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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 680,423,172 H SHARES,
ON THE BASIS OF 1.74 H RIGHTS SHARES
FOR EVERY 10 EXISTING H SHARES AT HK\$11.68 PER H RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**PROPOSED A SHARE RIGHTS ISSUE OF 3,073,906,773 A SHARES
ON THE BASIS OF 1.74 A RIGHTS SHARES
FOR EVERY 10 EXISTING A SHARES AT RMB9.29 PER A RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**CLOSURE OF THE H SHAREHOLDERS' REGISTER FROM
MONDAY, 2 SEPTEMBER 2013 TO TUESDAY, 3 SEPTEMBER 2013**



China Merchants Finance Holdings

Shareholder Underwriter



Joint Global Coordinator
Joint Lead Underwriter



Joint Global Coordinator
Joint Lead Underwriter



Joint Global Coordinator
Joint Lead Underwriter



Joint Global Coordinator
Joint Lead Underwriter

(in alphabetical order)



Joint Lead Underwriter



Joint Lead Underwriter



Financial Adviser

Introduction

The Company made an announcement on 18 July 2011 and delivered a circular to the shareholders on 25 July 2011 in relation to the proposed Rights Issue. As described in the Voting Results Announcement published by the Company on 9 September 2011, 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 9 September 2011, respectively (the validity period of all those resolutions have duly been extended pursuant to the 2012 first extraordinary general meeting, the 2012 first class meeting of A Shareholders and the 2012 first class meeting of the H Shareholders of the Company, respectively, held on 7 September 2012). The CBRC has given its written approval dated 29 September 2011 in respect of the Rights Issue. The Company has recently received CSRC's written approval in respect of the A Share Rights Issue and the H Share Rights Issue, respectively.

The Rights Issue

Pursuant to the authorisation granted to the Board at the EGM, the A Shareholders Class Meeting and the H Shareholders Class Meeting (extended as aforesaid), 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 Excluded H Shareholders and only the Qualifying H Shareholders and their permitted transferees 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 Wednesday, 28 August 2013 and the H Shares will be dealt with on an ex-rights basis from Thursday, 29 August 2013. 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 an Excluded 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 Thursday, 5 September 2013. In respect of the Excluded 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 1.74 Rights Shares for every 10 existing Shares held by Shareholders on the Record Date at the Subscription Price of RMB9.29 per A Rights Share and HK\$11.68 per H Rights Share. The Rights Issue will raise (i) gross proceeds in an aggregate amount of approximately RMB34,879.3 million (assuming full subscription for the A Rights Shares) or RMB26,312.4 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 RMB34,704.3 million (assuming full subscription for the A Rights Shares) or RMB26,137.4 million (assuming 70% subscription for the A Rights Shares).

Reasons for the Rights Issue

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.

Fractional Entitlements

The entitlements of Qualifying 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 Qualifying 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.

Closure of the H Share Register

The H Shareholders' register of the Company will be closed from Monday, 2 September 2013 to Tuesday, 3 September 2013, both days inclusive. No transfers of H Shares will be registered during this period.

Shareholder Undertakings

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.

Underwriting

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

A Share Rights Issue

The A Share Rights Issue Prospectus containing detailed terms of the A Share Rights Issue, which is in Chinese, 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.

Others

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 Global Coordinators (on behalf of the 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 OBTAINED FOR RIGHTS ISSUE

The Company made an announcement on 18 July 2011 and delivered a circular to the Shareholders on 25 July 2011 in relation to the proposed Rights Issue. As described in the Voting Results Announcement published by the Company on 9 September 2011, 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 9 September 2011, respectively (the validity period of all those resolutions have duly been extended pursuant to the 2012 first extraordinary general meeting, the 2012 first class meeting of A Shareholders and the 2012 first class meeting of the H Shareholders of the Company, respectively, held on 7 September 2012). The CBRC has given its written approval dated 29 September 2011 in respect of the Rights Issue. The Company has recently received CSRC's written approval in respect of the A Share Rights Issue and the H Share Rights Issue, respectively.

B. THE RIGHTS ISSUE

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

The Rights Issue is conducted on the basis of 1.74 Rights Shares for every 10 existing Shares held by Shareholders on the Record Date. The Subscription Price of the A Rights Shares and the H Rights Shares will be the same after exchange rate adjustment.

The Subscription Prices of RMB9.29 per A Rights Share and HK\$11.68 per H Rights Share were determined by the Board (or its authorised delegates) in consultation with the joint sponsors 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 before the publication of this announcement having regard to the trading prices of the A Shares and the H Shares on the secondary markets.

The Subscription Prices of RMB9.29 per A Rights Share and HK\$11.68 per H Rights Share are not less than RMB9.29 (equivalent to approximately HK\$11.68), being the latest audited net asset value per Share as stated in the audited consolidated financial statements of the Company as at 31 December 2012 prepared under PRC GAAP (on the basis of the total number of Shares in issue as at 31 December 2012).

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 RMB34,879.3 million (equivalent to approximately HK\$43,841.4 million) (assuming full subscription for the A Rights Shares) or RMB26,312.4 million (equivalent to approximately HK\$33,073.2 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 RMB34,704.3 million (equivalent to approximately HK\$43,621.4 million) (assuming full subscription for the A Rights Shares) or RMB26,137.4 million (equivalent to approximately HK\$32,853.2 million) (assuming 70% subscription for the A Rights Shares), on the basis of the Subscription Price of RMB9.29 per A Rights Share and HK\$11.68 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.

Terms of the H Share Rights Issue are as follows:

H Share Rights Issue Statistics

Basis of H Share Rights Issue:	1.74 H Rights Shares for every 10 existing H Shares held on the H Share Record Date by the Qualifying H Shareholders
Number of H Shares in issue:	3,910,478,000 as at the Latest Practicable Date
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Record Date remains the same as the Latest Practicable Date):	680,423,172
Subscription Price for the H Rights Shares:	HK\$11.68 per H Rights Share
Shareholder Underwriter:	CMFH
Joint Global Coordinators (H Share Rights Issue) (in alphabetical order):	CICCHKS, Citi, Goldman Sachs and UBS
Joint Lead Underwriters (in alphabetical order):	CICCHKS, Citi, CM Securities (HK), CMBI, Goldman Sachs and UBS
Financial Adviser:	Citi

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 Latest Practicable Date.

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)(c) 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”, Qualifying H Shareholders will be entitled to Nil Paid H Rights to subscribe for 1.74 H Rights Shares for every 10 existing H Shares held on the H Share Record Date at the Subscription Price of HK\$11.68 for each H Rights Share payable in full on acceptance, constituting a total of 680,423,172 H Shares, representing approximately 17.40% of the Company’s existing issued H Shares capital as at the Latest Practicable Date and approximately 14.82% of the enlarged issued H Share capital of the Company immediately after the H Share Rights Issue (assuming the number of H Shares in issue on the H Share Record Date remains the same as the Latest Practicable Date).

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 Excluded 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 Provisional Allotment Letters and the Excess Application Forms will not be sent to the Excluded H Shareholders.

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 an Excluded 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 H 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 Friday, 30 August 2013.

The H Shareholders’ register of the Company will be closed from Monday, 2 September 2013 to Tuesday, 3 September 2013, both days inclusive. No transfer of H Shares will be registered during this period.

Rights of the Excluded H Shareholders

If at the close of business on the H Share Record Date, an H Shareholder’s or a Beneficial H Shareholder’s address on the Company’s H Shareholders’ register is in a place outside Hong Kong, that H Shareholder or Beneficial 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 participate in the H Share Rights Issue 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 Excluded 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 Excluded H Shareholders for their information purposes only, but the Company will not send Provisional Allotment Letters and Excess Application Forms to the Excluded H Shareholders.

Arrangements will be made for the Nil Paid H Rights entitlements of the Excluded H Shareholders who hold their existing H Shares in certificated form to be provisionally allotted to a nominee appointed by the Company for the benefit of the Excluded H Shareholders and, if a premium (net of expenses) can be obtained, to be sold by the nominee on such Excluded 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 Excluded H Shareholders, provided that individual amounts of HK\$100 or less will be paid to the Company for its own benefit. Any H Rights Shares in respect of unsold entitlement of the Excluded H Shareholders, any unsold fractional entitlements to the H Rights Shares 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\$11.68 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\$11.68 per H Rights Share represents:

- (i) a discount of approximately 17.6% to the closing price of HK\$14.18 per H Share as quoted on the Hong Kong Stock Exchange on the Price Determination Date;
- (ii) a discount of approximately 18.0% to the average closing price of HK\$14.24 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 15.6% to the average closing price of HK\$13.84 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 13.1% to the average closing price of HK\$13.44 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 15.4% to the theoretical ex-right price of HK\$13.81 per H Share on the basis of the closing price of HK\$14.18 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 allotted 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 Qualifying 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 Qualifying 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 Excluded 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 any designated branches of Wing Lung Bank Limited or Bank of China (Hong Kong) Limited as mentioned in the H Share Rights Issue Prospectus by no later than 4:00 p.m. on Thursday, 19 September 2013 or such later time and/or date as may be agreed between the Company and the Joint Global Coordinators. Unless otherwise agreed by the Company, all remittances must be in Hong Kong dollars by cheque or cashier order. Cheque(s) must be drawn on an account with, or cashier's order(s) must be issued by, a licensed bank in Hong Kong and made payable to "**Bank of China (Hong Kong) Nominees Limited – CMB – EAF**" and must be crossed.

An Excess Application Form can be lodged from Thursday, 5 September 2013 to Thursday, 19 September 2013 (both days inclusive) at these times or such later time and/or date as may be agreed between the Company and the Joint Global Coordinators:

Monday to Friday:	9:00 am to 5:00 pm
Saturday:	9:00 am to 1:00 pm
Acceptance Date (Thursday, 19 September 2013):	9:00 am to 4:00 pm

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. 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. The applicant must pay the exact amount payable upon application for the H Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to the applicant only if the overpaid amount is HK\$100 or above.

If no excess H Rights Shares are allotted and issued to a qualifying 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 Monday, 30 September 2013. 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 are 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 Monday, 30 September 2013.

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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

If the Joint Global Coordinators (on behalf of 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 Monday, 30 September 2013.

The Directors will allocate the excess H Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess H Rights Shares will be allocated to Qualifying H Shareholders who apply for them on a pro rata basis by reference to the number of excess H Rights Shares applied for. Reference will only be made to the number of excess H Right Shares being applied for but no reference will be made to H Rights Shares comprised in applications by PAL or the existing number of H Shares held by Qualifying H Shareholders. If the aggregate number of H Rights Shares not taken up by the Qualifying H Shareholders under PALs is greater than the aggregate number of excess H Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying H Shareholder who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

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. 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 on or before 4:30 p.m. on Friday, 30 August 2013.

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 Latest Practicable Date, the conditions under (i) to (iv) 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.**

Procedures for Acceptance or Transfer of H Rights Shares by Qualifying H Shareholders

For each Qualifying H Shareholder, a Provisional Allotment Letter and Excess Application Form will be enclosed with the H Share Rights Issue Prospectus which entitles the Qualifying H Shareholder to subscribe for the number of H Rights Shares shown therein. If you are a Qualifying H Shareholder and wish to exercise your right to take up the H Rights Shares specified in the enclosed Provisional Allotment Letter, you must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, at any designated branches of Wing Lung Bank Limited or Bank of China (Hong Kong) Limited as mentioned in the H

Share Rights Issue Prospectus by no later than 4:00 p.m. on Thursday, 19 September 2013 or such later time and/or date as may be agreed between the Company and the Joint Global Coordinators. Unless otherwise agreed by the Company, all remittances must be made in Hong Kong dollars. Cheque(s) must be drawn on an account with, and cashier's order(s) must be issued by, a licensed bank in Hong Kong and made payable to "**Bank of China (Hong Kong) Nominees Limited – CMB – PAL**" and must be crossed.

A Provisional Allotment Letter can be lodged from Thursday, 5 September 2013 to Thursday, 19 September 2013 (both days inclusive) at these times or such later time and/or date as may be agreed between the Company and the Joint Global Coordinators:

Monday to Friday: 9:00 am to 5:00 pm

Saturday: 9:00 am to 1:00 pm

Acceptance Date (19 September 2013): 9:00 am to 4:00 pm.

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged at any one of the branches of Wing Lung Bank Limited or Bank of China (Hong Kong) Limited as mentioned above by 4:00 p.m, on Thursday, 19 September 2013 whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If you wish to transfer all of your rights to subscribe for the H Rights Shares provisionally allotted to you, you must complete and sign the form of transfer in the Provisional Allotment Letter, and hand the Provisional Allotment Letter to the transferee(s) or through whom you are transferring such rights of yours to subscribe for the H Rights Shares. The transferee(s) must then complete and sign the form of transfer in the Provisional Allotment Letter, and lodge the Provisional Allotment Letter intact together with a remittance for the full amount payable on acceptance at any designated branches of Wing Lung Bank Limited or Bank of China (Hong Kong) Limited as mentioned in the H Share Rights Issue Prospectus not later than 4:00 p.m. on Thursday, 19 September 2013. If you wish to accept only part of your provisional allotment or if you wish to transfer all or part of your provisional allotment to more than one person, the Provisional Allotment Letter must be surrendered by not later than 4:30 p.m on Wednesday, 11 September 2013 to the H Share Registrar which will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required. All enquiries in connection with the Provisional Allotment Letter should be addressed to the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company reserves the right to refuse register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the accompanying cheque or cashier's order is not honoured on first presentation is liable to be rejected, and in that event the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

You must pay the exact amount payable upon application for the H Rights Shares by cheque or cashier order or any method agreed by the Company, underpaid application will be rejected.

In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

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.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the laws of any state of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Please note that without approval from the relevant regulatory authorities, the H Rights Shares and the A Rights Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A Share and the H Share markets.

Proceeds of the H Share Rights Issue

The H Share Rights Issue is estimated to raise (i) gross proceeds in an aggregate amount of approximately HK\$7,947.3 million (equivalent to approximately RMB6,322.7 million); and (ii) net proceeds (after deducting all the costs and expenses incidental to the H Share Rights Issue) in an aggregate amount of approximately HK\$7,833.3 million (equivalent to approximately RMB6,232.0 million).

H Share Rights Issue 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:	22 August 2013
Shareholder Underwriter:	CMFH
Joint Lead Underwriters (in alphabetical order):	CICCHK, Citi, CM Securities (HK), CMBI, Goldman Sachs and UBS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of CICCHK, Citi, Goldman Sachs and UBS 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 680,423,172 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 136,084,634 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.

CM Group, through China Merchants Steam Navigation Co., Ltd., is a 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.

CMFH, in addition to its underwriting obligation, has undertaken to the Company that it will subscribe or procure for subscription of not more than 136,084,634 H Rights Shares by way of excess application for H Rights 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 CMB International Capital Corporation Ltd. which is a wholly-owned subsidiary of the Company.

Conditions of the Underwriting Agreement

The underwriting obligations of the Joint Lead Underwriters and the Shareholder Underwriter 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 Global Coordinators (on behalf of the Underwriters) (in form and substance satisfactory to them) the documents listed therein by the times and dates specified therein;
- (c) since the time of execution of the Underwriting Agreement, there shall not 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 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 or the PRC;
 - (iv) a material disruption in commercial banking or securities settlement or clearance services in Hong Kong or the PRC;
 - (v) 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 or the PRC; or
 - (vi) 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 case involving or affecting Hong Kong, the PRC or the international financial markets that, in the Joint Global Coordinators' reasonable 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 Global Coordinators' reasonable judgment after consultation with the Company, 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;

- (d) the approval of the H Share Rights Issue granted by CBRC being valid and not having been withdrawn or revoked;
- (e) the approval of the H Share Rights Issue granted by CSRC being valid and not having been withdrawn or revoked;
- (f) 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;
- (g) the Registrar of Companies in Hong Kong registering the Prospectus Documents and having all the documents required by the provisions of section 342C of the Companies Ordinance on or before the despatch of the H Share Rights Issue Prospectus;
- (h) 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);
- (i) 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;
- (j) posting of the Prospectus Documents to the Qualifying H Shareholders on or before the date the Prospectus Documents are despatched or such later date to be agreed with the Joint Global Coordinators and the posting, to the extent reasonably practicable and legally permitted, of the H Share Rights Issue Prospectus for information purposes only to the Excluded H Shareholder; provided that the H Share Rights Issue Prospectus shall not be posted to Excluded Shareholders who are known by the Company to be resident in the United States;
- (k) the joint sponsors for the A Share Rights Issue shall have confirmed to Joint Global Coordinators 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);
- (l) 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, the Joint Global Coordinators 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;
- (m) all the respective representations and warranties and other statements in the Underwriting Agreement on the part of the Company being true and accurate and not misleading at and as of the date of the Underwriting Agreement, the Prospectus Date, as of the time of sale agreed in the Underwriting Agreement with respect to the Joint Global Coordinators' efforts to procure purchasers for the H Rights Shares not taken up, and as of the Latest Time for Termination as if they had been repeated by reference to the facts and circumstances then existing; and
- (n) the performance by the Company of all its obligations under the Underwriting Agreement.

If the conditions of the Underwriting Agreement are not duly satisfied and/or waived (where applicable) by the Joint Global Coordinators, when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Joint Global Coordinators), 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.

The Joint Global Coordinators have the right either: (i) to waive any condition specified above (except the conditions specified in Section (a), (d) and (e)), or (ii) to extend the deadline for the fulfillment of any condition in such manner as specified in the Underwriting Agreement.

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

Termination of the Underwriting Agreement

The Underwriting Agreement shall terminate without further act or deed if any of the conditions precedent to the obligations of the Underwriters shall not have been satisfied when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Joint Global Coordinators).

The rights (save as otherwise provided in the Underwriting Agreement) and obligations of the Underwriters shall be subject to termination in the absolute discretion of the Joint Global Coordinators and after consultation with the Company with immediate effect, at any time prior to the Latest Time for Termination if 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 Global Coordinators (on behalf of the Underwriters) and after consultation with the Company, 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 H Share Rights Issue Prospectus.

At any time prior to the Latest Time for Termination if 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 any Underwriter or any Underwriter and the other members of such Underwriter's group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate in the absolute judgment of the Company and after consultation with such Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable for such Underwriter or Underwriters to fulfil its or their respective obligations under the Underwriting Agreement, the rights (save as otherwise provided in the Underwriting Agreement) and obligations of such Underwriter or Underwriters shall be subject to termination in the absolute discretion of the Company and after consultation with such Underwriter or Underwriters with immediate effect without affecting the rights and obligations of the other Underwriters under the Underwriting Agreement.

In the event that the Joint Global Coordinators (on behalf of the 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 the A Rights Shares to be allotted and issued pursuant to the A Share Rights Issue; (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 and (C) the issue of bonds denominated in RMB; or
- (ii) without the prior written consent of the Joint Global Coordinators (and which may not be unreasonably withheld),

from the date of the Underwriting Agreement up to 60 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 depositary in connection with the issue of depositary 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 Undertakings

As at the date of this announcement, CM Group, a substantial shareholder of the Company, held (via its subsidiaries) 3,976,264,193 A Shares and 42,857,691 H Shares, representing proximately 22.51% of the entire issued A Share capital and approximately 1.10% of the entire issued H Share capital of the Company, respectively.

Pursuant to the Undertaking Letter, CM Group has irrevocably and unconditionally undertaken to the Company and the Joint Global Coordinators, 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 7,457,238 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 Global Coordinators, 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; or
- (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 Thursday, 29 August 2013. Dealings in the Nil Paid H Rights are expected to take place from Monday, 9 September 2013 to Monday, 16 September 2013 (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 Global Coordinators (on behalf of the 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 Monday, 30 September 2013.

Taxation

Qualifying 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 and/or the H Rights Shares and, regarding the Excluded 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 and/or the H Rights Shares or receipt of such net proceeds.

Expected H Share Rights Issue Timetable

Last day of dealings in H Shares on a cum-rights basis	Wednesday, 28 August 2013
First day of dealings in H Shares on an ex-rights basis	Thursday, 29 August 2013
Latest time for lodging transfer of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m., Friday, 30 August 2013
Register of H Shareholders closed	Monday, 2 September 2013 to Tuesday, 3 September 2013 (both days inclusive)
H Share Record Date	Tuesday, 3 September 2013
Register of the H Shareholders re-opens	Wednesday, 4 September 2013
Despatch of Prospectus Documents	Thursday, 5 September 2013
First day of dealings in Nil Paid H Rights	Monday, 9 September 2013
Latest time for splitting Provisional Allotment Letters	4:30 p.m., Wednesday, 11 September 2013
Last day of dealings in Nil Paid H Rights	Monday, 16 September 2013
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., Thursday, 19 September 2013
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional	5:00 p.m., Wednesday, 25 September 2013
Announcement of results of acceptance of and excess applications for H Rights Shares	Thursday, 26 September 2013
Despatch of certificates for H Rights Shares	Monday, 30 September 2013
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares	Monday, 30 September 2013
Commencement of dealings in H Rights Shares in fully-paid form	9:00 a.m., Wednesday, 2 October 2013

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 (or its authorised delegates). 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:	1.74 A Rights Shares for every 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:	17,666,130,885
Number of A Rights Shares proposed to be issued (assuming the number of A Shares in issue on the A Share Record Date remains the same as the date of this announcement):	3,073,906,773
Joint sponsors (in alphabetical order):	CICC and GSGH
Joint lead underwriters (in alphabetical order):	CICC and GSGH
Financial adviser:	CM Securities
Subscription Price for the A Rights Shares:	RMB9.29 per A Rights Share

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 1.74 A Rights Shares for every 10 existing A Shares held on the A Share Record Date at the Subscription Price of RMB9.29, 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 Thursday, 29 September 2011
- CSRC granting approval for the A Share Rights Issue Friday, 19 July 2013
- Publication of the A Share Rights Issue Prospectus on the website of the Shanghai Stock Exchange Friday, 23 August 2013

- On-line Roadshow Monday, 26 August 2013
- A Share Record Date Tuesday, 27 August 2013
- Commencement of the A Share Rights Issue Wednesday, 28 August 2013
- Suspension of trading in the A Shares on the Shanghai Stock Exchange Wednesday, 28 August 2013
- First day for acceptance of and payment for the A Rights Shares Wednesday, 28 August 2013
- Close of the A Share Rights Issue Tuesday, 3 September 2013
- Last day for payment for the A Rights Shares Tuesday, 3 September 2013
- Verification of the payment for subscription for the A Rights Shares Wednesday, 4 September 2013
- Announcement of results of the A Share Rights Issue Thursday, 5 September 2013
- Resumption of trading in the A Shares on the Shanghai Stock Exchange Thursday, 5 September 2013

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 each 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; and
- (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.

Proceeds from the A Share Rights Issue

The A Share Rights Issue will raise (i) gross proceeds in an aggregate amount of approximately RMB28,556.6 million equivalent to approximately HK\$35,894.1 million (assuming full subscription for the A Rights Shares) or RMB19,989.6 million equivalent to approximately HK\$25,125.8 million (assuming 70% subscription for the A Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the A Share Rights Issue) in an aggregate amount of approximately RMB28,472.3 million equivalent to approximately HK\$35,788.1 million (assuming full subscription for the A Rights Shares) or RMB19,905.3 million equivalent to approximately HK\$25,019.9 million (assuming 70% subscription for the A Rights Shares).

A Share Rights Issue Prospectus

The A Share Rights Issue Prospectus, which is in Chinese, 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 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 1.74 Rights Shares for every 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 Latest Practicable Date and the Record Date):

	Existing shareholding structure as at the Latest Practicable Date		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	42,857,691	0.20%	50,314,929	0.20%	246,984,643 (Note 1)	0.98% (Note 1)
A Shares	3,976,264,193	18.42%	4,668,134,163	18.42%	4,668,134,163	18.42%
Supervisor (A Shares)	20,000	0.0001%	23,480	0.0001%	23,480	0.0001%
Underwriters (other than CMFH and CM Securities (HK)) for H Shares	–	–	–	–	476,296,220	1.88%
Other Shareholders (being public Shareholders)						
H Shares	3,867,620,309	17.93%	4,540,586,243	17.93%	3,867,620,309	15.26%
A Shares	13,689,846,692	63.44%	16,071,880,016	63.44%	16,071,880,016	63.45%
Total	<u>21,576,608,885</u>	<u>100.00%</u>	<u>25,330,938,831</u>	<u>100.00%</u>	<u>25,330,938,831</u>	<u>100.00%</u>

Note 1: Including the H Rights Shares taken up by CMFH and CM Securities (HK) as Shareholder Underwriter and Joint Lead 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 1.74 Rights Shares for every 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 Latest Practicable Date and the Record Date):

	Immediately after completion of the Rights Issue					
	Existing shareholding structure as at the Latest Practicable Date		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	42,857,691	0.20%	50,314,929	0.20%	246,984,643 (Note 1)	1.01% (Note 1)
A Shares	3,976,264,193	18.42%	4,460,573,172	18.27%	4,460,573,172	18.27%
Supervisor (A Shares)	20,000	0.0001%	22,436	0.0001%	22,436	0.0001%
Underwriters (other than CMFH and CM Securities (HK)) for H Shares	-	-	-	-	476,296,220	1.95%
Other Shareholders (being public Shareholders)						
H Shares	3,867,620,309	17.93%	4,540,586,243	18.60%	3,867,620,309	15.84%
A Shares	13,689,846,692	63.44%	15,357,270,019	62.92%	15,357,270,019	62.92%
Total	<u>21,576,608,885</u>	<u>100.00%</u>	<u>24,408,766,799</u>	<u>100.00%</u>	<u>24,408,766,799</u>	<u>100.00%</u>

Note 1: Including the H Rights Shares taken up by CMFH and CM Securities (HK) as Shareholder Underwriter and Joint Lead 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 RMB34,704.3 million equivalent to approximately HK\$43,621.4 million (assuming full subscription for the A Rights Shares) or RMB26,137.4 million equivalent to approximately HK\$32,853.2 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.

G. H SHAREHOLDER HOTLINE

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).

H. DEFINITIONS

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

“A Rights Share(s)”	the new A Share(s) 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”	Tuesday, 27 August 2013, 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 3,073,906,773 A Rights Shares at the Subscription Price on the basis of 1.74 A Rights Shares for every 10 existing A Shares held on the A Share Record Date
“A Share Rights Issue Prospectus”	the prospectus, which is in Chinese, containing the details of the A Share Rights Issue 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 23 August 2013
“A Shareholder(s)”	holder(s) of the A Shares
“A Shareholders Class Meeting”	the 2011 first class meeting of the A Shareholders held on Friday, 9 September 2011 on which, among other matters, the Rights Issue was considered and approved
“Acceptance Date”	Thursday, 19 September 2013, being the latest date for acceptance of and payment for the H Rights Shares and for application and payment 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
“Board” or “Board of Directors”	the board of directors of the Company
“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 HKSCC
“CICC”	China International Capital Corporation Limited
“CICCHKS”	China International Capital Corporation Hong Kong Securities Limited
“Citi” or “Financial Adviser”	Citigroup Global Markets Asia Limited
“CM Group”	China Merchants Group Limited
“CM Securities”	China Merchants Securities Co., Ltd.
“CM Securities (HK)”	China Merchants Securities (HK) Co., Limited
“CMBI”	CMB International Capital 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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EAF(s)” or “Excess Application Form(s)”	excess application form(s) for excess H Rights Shares
“EGM”	the 2011 first extraordinary general meeting of the Shareholders held on Friday, 9 September 2011 on which, among other matters, the Rights Issue was considered and approved

“Excluded H Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on enquiries made by the Directors or legal opinions provided by legal advisors, considers it necessary or expedient to exclude such Overseas Shareholder(s) 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 of his/her/their registered address(es) or the requirement of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“GSGH”	Goldman Sachs Gao Hua Securities Co., Ltd.
“H Rights Share(s)”	the new H Share(s) 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”	Tuesday, 3 September 2013, 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 680,423,172 H Rights Shares at the Subscription Price on the basis of 1.74 H Rights Shares for every 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 2011 first class meeting of the H Shareholders held on Friday, 9 September 2011 on which, among other matters, the Rights Issue was considered and approved
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“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 Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Global Coordinators”	CICCHKS, Citi, Goldman Sachs and UBS (in alphabetical order)
“Joint Lead Underwriters”	CICCHKS, Citi, CM Securities (HK), CMBI, Goldman Sachs and UBS (in alphabetical order)
“Latest Practicable Date”	22 August 2013, being the latest practicable date for ascertaining certain information in this announcement prior to its publication
“Latest Time for Termination”	5:00 p.m. on Wednesday, 25 September 2013
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“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
“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 registered address(es) as shown on such register is/are in a place(s) outside Hong Kong and (ii) Beneficial H Shareholder whose registered address(es) is/are in a place(s) outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“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 Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC
“Price Determination Date”	22 August 2013, 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 Thursday, 5 September 2013
“Prospectus Documents”	the H Share Rights Issue Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Qualifying A Shareholder(s)”	A Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the A Share Record Date
“Qualifying H Shareholder(s)”	H Shareholder(s), other than the Excluded H Shareholder(s), whose name(s) appear(s) on the H Shareholders’ register of the Company on the H Share Record Date
“Record Date”	the A Share Record Date and/or the H Share Record Date
“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
“Shareholder(s)”	the holder(s) of Shares
“Subscription Price”	RMB9.29 for each A Rights Share and HK\$11.68 for each H Rights Share
“subsidiary(ies)”	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 22 August 2013 to the Company and the Joint Global Coordinators by CM Group
“Underwriters”	the Shareholder Underwriter and the Joint Lead Underwriters
“Underwriting Agreement”	the underwriting agreement dated 22 August 2013 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 9 September 2011 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 RMB0.79558 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.
Fu Yuning
Chairman

23 August 2013

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 Fu Yuning, Wei Jiafu, Li Yinquan, Fu Gangfeng, Hong Xiaoyuan, Xiong Xianliang, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Yi Xiqun, Wong Kwai Lam, Yan Lan, Pan Chengwei, Pan Yingli and Guo Xuemeng.