditions as set out under the section headed “Conditions of the H Share Rights Issue” of this announcement.

Details of the H Share Rights Issue are as follows:

H Share Rights Issue Statistics

Basis of H Share Rights Issue:	One and three-tenths (1.3) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date by the H Shareholders
Number of H Shares in issue:	3,460,600,000 as at the date of this announcement
Number of H Rights Shares proposed to be issued:	449,878,000
Subscription Price for the H Rights Shares:	HK\$10.06
Global Coordinator (H Share Rights Issue):	UBS
Shareholder Underwriter:	CMFH
Joint Lead Underwriters (in alphabetical order):	BNP Paribas, J.P. Morgan, Merrill Lynch and UBS
Financial Adviser:	Citi
Co-Underwriters (in alphabetical order):	BOCOM International, CM Securities (HK), CMBI and ING

The Company has no outstanding convertible securities or warrants in issue, which confer any right to subscribe for, convert or exchange into the H Shares, as at the date of this announcement.

Pursuant to the Undertaking Letter, CM Group has irrevocably and unconditionally undertaken, *inter alia*, that it will, and will procure its associates who hold H Shares to, subscribe for the H Rights Shares provisionally allotted to them upon and subject to the terms and conditions of the Undertaking Letter.

CM Group, through China Merchants Steam Navigation Co., Ltd., is a promoter and substantial shareholder of the Company and is therefore a connected person of the Company for the purpose of Chapter 14A of the Hong Kong Listing Rules. Pursuant to Rule 14A.31(3)(a) of the Hong Kong Listing Rules, the above undertakings of CM Group is exempt from the requirements of reporting, announcement and independent shareholders' approval.

Basis of Entitlement

Subject to the fulfillment of the conditions set out under the section headed “Conditions of the H Share Rights Issue”, H Shareholders will be entitled to Nil Paid H Rights to subscribe for one and three-tenths (1.3) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date at the Subscription Price of HK\$10.06 for each H Rights Share payable in full on acceptance, constituting a total of up to 449,878,000 H Shares, representing approximately 13.00% of the Company’s existing issued H Shares capital as at the date of this announcement and approximately 11.50% of the enlarged issued H Share capital of the Company immediately after the H Share Rights Issue. The Provisional Allotment Letters and the Excess Application Forms will not be sent to the Non-Qualifying H Shareholders.

Qualifying H Shareholders and Closure of the H Shareholders’ Register

The Prospectus Documents, consisting of the H Share Rights Issue Prospectus, the Provisional Allotment Letters and the Excess Application Forms, will be despatched to the Qualifying H Shareholders only. For the Non-Qualifying H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send the H Share Rights Issue Prospectus to them for their information purposes only.

To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company at the close of business on the H Share Record Date and must not be a Non-Qualifying H Shareholder.

In order to be registered as members of the Company at the close of business on the H Share Record Date, H Shareholders must lodge any transfer of H Shares (together with the relevant share certificates) with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 9 March 2010.

The H Shareholders’ register of the Company will be closed from Wednesday, 10 March 2010 to Friday, 12 March 2010, both days inclusive. No transfer of H Shares will be registered during this period.

For the avoidance of doubt, based on enquiries made by the Board, Non-Qualifying H Shareholders include H Shareholders and Beneficial H Shareholders resident in the US, except for those who fulfill, to the satisfaction of the Company, the relevant requirements specified in the H Share Rights Issue Prospectus.

Rights of the Non-Qualifying H Shareholders

If at the close of business on the H Share Record Date, an H Shareholder’s address on the Company’s H Shareholders’ register is in a place outside Hong Kong, that H Shareholder may not be eligible to take part in the H Share Rights Issue. Prospectus Documents to be despatched in connection with the H Share Rights Issue have not and will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong.

In compliance with Rule 13.36(2)(a) of the Hong Kong Listing Rules, the Company is currently making enquires regarding the feasibility of allowing the Overseas Shareholders to subscribe for the H Rights Shares. If, after making enquiries, the Board considers that it is necessary or expedient not to offer the H Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his/her/its registered address or the requirements of the relevant regulatory body or stock exchange in that place, such Overseas Shareholders will not be allowed to take up their Nil Paid H Rights to subscribe for the H Rights Shares. The basis for such arrangement with respect to the Non-Qualifying H Shareholders will be set out in the H Share Rights Issue Prospectus to be issued. The Company will, to the extent reasonably practicable and legally permitted, send copies of the H Share Rights Issue Prospectus to the Non-Qualifying H Shareholders for their information purposes only, but the Company will not send Provisional Allotment Letters and Excess Application Forms to the Non-Qualifying H Shareholders.

Arrangements will be made for the Nil Paid H Rights entitlements of the Non-Qualifying H Shareholders to be provisionally allotted to a nominee appointed by the Company for the benefit of the Non-Qualifying H Shareholders and, if a premium (net of expenses) can be obtained, to be sold by the nominee on such Non-Qualifying H Shareholders' behalf on the Hong Kong Stock Exchange as soon as practicable after the commencement of the dealings in the Nil Paid H Rights. The proceeds of such sale (net of expenses), will be divided on a pro rata basis and distributed by the H Share Registrar to the Non-Qualifying H Shareholders, provided that individual amounts of HK\$100 or less will be paid to the Company for its own benefit. Any unsold entitlement of the Non-Qualifying H Shareholders, together with any H Rights Shares in respect of the Nil Paid H Rights not taken up by the Qualifying H Shareholders or otherwise not subscribed for by transferees of the Nil Paid H Rights, will be made available for excess application on Excess Application Forms by the Qualifying H Shareholders.

Subscription Price for the H Rights Shares

The Subscription Price of HK\$10.06 per H Rights Share is payable in full when a Qualifying H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil Paid H Rights subscribes for the H Rights Shares.

The Subscription Price of HK\$10.06 per H Rights Share represents:

- (i) a discount of approximately 49.19% to the closing price of HK\$19.80 per H Share as quoted on the Hong Kong Stock Exchange on the Price Determination Date;
- (ii) a discount of approximately 47.15% to the average closing price of HK\$19.04 per H Share as quoted on the Hong Kong Stock Exchange for the 5 consecutive trading days up to and including the Price Determination Date;
- (iii) a discount of approximately 46.94% to the average closing price of HK\$18.96 per H Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including the Price Determination Date;
- (iv) a discount of approximately 46.37% to the average closing price of HK\$18.76 per H Share as quoted on the Hong Kong Stock Exchange for the 20 consecutive trading days up to and including the Price Determination Date; and

- (v) a discount of approximately 46.14% to the theoretical ex-right price of HK\$18.68 per H Share on the basis of the closing price of HK\$19.80 per H Share as quoted on the Hong Kong Stock Exchange on the Price Determination Date.

Status of the H Rights Shares

The H Rights Shares, when subscribed for and fully paid, will rank pari passu in all respects with the H Shares then in issue. Holders of the fully paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Fractional Entitlements

The entitlements of H Shareholders will be rounded down to the nearest whole number and the fractional entitlements to the H Rights Shares will not be provisionally allotted to the H Shareholders. The Nil Paid H Rights representing the aggregate of all the fractions of the H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the nominee on the Company's behalf in the market as soon as practicable after the commencement in dealing in the Nil Paid H Rights and the net proceeds of such sale will be retained by the Company for its own benefit. Any H Rights Shares in respect of the unsold fractional entitlements will be made available for excess application by the Qualifying H Shareholders.

Application for Excess H Rights Shares

Qualifying H Shareholders may apply, by way of excess application, for H Rights Shares in respect of any unsold entitlements of the Non-Qualifying H Shareholders, any unsold fractional entitlements to the H Rights Shares and Nil Paid H Rights not taken up by Qualifying H Shareholders or otherwise not subscribed for by transferees of the Nil Paid H Rights.

Application for excess H Rights Shares can be made only by Qualifying H Shareholders and only by completing the Excess Application Form and lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for at the particular branches of Bank of China (Hong Kong) Limited as mentioned in the H Share Rights Issue Prospectus by no later than 4:00 p.m. on Monday, 29 March 2010. All remittances must be made in Hong Kong dollars by crossed cheques drawn on an account with, or crossed cashier's orders issued by, a licensed bank in Hong Kong and made payable to "BOC (HK) Nominees Ltd – CMB – EAF".

All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies will be retained by the Company for its own benefit. Completion and lodgement of an Excess Application Form together with a cheque or cashier's order in payment for the number of excess H Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Any Excess Application Form in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

If no excess H Rights Shares are allotted and issued to an applicant, the amount tendered on application is expected to be refunded to the applicant in full without any interest by means of cheque(s) despatched by ordinary post at the risk of such applicant on or about Thursday, 8 April 2010. If the number of excess H Rights Shares allotted and issued to the applicant is less than the number applied for, the surplus application monies is expected to be refunded to the applicant without any interest by means of cheque(s) despatched by ordinary post at the risk of such applicant on or about Thursday, 8 April 2010.

If the Underwriters exercise the rights to terminate their obligations or if the condition precedents under the Underwriting Agreement are not fulfilled before the Latest Time for Termination, the monies received in respect of the relevant applications for excess H Rights Shares will be returned to the relevant applicants without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such applicants on or about Thursday, 8 April 2010.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

Any excess H Rights Shares will, at the sole discretion of the Directors, be allocated and allotted on a fair and reasonable basis and as far as practicable, (i) preference will be given to those applications which will top-up odd lots to whole board lots provided that the Directors are satisfied that such applications are not made with the intention to abuse this mechanism; and (ii) subject to availability of excess H Rights Shares after allocation under principle (i) above, the excess H Rights Shares will be allocated to Qualifying H Shareholders who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied, and with board lot allocations to be made on a best efforts basis.

H Shareholders with their H Shares held by a nominee company should note that the Board will regard the nominee company as a single H Shareholder in accordance with the H Shareholders' register of the Company. Accordingly, the H Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of the excess H Rights Shares will not be extended to beneficial owners individually. H Shareholders with their H Shares held by a nominee company are advised to consider whether they would like to arrange the registration of the relevant H Shares in the name of the beneficial owner(s) prior to the H Share Record Date.

H Shareholders whose H Shares are held by their nominee(s) and who would like to have their names registered on the H Shareholders' register of the Company must lodge all necessary documents with the Company's H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for completion of the relevant registration at or before 4:30 p.m. on Tuesday, 9 March 2010.

Conditions of the H Share Rights Issue

The H Share Rights Issue is conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the EGM;

- (ii) the approval of the Rights Issue at the H Shareholders Class Meeting and the A Shareholders Class Meeting, respectively;
- (iii) the approval of the CBRC for the Rights Issue;
- (iv) the approval of the CSRC for the Rights Issue;
- (v) the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the Nil Paid H Rights and the H Rights Shares, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of posting of the H Share Rights Issue Prospectus; and
- (vi) the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by law to be filed and registered with the Registrar of Companies in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions under (i) to (v) above have been fulfilled. If any of the above conditions is not satisfied, the H Share Rights Issue will not proceed.

Please note that the H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19 of the Hong Kong Listing Rules. Please refer to the section headed “H Share Underwriting Arrangements” for details of the underwriting arrangements. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

Application for Listing/Dealing Arrangements

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Nil Paid H Rights and the H Rights Shares. Dealings in the Nil Paid H Rights and the H Rights Shares will be subject to the payment of stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil Paid H Rights and the H Rights Shares is 500 Nil Paid H Rights and 500 H Rights Shares, respectively.

Subject to the granting of listing of, and permission to deal in, the Nil Paid H Rights and the H Rights Shares on the Hong Kong Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the Nil Paid H Rights and the H Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Nil Paid H Rights and the H Rights Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

H Share Underwriting Arrangements

The H Share Rights Issue will be conducted on a fully underwritten basis in accordance with Rule 7.19 of the Hong Kong Listing Rules. Details on the underwriting arrangements in relation to the H Share Rights Issue are set out below:

The Underwriting Agreement

Date:	Tuesday, 2 March 2010
Joint Lead Underwriters (in alphabetical order):	BNP Paribas, J.P. Morgan, Merrill Lynch and UBS
Shareholder Underwriter:	CMFH
Co-Underwriters (in alphabetical order):	BOCOM International, CM Securities (HK), CMBI and ING

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of BNP Paribas, J.P. Morgan, Merrill Lynch, UBS, BOCOM International and ING is a third party independent of the Company and its connected persons (as defined in the Hong Kong Listing Rules)

Total number of H Rights Shares underwritten:	The Underwriters have agreed to fully underwrite up to 449,878,000 H Rights Shares not taken up by the Qualifying H Shareholders pursuant to the Underwriting Agreement in the following manner:
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- (i) the Shareholder Underwriter will purchase or procure purchasers for the first of such number up to 89,975,600 H Rights Shares, or 20.00% of the total number of H Rights Shares; and
- (ii) the other Underwriters (excluding the Shareholder Underwriter) will purchase or procure purchasers for all remaining H Rights Shares not taken in proportion to their respective purchase obligations in the following manner:
 - (a) UBS will purchase or procure purchasers for up to 30.49% of the total number of H Rights Shares;
 - (b) each of BNP Paribas, J.P. Morgan and Merrill Lynch severally (and neither jointly nor jointly and severally) will purchase or procure purchasers for up to 9.65% of the total number of H Rights Shares; and

- (c) each of the Co-Underwriters severally (and neither jointly nor jointly and severally) will purchase or procure purchasers for up to 5.14% of the total number of H Rights Shares.

CM Group, through China Merchants Steam Navigation Co., Ltd., is a promoter and substantial shareholder of the Company. CMFH is a wholly-owned subsidiary of CM Group and is therefore a connected person of the Company for the purpose of Chapter 14A of the Hong Kong Listing Rules. The transaction of CMFH acting as the Shareholder Underwriter for an issue of securities by the Company is exempt from the requirements of reporting, announcement and independent shareholders' approval pursuant to Rule 14A.31(3)(c) of the Hong Kong Listing Rules. It is not in the ordinary course of business of CMFH to underwrite shares.

CM Securities (HK) is a wholly-owned subsidiary of CM Securities and CM Group is a controlling shareholder of CM Securities. CM Securities (HK) is therefore a connected person of the Company for the purpose of Chapter 14A of the Hong Kong Listing Rules. The transaction of CM Securities (HK) acting as one of the underwriters for an issue of securities by the Company is exempt from the requirements of reporting, announcement and independent shareholders' approval pursuant to Rule 14A.31(3)(c) of the Hong Kong Listing Rules.

CMBI is a wholly-owned subsidiary of the Company.

Conditions of the Underwriting Agreement

The underwriting obligations of the Joint Lead Underwriters, the Shareholder Underwriter and the Co-Underwriters under the Underwriting Agreement are conditional upon the following conditions:

- (a) the H Rights Shares being provisionally allotted by the authorized representatives of the Board on the terms set out in the Prospectus Documents to the Qualifying H Shareholders;
- (b) the Company having delivered to the Joint Lead Underwriters (in form and substance satisfactory to them) the documents listed therein by the times and dates specified therein;
- (c) the approval of the H Share Rights Issue granted by CBRC being valid and not having been withdrawn or revoked;
- (d) the approval of the H Share Rights Issue granted by CSRC being valid and not having been withdrawn or revoked;
- (e) the delivery of the Prospectus Documents to the Hong Kong Stock Exchange not later than 11:00 a.m. on the Business Day before the Prospectus Date and the issue by the Hong Kong Stock Exchange of a certificate of authorization of registration before 3:00 p.m. or such later time as agreed by the Hong Kong Stock Exchange on the Business Day before the Prospectus Date;

- (f) the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by law to be filed by and registered with the Registrar of Companies in Hong Kong;
- (g) the grant of listing of and permission to deal in the Nil Paid H Rights and the H Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Hong Kong Stock Exchange and dealings in the Nil Paid H Rights and the H Rights Shares being allowed by the Hong Kong Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (h) delivery of the Undertaking Letter to the Company and the Joint Lead Underwriters, and CM Group having performed all its obligations under the Undertaking Letter;
- (i) posting of the Prospectus Documents to the Qualifying H Shareholders on or before Monday, 15 March 2010 or such later date to be agreed with the Joint Lead Underwriters and the posting, to the extent reasonably practicable and legally permitted, of the Prospectus for information purposes only to the Non-Qualifying H Shareholder; provided that the Prospectus shall not be posted to Non-Qualifying Shareholders who are known by the Company to be resident in the United States;
- (j) CICC and/or UBS Securities Co. Ltd. shall have confirmed to UBS the substantial completion of the A Share Rights Issue at or prior to the Prospectus Date (with at least 70% of the A Rights Shares being validly subscribed); and
- (k) the representations, warranties and undertakings on the part of the Company contained in the Underwriting Agreement being (i) true and accurate and not misleading on and as of the date of the Underwriting Agreement, as of the Prospectus Date or as of the Latest Time for Termination and (ii) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to an indemnification claim under the Underwriting Agreement and which, in any such case, UBS and the Joint Lead Underwriters, consider in their absolute discretion, as applicable, (acting in good faith), to be material in the context of the H Share Rights Issue or the underwriting of the H Share Rights Issue.

If the conditions of the Underwriting Agreement are not duly satisfied and/or waived (where applicable) by the Underwriters, when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Joint Lead Underwriters), or if the Underwriting Agreement shall be terminated as described below, save in respect of certain rights and obligations under the Underwriting Agreement, all liabilities of the parties under the Underwriting Agreement will cease. In such circumstances, the Company shall, pursuant to the Underwriting Agreement and subject to certain deduction or limitation specified thereunder, remain liable to pay certain expenses incurred by the Company or on behalf of the Company but shall not be liable to pay to any of the Underwriters the underwriting commissions thereunder.

Any of the conditions set out above (except conditions (a), (c) and (d)) may be waived at any time by all of the Joint Lead Underwriters (but not any one of them), in their sole discretion, and such waiver may be in whole or in part and made subject to such terms and conditions as are determined by all of the Joint Lead Underwriters.

If the Underwriting Agreement does not become unconditional or is terminated, the H Share Rights Issue will not proceed.

Termination of the Underwriting Agreement

If any of the termination events set out in the Underwriting Agreement occurs at any time prior to 5:00 p.m. on Thursday, 1 April 2010, the several Joint Lead Underwriters may, at their absolute discretion, terminate the underwriting arrangements set out under the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination. The termination events set out under the Underwriting Agreement include the following matters:

- (A) since the time of execution of the Underwriting Agreement, there shall have developed, occurred, happened or come into effect any change in or affecting the business, general affairs, prospects, results of operations, position or condition, financial or otherwise, of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate in the joint and absolute judgment of the Joint Lead Underwriters (on behalf of the Underwriters), so material and adverse as to make it or likely to make it impracticable or inadvisable to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the Prospectus, or
- (B) if since the time of execution of the Underwriting Agreement, there shall have developed, occurred, happened or come into effect any of the following:
 - (i) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range but excluding suspensions or material limitations resulting from technical causes) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the Shenzhen Stock Exchange or the Shanghai Stock Exchange;
 - (ii) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range but excluding suspensions or material limitations resulting from technical causes) in or on trading in any securities of the Company listed or quoted on a stock exchange (other than the Shanghai Stock Exchange);
 - (iii) a general moratorium on commercial banking activities declared by relevant Authorities in Hong Kong, the United States or the PRC;
 - (iv) a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the United States or the PRC;
 - (v) there shall have occurred any event or circumstance in the nature of force majeure that are reasonably unpredictable, uncontrollable or unavoidable (including, without limitation, acts of government, acts of war, acts of God), in each case, involving or affecting Hong Kong, the United States or the PRC; or
 - (vi) there shall have occurred any outbreak or escalation of hostilities, or any change in financial, political or economic conditions, currency exchange rates or controls or any calamity or crisis,

in each of the above cases involving or affecting Hong Kong, the United States, the PRC or the international financial markets that, in the Joint Lead Underwriters' judgment (after consultation with the Company), is material and adverse and which, singly or together with any other event specified in clauses (v) and (vi), makes it, in the Joint Lead Underwriters' judgment, impracticable or inadvisable to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the H Share Rights Issue Prospectus.

In the event that the Joint Lead Underwriters exercise their right under the Underwriting Agreement to terminate the Underwriting Agreement, their underwriting obligations will cease and the H Share Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time.

Lock-up Undertakings

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriters that:

- (i) except for (A) the H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue and (B) any H Shares or other securities or rights issued or granted under existing share schemes or pursuant to the exercise of existing rights of subscription or conversion; or
- (ii) with the prior written consent of the Joint Lead Underwriters (and which may be given or withheld at the absolute discretion of the Joint Lead Underwriters),

from the date of the Underwriting Agreement up to 90 days after the first day of trading of the H Rights Shares on the Hong Kong Stock Exchange, the Company will not (A) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Company or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depository in connection with the issue of depository receipts, or (B) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Company or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase any Shares, or (C) enter into any transaction with the same economic effect as any transaction described in (A) or (B) above, or (D) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (A), (B) or (C) above whether any of the foregoing transactions described in (A), (B) or (C) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; provided, however, that the foregoing restrictions shall not apply to (i) any issuance of stock dividends, (ii) the application of any capital reserve to issue Shares, (iii) the execution of customer orders to trade any Shares or (iv) the grant of H Share appreciation rights under or the exercise of H Share appreciation rights by any holders thereof under the Company's existing H Share appreciation rights incentive scheme.

Shareholder Undertaking

As at the date of this announcement, CM Group, a substantial shareholder of the Company, held (via its subsidiaries) 3,420,446,637 A Shares and 37,564,800 H Shares, representing proximately 21.84% of the entire issued A Share capital and approximately 1.09% of the entire issued H Share capital of the Company, respectively.

Pursuant to the Undertaking Letter, CM Group has irrevocably undertaken to the Company and the Joint Lead Underwriters, among other things:

- (i) not to, and to procure its associates (as defined in The Code on Takeovers and Mergers of Hong Kong) not to, from the date of the Undertaking Letter to the commencement of dealing in the H Rights Shares in fully-paid form or the date on which the H Share Rights Issue lapses or is withdrawn, whichever is earlier:
 - (a) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest, or contract or agree to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest over, any H Shares; or
 - (b) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest, or contract or agree to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest over, any Nil Paid H Rights or H Rights Shares; or
 - (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) and (b) above; or
 - (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a) and (b) above; and
- (ii) to and to procure its associates to:
 - (a) subscribe for 4,883,424 H Rights Shares to be provisionally allotted to it or its associates upon and subject to the terms and conditions of the H Share Rights Issue as soon as practicable and not later than the latest time for acceptance of and payment for the H Rights Shares;
 - (b) not withdraw or revoke the subscription or application referred to in paragraph (a) above; and
 - (c) take all actions necessary to give effect to the subscription and application referred to in paragraph (a) above.
- (iii) without the prior written consent of the Company and the Joint Lead Underwriters, not to, and will procure its associates not to, at any time during the period commencing on the date of the Undertaking Letter and ending on, and including, the date that is 90 days after the commencement of dealing in H Rights Shares in fully-paid form (the ***Lock-up Period***):
 - (a) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest, or contract or agree to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest, over any H Shares; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of H Shares or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) and (b) above;
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a) and (b) above.

Save for the undertaking from CM Group, the Company has not obtained undertakings from any other H Shareholders that they will subscribe for any or all of the H Rights Shares to be provisionally allotted to them.

Warning of the Risks of Dealing in the H Rights Shares and the Nil-Paid H Rights

Existing H Shares are expected to be dealt on an ex-rights basis from Monday, 8 March 2010. Dealings in the Nil Paid H Rights are expected to take place from Wednesday, 17 March 2010 to Wednesday, 24 March 2010 (both days inclusive). If the conditions of the H Share Rights Issue (please refer to the section headed “Conditions of the H Share Rights Issue”) are not fulfilled, the H Share Rights Issue will not proceed.

The Underwriting Agreement contains provisions entitling the Joint Lead Underwriters by notice in writing to terminate the Underwriting Agreement upon occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed.

Any dealing in the H Rights Shares or the Nil Paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.

Despatch of H Share Certificates and the Refund Cheques for the H Share Rights Issue

Subject to the fulfillment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheque(s) in respect of wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be despatched by ordinary post to the allottees and those entitled thereto, at their own risk, to their registered addresses by the H Share Registrar on or about Thursday, 8 April 2010.

Taxation

H Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in the Nil Paid H Rights or the H Rights Shares and, regarding the Non-Qualifying H Shareholders, their receipt of the net proceeds, if any, from sales of the Nil Paid H Rights on their behalf.

It is emphasized that none of the Company, the Directors or any other parties involved in the H Share Rights Issue accepts responsibility for any tax effects or liabilities of holders of the H Shares resulting from the receipt, purchase, holding, exercising, disposing of, or dealing in the Nil Paid H Rights or the H Rights Shares.

Expected H Share Rights Issue Timetable

Last day of dealings in H Shares on a cum-rights basis	Friday, 5 March 2010
First day of dealings in H Shares on an ex-rights basis	Monday, 8 March 2010
Latest time for lodging transfer of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m., Tuesday, 9 March 2010
Register of H Shareholders closed	Wednesday, 10 March 2010 to Friday, 12 March 2010 (both days inclusive)
H Share Record Date	Friday, 12 March 2010
Despatch of Prospectus Documents	Monday, 15 March 2010
Register of the H Shareholders re-opens	Monday, 15 March 2010
First day of dealings in Nil Paid H Rights	Wednesday, 17 March 2010
Latest time for splitting Provisional Allotment Letters	4:30 p.m., Friday, 19 March 2010
Last day of dealings in Nil Paid H Rights	Wednesday, 24 March 2010
Latest time for acceptance of and payment for H Rights Shares and for application and payment for excess H Rights Shares	4:00 p.m., Monday, 29 March 2010
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional	5:00 p.m., Thursday, 1 April 2010
Announcement of results of acceptance of and excess applications for H Rights Shares	Wednesday, 7 April 2010
Despatch of certificates for H Rights Shares	Thursday, 8 April 2010
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares	Thursday, 8 April 2010
Commencement of dealings in H Rights Shares in fully-paid form	9:30 a.m., Friday, 9 April 2010

Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. Any such change to the expected timetable will be announced and notified to the Shareholders as and when appropriate.

D. A SHARE RIGHTS ISSUE

Details of the A Share Rights Issue are as follows:

A Share Rights Issue Statistics

Basis of A Share Rights Issue:	One and three-tenths (1.3) A Rights Shares for every ten (10) existing A Shares held on the A Share Record Date by the Qualifying A Shareholders
Number of A Shares in issue prior to the A Share Rights Issue:	15,658,890,016
Number of A Shares proposed to be issued:	2,035,655,702
Sponsor:	CICC
Financial Advisers/Co-underwriters:	CM Securities and CITICS
Subscription Price for the A Rights Shares:	RMB8.85

Basis of Entitlement

Subject to the fulfillment of the conditions set out under the section headed “Conditions of the A Share Rights Issue”, Qualifying A Shareholders will be entitled to subscribe for one and three-tenths (1.3) A Rights Shares for every ten (10) existing A Shares held on the A Share Record Date at the Subscription Price of RMB8.85, for each A Rights Share payable in full on acceptance.

Qualifying A Shareholders

In order to qualify for the A Share Rights Issue, an A Shareholder must be registered as an A Shareholder of the Company on the A Share Record Date.

Expected Timetable of A Share Rights Issue

- CBRC granting approval for the A Share Rights Issue Monday, 26 October 2009
- CSRC granting approval for the A Share Rights Issue Friday, 26 February 2010
- Publication of the A Share Rights Issue Prospectus on the website of the Shanghai Stock Exchange Tuesday, 2 March 2010

- Indicative announcement regarding the On-line Roadshow and the On-line Roadshow Wednesday, 3 March 2010
- A Share Record Date Thursday, 4 March 2010
- Commencement of the A Share Rights Issue Friday, 5 March 2010
- Suspension of trading in the A Shares on the Shanghai Stock Exchange Friday, 5 March 2010
- First day for acceptance of and payment for the A Rights Shares Friday, 5 March 2010
- Close of the A Share Rights Issue Thursday, 11 March 2010
- Last day for payment for the A Rights Shares Thursday, 11 March 2010
- Verification of the payment for subscription for the A Rights Shares Friday, 12 March 2010
- Announcement of results of the A Share Rights Issue Monday, 15 March 2010
- Resumption of trading in the A Shares on the Shanghai Stock Exchange Monday, 15 March 2010

Shareholders should note that the dates specified in the expected timetable of the A Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. Any such change to the expected timetable will be announced and notified to the Shareholders as and when appropriate.

The listing of, and the date of commencement of dealing in, the A Rights Shares will be subject to further determination by the relevant PRC regulatory authority. A further announcement will be made by the Company as and when such details are available.

Conditions of the A Share Rights Issue

The A Share Rights Issue is conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the EGM;
- (ii) the approval of the Rights Issue at the A Shareholders Class Meeting and H Shareholders Class Meeting, respectively;
- (iii) the approval of the CBRC for the Rights Issue;
- (iv) the approval of the CSRC for the Rights Issue;
- (v) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Share Rights Issue.

None of the above conditions for the completion of the A Share Rights Issue may be waived by the Company. As at the date of this announcement, the conditions set out in (i) to (iv) above have been fulfilled. If any of the above conditions is not fulfilled, the A Share Rights Issue will not proceed.

A Share Rights Issue to be Conducted on a Non-Underwritten Basis

The A Share Rights Issue will be conducted on a non-underwritten basis as required under the applicable PRC laws and regulations. Under the applicable PRC laws and regulations and as classified by the CSRC, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

Application for Listing

Application has been made to the Shanghai Stock Exchange for the listing of the A Rights Shares.

Net Proceeds

The Rights Issue will raise (i) gross proceeds in an aggregate amount of approximately RMB21,996 million (assuming full subscription for the A Rights Shares) or RMB16,591 million (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB21,820 million (assuming full subscription for the A Rights Shares) or RMB16,415 million (assuming 70% subscription for the A Rights Shares).

A Share Rights Issue Prospectus

The Chinese version of the A Share Rights Issue Prospectus is available for public inspection on the websites of Hong Kong Stock Exchange (www.hkex.com.hk) and Shanghai Stock Exchange (www.sse.com.cn) as from the date of this announcement. Neither the Chinese version of the A Share Rights Issue Prospectus nor any other information on either of the above websites is incorporated in this announcement.

E. SHAREHOLDING STRUCTURE OF THE COMPANY PRIOR TO AND UPON COMPLETION OF THE RIGHTS ISSUE

The following table sets out the Company's shareholding structure prior to and upon completion of the Rights Issue (assuming (i) the Rights Issue is conducted on the basis of one and three-tenths (1.3) Rights Shares for every ten (10) existing Shares with full subscription for the A Rights Shares and the H Rights Shares; and (ii) there are no other changes in the issued share capital of the Company between the date of this announcement and the Record Date):

	Existing shareholding structure as at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all the H Rights Shares are taken up by the Qualifying H Shareholders		Assuming no H Rights Shares are taken up by the Qualifying H Shareholders other than CM Group and its associates	
	Number of Shares	Percentage of Issued Shares	Number of Shares	Percentage of Issued Shares	Number of Shares	Percentage of Issued Shares
CM Group and its associates						
H Shares	37,564,800	0.20%	42,448,224	0.20%	155,233,793 <i>(Note 1)</i>	0.72% <i>(Note 1)</i>
A Shares	3,420,446,637	17.89%	3,865,104,700	17.89%	3,865,104,700	17.89%
Supervisor (A Shares)	43,550	0.0002%	49,212	0.0002%	49,212	0.0002%
Underwriters (other than CMFH and CM Securities (HK)) for						
H Shares	–	–	–	–	332,209,007	1.54%
Other Shareholders (being public Shareholders)						
H Shares	3,423,035,200	17.90%	3,868,029,776	17.90%	3,423,035,200	15.84%
A Shares	12,238,399,829	64.01%	13,829,391,806	64.01%	13,829,391,806	64.01%
Total	19,119,490,016	100.00%	21,605,023,718	100.00%	21,605,023,718	100.00%

Note 1: Including the H Rights Shares taken up by CMFH and CM Securities (HK) as Shareholder Underwriter and Co-Underwriter, respectively.

The following table sets out the Company's shareholding structure prior to and upon completion of the Rights Issue (assuming (i) the Rights Issue is conducted on the basis of one and three-tenths (1.3) Rights Shares for every ten (10) existing Shares with 70% subscription level for the A Rights Shares and full subscription of the H Rights Shares; and (ii) there are no other changes in the issued share capital of the Company between the date of this announcement and the Record Date):

	Existing shareholding structure as at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all the H Rights Shares are taken up by the Qualifying H Shareholders		Assuming no H Rights Shares are taken up by the Qualifying H Shareholders other than CM Group and its associates	
	Number of Shares	Percentage of Issued Shares	Number of Shares	Percentage of Issued Shares	Number of Shares	Percentage of Issued Shares
CM Group and associates						
H Shares	37,564,800	0.20%	42,448,224	0.20%	155,233,793 (Note 1)	0.74% (Note 1)
A Shares	3,420,446,637	17.89%	3,731,707,281	17.78%	3,731,707,281	17.77%
Supervisor (A Shares)	43,550	0.0002%	47,513	0.0002%	47,513	0.0002%
Underwriters (other than CMFH and CM Securities (HK)) for H Shares	-	-	-	-	332,209,007	1.58%
Other Shareholders (being public Shareholders)						
H Shares	3,423,035,200	17.90%	3,868,029,776	18.43%	3,423,035,200	16.30%
A Shares	12,238,399,829	64.01%	13,352,094,213	63.59%	13,352,094,213	63.60%
Total	<u>19,119,490,016</u>	<u>100.00%</u>	<u>20,994,327,007</u>	<u>100.00%</u>	<u>20,994,327,007</u>	<u>100.00%</u>

Note 1: Including the H Rights Shares taken up by CMFH and CM Securities (HK) as Shareholder Underwriter and Co-Underwriter, respectively.

Upon the completion of the Rights Issue, the Company will be able to comply with the public float requirement as set out under Rule 8.08(1) of the Hong Kong Listing Rules. The Company has not engaged in any equity fund raising activities in the past 12 months from the date of this announcement.

F. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The purpose of the Rights Issue is to improve the core capital adequacy ratio of the Company to support the continuing development and growth of its business. All the net proceeds (after deducting all the cost and expenses incidental to the Rights Issue) to be raised by the Rights Issue in an aggregate amount of approximately RMB21,820 million (assuming full subscription for the A Rights Shares) or RMB16,415 million (assuming 70% subscription for the A Rights Shares) will be applied towards such purpose.

After taking into consideration of various means to raise funding commonly adopted by PRC commercial banks, the Directors consider that the Rights Issue is an appropriate mean of raising funding to improve the core capital adequacy ratio of the Company in the present circumstances and the terms of the Rights Issue are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

If you have questions in relation to the H Share Rights Issue, please telephone the H Shareholder hotline on (852) 2862 8633 during business hours from 9:00 a.m. to 6:00 p.m. Monday to Friday (other than public holidays).

G. DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“A Rights Shares”	the new A Shares proposed to be allotted and issued to the Qualifying A Shareholders pursuant to the A Share Rights Issue
“A Share(s)”	PRC-listed domestic share(s) of par value of RMB1.00 each in the registered capital of the Company
“A Share Record Date”	Thursday, 4 March 2010, or such other date determined by the Board by reference to which entitlements of the Qualifying A Shareholder(s) to the A Share Rights Issue are determined
“A Share Rights Issue”	the proposed issue of up to 2,035,655,702 A Rights Shares at the Subscription Price on the basis of one and three-tenths (1.3) A Rights Shares for every ten (10) existing A Shares held on the A Share Record Date
“A Share Rights Issue Prospectus”	the prospectus containing the details of the A Share Rights Issue to be published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk) on Tuesday, 2 March 2010
“A Shareholder(s)”	holder(s) of the A Shares
“A Shareholders Class Meeting”	the 2009 first class meeting of the A Shareholders held on Monday, 19 October 2009 on which, among other matters, the Rights Issue was considered and approved
“Acceptance Date”	Monday, 29 March 2010, being the latest date for acceptance of, and payment for, the H Rights Shares and application for the excess H Rights Shares, provided that if on such date a storm warning (being a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal issued in Hong Kong) is issued in Hong Kong at any time between 12:00 p.m. and 4:00 p.m. then references to the “Acceptance Date” shall mean the first Business Day thereafter on which no such storm warning remains issued at any time between 12:00 p.m. and 4:00 p.m.

“Beneficial H Shareholder”	any beneficial owner of H Shares whose H Shares are registered in the register of members of the Company in the name of a registered H Shareholder
“BNP Paribas”	BNP Paribas Capital (Asia Pacific) Limited
“Board”	the board of Directors
“BOCOM International”	BOCOM International Securities Limited
“Business Day”	any day other than Saturday or Sunday on which commercial banks and financial institutions in Hong Kong are open for business
“CBRC”	China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CICC”	China International Capital Corporation Limited
“Citi” or “Financial Adviser”	Citigroup Global Markets Asia Limited
“CITIC”	CITIC Securities Co., Ltd.
“CM Group”	China Merchants Group Limited
“CM Securities”	China Merchants Securities Co., Ltd.
“CM Securities (HK)”	China Merchants Securities (HK) Co., Ltd.
“CMBI”	CMB International Capital Corporation Limited
“CMFH”	China Merchants Finance Holdings Co., Ltd.
“Company”	China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H Shares of which are listed on the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“Co-Underwriters”	BOCOM International, CM Securities (HK), CMBI and ING (in alphabetical order)
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company

“EGM”	the 2009 second extraordinary general meeting of the Shareholders held on Monday, 19 October 2009 on which, among other matters, the Rights Issue was considered and approved
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Group”	the Company and its subsidiaries
“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualifying H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	overseas listed foreign share(s) of par value of RMB1.00 each in the registered capital of the Company
“H Share Record Date”	Friday, 12 March 2010, or such other date determined by the Board by reference to which entitlements to the H Share Rights Issue are to be determined
“H Share Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s registrar of the H Shares
“H Share Rights Issue”	the proposed issue of up to 449,878,000 H Rights Shares at the Subscription Price on the basis of one and three-tenths (1.3) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus to be issued by the Company and despatched to the H Shareholders in respect of the H Share Rights Issue containing further details of the H Share Rights Issue
“H Shareholder(s)”	the holder(s) of H Shares
“H Shareholders Class Meeting”	the 2009 first class meeting of the H Shareholders held on Monday, 19 October 2009 on which, among other matters, the Rights Issue was considered and approved
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ING”	ING Bank N.V., London Branch
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited
“Joint Lead Underwriters”	BNP Paribas, J.P. Morgan, Merrill Lynch and UBS (in alphabetical order)
“Latest Time for Termination”	5:00 p.m. on Thursday, 1 April 2010
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“Merrill Lynch”	Merrill Lynch Far East Limited
“Nil Paid H Rights”	rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying H Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to allow such H Shareholders to take up their Nil Paid H Rights to subscribe for the H Rights Shares on account either of the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	(i) H Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the H Share Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong and (ii) Beneficial H Shareholder whose address(es) is/are in a place(s) outside Hong Kong
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan
“PRC GAAP”	the accounting rules and regulations in the PRC
“Price Determination Date”	Monday, 1 March 2010, the date on which the Subscription Price was fixed for the purposes of the Rights Issue, being the last trading day of Shares immediately before the date of this announcement

“Prospectus Date”	the date of the H Share Rights Issue Prospectus which is expected to be despatched on Monday, 15 March 2010
“Prospectus Documents”	the H Share Rights Issue Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualifying Shareholder(s)”	Qualifying H Shareholders and Qualifying A Shareholders
“Qualifying A Shareholder(s)”	A Shareholders whose name(s) appear(s) on the register of members of the Company on the A Share Record Date
“Qualifying H Shareholder(s)”	H Shareholders, other than the Non-Qualifying H Shareholders, whose name(s) appear(s) on the H Shareholders’ register of the Company at the close of business on the H Share Record Date
“Record Date”	the A Share Record Date and/or the H Share Record Date
“Relevant Exchange Rate”	the middle rate quoted by the Bank of China Limited for the exchange of RMB and HK\$ immediately before the close of business on the Price Determination Date or such other appropriate exchange rate as determined by the Board
“Rights Issue”	the A Share Rights Issue and the H Share Rights Issue
“Rights Share(s)”	the H Rights Share(s) and the A Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder Underwriter”	CMFH
“Shareholders”	the holder(s) of Shares
“Subscription Price”	RMB8.85 for each A Rights Share and HK\$10.06 for each H Rights Share

“subsidiary”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“trading day”	with respect to A Shares, means a day on which the Shanghai Stock Exchange is open for dealing or trading in securities, and with respect to H Shares, means a day on which the Hong Kong Stock Exchange is open for dealing or trading in securities
“UBS”	UBS AG, Hong Kong Branch
“Undertaking Letter”	the irrevocable undertaking dated 2 March 2010 to the Company and the Joint Lead Underwriters on behalf of the Underwriters by CM Group
“Underwriters”	the Shareholder Underwriter, the Joint Lead Underwriters and the Co-Underwriters
“Underwriting Agreement”	the underwriting agreement dated 2 March 2010 and entered into between the Company and the Underwriters in relation to the H Share Rights Issue
“US”, “U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended
“Voting Results Announcement”	the announcement of the Company dated 19 October 2009 in relation to the voting results of the EGM, the A Shareholders Class Meeting and H Shareholders Class Meeting
“%”	per cent

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement for illustration only, at the rate of RMB0.8795 to HK\$1.00. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates or at all.

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

2 March 2010

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.