

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement.*



**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 BUSINESS CO-OPERATION AGREEMENT WITH ANBANG INSURANCE**

The Company, as approved by the Board, entered into the Business Co-operation Agreement with Anbang Insurance on 16 June 2015 for a term of 3 years commencing on 1 January 2015.

As at the date of this announcement, Anbang Property & Casualty directly held 10.72% of the shares of the Company, and is a substantial shareholder of the Company. Anbang Property & Casualty is one of the members of Anbang Insurance Group and is controlled by Anbang Insurance. Accordingly, Anbang Insurance Group is deemed as a connected person of the Company and the transactions between the Group and Anbang Insurance Group constitutes continuing connected transactions under the Hong Kong Listing Rules.

Since some of the applicable percentage ratios (other than the profit ratio) in relation to each of the annual cap of the service fees for agency sales receivable from Anbang Insurance Group under the Business Co-operation Agreement for 2015, 2016 and 2017 are 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 Company, as approved by the Board, entered into the Business Co-operation Agreement with Anbang Insurance on 16 June 2015 for a term of 3 years commencing on 1 January 2015.

## **RELATIONSHIP BETWEEN THE PARTIES**

As at the date of this announcement, Anbang Property & Casualty directly held 10.72% of the shares of the Company, and is a substantial shareholder of the Company. Anbang Property & Casualty is one of the members of Anbang Insurance Group and is controlled by Anbang Insurance. Accordingly, Anbang Insurance Group is deemed as a connected person of the Company and the transactions between the Group and Anbang Insurance Group constitute continuing connected transactions under the Hong Kong Listing Rules.

## **BUSINESS CO-OPERATION AGREEMENT**

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

- Date: 16 June 2015
- Parties: (a) Anbang Insurance; and  
(b) the Company
- Term: From 1 January 2015 to 31 December 2017 (both days inclusive)
- Description of transaction: The Group will provide Anbang Insurance Group with agency sales service, and will receive service fees for agency sales from Anbang Insurance Group. Members of the Group may, from time to time and as necessary, enter into separate implementation agreements with Anbang Insurance Group for each specific insurance product of Anbang Insurance Group. The terms of any such implementation agreement will be governed by the Business Co-operation Agreement and as such will not constitute new categories of continuing connected transactions
- Pricing principles: The service fees for agency sales payable by Anbang Insurance 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. In any event, 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 Anbang Insurance Group from time to time

The transactions contemplated under the 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 other insurance product providers, 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 Anbang Insurance 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 and the five months ended 31 May 2015, the service fees for agency sales of insurance products paid to the Company by Anbang Insurance Group were approximately RMB562.73 million, RMB701.73 million, RMB955.23 million and RMB165.37 million (unaudited), respectively. The Company proposes to set the annual cap in respect of service fees for agency sales of insurance products receivable from Anbang Insurance Group for 2015, 2016 and 2017 at RMB1,200 million.

In determining the annual caps of the service fees for the transactions under the Business Co-operation Agreement, the Company has taken into account a number of factors, including the Business Co-operation Agreement involves activities that may vary from year to year due to a number of external reasons, including the unexpected changes of the insurance markets, the decision on insurance product investment transactions is market-driven, largely determined by customers' decision on their investment and wealth management portfolio which is not within the Company's control, the current and projected operation conditions for the continuing connected transactions between the Group and Anbang Insurance Group, with reference to the prevailing market conditions, the domestic and international economic and financial situations and policies and guidelines for insurance business formulated by regulatory authorities, the underlying transaction volumes and the expected growth in service fees. Taking into account that the growth in the service fee for sales of the insurance products is market-driven in nature which is considered to be difficult for the Company to estimate, the Board believes that it is reasonable to set the annual cap for 2015, 2016 and 2017 at RMB1,200 million, so as to allow more room for further expansion of the transaction amounts between the Group and Anbang Insurance Group, thus enabling the Company to take full benefit of the growth of the PRC economy and the insurance product investment markets, and to maximize the Company's revenue generated from such service fees.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group has been providing services for agency sales of insurance products to Anbang Insurance Group. The entering into the Business Co-operation Agreement facilitates, on the one hand, the regulation and supervision of the on-going connected transactions between the Group and Anbang Insurance Group. On the other, it lays a sound foundation for future business development, and boosts the cross-industry, cross-border cooperation of the parties going forward.

## **BOARD CONFIRMATION**

The Board considers that the 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 agency sales of insurance products of Anbang Insurance Group may vary significantly depending on the prevailing market conditions and the unexpected changes of the insurance markets, the Board considers that the setting of the annual cap in respect of service fees for agency sales for 2015, 2016 and 2017 under the Business Co-operation Agreement are in the interests of the Company and its Shareholders as a whole.

The Directors of the Company have no interests in the Business Co-operation Agreement, therefore, none of the Directors was required to abstain from voting on the relevant resolutions. Zhao Jun, an independent non-executive director of the Company, voted against the resolution on the Business Co-operation Agreement as he considered that the reasoning in support of the resolution was not sufficient. The relevant resolution was voted for and approved by the other Directors of the Company.

## **IMPLICATIONS UNDER HONG KONG LISTING RULES**

Since some of the applicable percentage ratios (other than the profit ratio) in relation to each of the annual cap of RMB1,200 million in respect of the service fees for agency sales receivable from Anbang Insurance Group under the Business Co-operation Agreement for 2015, 2016 and 2017 are 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 ANBANG INSURANCE**

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.

Anbang Insurance is one of the conglomerates in the insurance industry of China. As a comprehensive insurance group, Anbang Insurance is currently engaged in property insurance, life insurance, health insurance, asset management, policy sales, insurance brokerage and other relevant business.

Anbang Property & Casualty is a joint stock limited company incorporated in the PRC, and one of the members of Anbang Insurance Group. The business scope of Anbang Property & Casualty includes property damage insurance, liability insurance, credit insurance and guarantee insurance; short-term health insurance and accident insurance; reinsurance of the aforesaid businesses, etc.

## DEFINITIONS

“Anbang Insurance”	Anbang Insurance Group Co., Ltd.;
“Anbang Insurance Group”	Anbang Insurance and its subsidiaries (for the purpose of this announcement, including their respective associates);
“Anbang Property & Casualty”	Anbang Property & Casualty Insurance Company Ltd.;
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Board”	the board of Directors of the Company;
“Business Co-operation Agreement”	the business co-operation agreement entered into between the Company and Anbang Insurance on 16 June 2015;
“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 under the Hong Kong Listing Rules;
“Director(s)”	the director(s), including the independent non-executive directors, of the Company;
“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;
“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 under 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*

16 June 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.*