
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China CITIC Bank Corporation Limited** (中信銀行股份有限公司), you should at once hand this circular to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 998)

**ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
CONTINUING CONNECTED TRANSACTIONS**

Independent Financial Adviser



A letter from the Board is set out on pages 3 to 10 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 11 of this circular. A letter from Somerley, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 21 of this circular.

A notice of the EGM to be held at 9:30 a.m. on Monday, 29 December 2008 at the Conference Room, 16th Floor, Block C, Fuhua Mansion, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC is set out on pages 26 to 27 of this circular.

A form of proxy for use at the EGM is enclosed and is also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish. Shareholders who intend to attend the meeting in person or by proxy should complete and return the reply slip in accordance with the instructions printed thereon on or before Monday, 8 December 2008.

14 November 2008

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“Annual Caps”	means the proposed annual caps in connection with the Continuing Connected Transactions for the three years ending 31 December 2008, 2009 and 2010, respectively
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”, “we” and “us”	China CITIC Bank Corporation Limited (中信銀行股份有限公司) and except where the context otherwise requires, includes all the subsidiaries
“BBVA”	Banco Bilbao Vizcaya Argentaria, S.A., a company incorporated in the Kingdom of Spain
“Board”	the board of Directors of China CITIC Bank Corporation Limited
“China” and “PRC”	the People’s Republic of China and for the purpose of this circular only, excludes Hong Kong, Macau and Taiwan
“CIFH”	CITIC International Financial Holdings Limited (中信國際金融控股有限責任公司)
“CITIC Funds”	CITIC Fund Management Co., Ltd (中信基金管理有限責任公司)
“CITIC Group”	China CITIC Group (中國中信集團公司)
“CITIC Prudential Funds”	CITIC Prudential Fund Management Co., Ltd (信誠基金管理有限責任公司)
“CITIC Prudential Life”	CITIC Prudential Life Insurance Co., Ltd (信誠人壽保險有限公司)
“CITIC Securities”	CITIC Securities Co., Ltd (中信證券股份有限公司)
“CITIC Trust”	CITIC Trust & Investment Co., Ltd (中信信託投資有限責任公司)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	means the continuing connected transactions pursuant to the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement
“Director(s)”	the director(s) of China CITIC Bank Corporation Limited
“EGM”	the extraordinary general meeting of the Bank to be held on Monday, 29 December 2008 to approve the election of Mr. Li Zheping as a new independent non-executive director of the Bank and the Annual Caps in connection with the Continuing Connected Transactions
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors of the Bank
“Independent Shareholder(s)”	Shareholders of the Bank excluding CITIC Group and its associates

DEFINITIONS

“Latest Practicable Date”	7 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Asset Transfer Framework Agreement”	means the loan asset transfer framework agreement entered into between the Bank and CITIC Group on 4 November 2008 pursuant to which the loan and other related assets of the Bank may be sold to and repurchased from CITIC Group and its associates
“RMB”	Renminbi, the lawful currency of the PRC
“SFO” and “Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of the Bank
“Shareholder(s)”	holders of the ordinary shares of the Bank
“Somerley”	Somerley Limited, a corporation licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Wealth Management Service Framework Agreement”	means the wealth management service framework agreement entered into between the Bank and CITIC Group on 4 November 2008 pursuant to which the Bank engages, for our own account or on behalf of our customers, CITIC Group and its associates to provide different types of wealth management services

LETTER FROM THE BOARD



China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 998)

Executive directors:

Dr. Chen Xiaoxian

Mr. Wu Beiyong

Registered Office:

Block C,

Fuhua Mansion,

No. 8 Chaoyangmen Beidajie,

Dongcheng District,

Beijing,

China

Non-executive directors:

Mr. Kong Dan

Mr. Chang Zhenming

Mr. Dou Jianzhong

Ms. Chan Hui Dor Lam Doreen

Mr. Ju Weimin

Mr. Zhang Jijing

Mr. Guo Ketong

Mr. José Ignacio Goirigolzarri

Place of Business in Hong Kong:

Level 28, Three Pacific Place,

1 Queen's Road East,

Hong Kong

Independent non-executive directors:

Dr. Bai Chong-En

Dr. John Dexter Langlois

Dr. Ai Hongde

Dr. Xie Rong

Mr. Wang Xiangfei

14 November 2008

To the Shareholders

Dear Sir or Madam,

**ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

Reference is made to the announcements of the Bank dated 30 October 2008 and 4 November 2008 in relation to, among other things, the nomination of Mr. Li Zheping as an independent non-executive director of the Bank, the Continuing Connected Transactions and the Annual Caps.

The purposes of this circular are:

- (1) to provide details in respect of Mr. Li Zheping;

LETTER FROM THE BOARD

- (2) to set out the recommendation from the Board in respect of the election of Mr. Li Zheping as an independent non-executive director of the Bank;
- (3) to provide further details in respect of the Continuing Connected Transactions and the Annual Caps to the Shareholders;
- (4) to set out the recommendation from the Independent Board Committee in respect of the Continuing Connected Transactions and the Annual Caps;
- (5) to set out the advice from Somerley, the independent financial adviser, in respect of the Continuing Connected Transactions and the Annual Caps; and
- (6) to provide the Shareholders with other information required under the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Continuing Connected Transactions and the Annual Caps. Somerley has also been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the above.

ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

An ordinary resolution will be proposed at the EGM to approve the election of Mr. Li Zheping as an independent non-executive director of the Bank.

The particulars of Mr. Li are set out below:

Li Zheping, aged 43, has served as the chief executive officer and general manager of Modern Bankers Journal Press since 2003. Mr. Li served as the chairman of the board of Tong-xin Assets Evaluation Co., Ltd. from 1995 to 2003. He was the column chief editor of China Securities Journal from 1993 to 1995. He was an assistant professor of China Financial Training Center from 1989 to 1993. Mr. Li has been an independent non-executive director of UBS SDIC Fund Management Co., Ltd. since August 2008. Mr. Li is a graduate of Shanxi University of Finance & Economics with a degree of bachelor of economics, and was awarded a master of economics degree from the Graduate School of People's Bank of China.

The Board nominated Mr. Li as an independent non-executive director to hold office for three years (from the appointment date to the date of annual general meeting of the expiry year). Mr. Li shall be entitled to an allowance of RMB200,000 (before tax) per year during his term as a Director.

Mr. Li has confirmed that (1) he does not hold any position with the Bank or any of its subsidiaries and has not been a director in any other listed companies in the past three years; (2) he is not connected with any Directors, senior management or substantial or controlling Shareholders of the Bank or any of its subsidiaries; and (3) he does not have any interest in any Shares of the Bank within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Li has confirmed that there is no other information in respect of Mr. Li's appointment that is discloseable pursuant to R.13.51(2)(h) to (v) of the Listing Rules; and there is no other matter that needs to be brought to the attention of the Shareholders of the Bank.

LETTER FROM THE BOARD

BACKGROUND AND GENERAL INFORMATION ON THE BANK AND OUR CONNECTED PERSONS

We are a competitive and fast growing national commercial bank in China with a strong and established branch network and market position. With our market leading capabilities, we provide a full range of financial products and services to our customers nationwide, with corporate banking, personal banking and treasury capital market operations being our principal business activities. We conduct transactions with our connected persons, including CITIC Group and its associates, in the ordinary and usual course of our business and on normal commercial terms. We set out below the information regarding our main connected persons with whom we conduct our businesses:

- CITIC Group is a state-owned transnational holding conglomerate established in the PRC pursuant to the approval of the State Council of China. Members of CITIC Group conduct businesses in banking, securities, trust, insurance, fund management and other financial service industries as well as information technology, energy, manufacturing and other industries. CITIC Group is our substantial Shareholder and therefore, is our connected person pursuant to R.14A.11(1) of the Listing Rules.
- CITIC Securities is one of the first group of securities companies in the PRC that was approved by China Securities Regulatory Commission to conduct securities business. Its main businesses include securities brokerage, securities trading, securities underwriting, principal trading, asset management and investment advisory services. The ordinary shares of CITIC Securities are listed and traded on the Shanghai Stock Exchange. CITIC Securities is an associate of CITIC Group and therefore, is our connected person pursuant to R.14A.11(4) of the Listing Rules.
- CITIC Trust is a limited liability company established in the PRC. Its main businesses include trust asset management, financial advisory and private equity investment. CITIC Trust is an associate of CITIC Group and therefore, is our connected person pursuant to R.14A.11(4) of the Listing Rules.
- CITIC Prudential Life is a joint venture life insurance company established by CITIC Group and Prudential plc in the PRC, each holding a 50% equity interest. CITIC Prudential Life is the first Chinese-British joint venture life insurance company in China. Its main businesses include the promotion and sales of various insurance products covering protection, savings, investment, pension and medical care and the provision of wealth management services. CITIC Prudential Life is an associate of CITIC Group and therefore, is our connected person pursuant to R.14A.11(4) of the Listing Rules.
- CITIC Funds is a limited liability company established in the PRC. Its main businesses include asset management service, investment advisory and financial management service. CITIC Funds is a wholly-owned subsidiary of CITIC Securities and therefore, is our connected person pursuant to R.14A.11(4) of the Listing Rules.
- CITIC Prudential Funds is a sino-foreign joint venture fund management company established in the PRC. Its main businesses include asset management service, financial management service and investment advisory. CITIC Prudential Funds, being a subsidiary of CITIC Trust, is an associate of CITIC Group and therefore, is our connected person pursuant to R.14A.11(4) of the Listing Rules.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

(i) Loan Asset Transfer Framework Agreement

Description of the transaction

The Bank and our branches enter into various transactions with external parties, such as other financial institutions, in which we buy and sell interest in loan and other related assets from and to the external parties. We entered into the Loan Asset Transfer Framework Agreement with CITIC Group on 4 November 2008 which governs the terms and conditions of any transactions in respect of the loan and

LETTER FROM THE BOARD

other related asset transactions between the Bank and CITIC Group and its associates. The Loan Asset Transfer Framework Agreement will expire on 31 December 2010 and is renewable subject to the agreement of the parties.

Principal terms of the Loan Asset Transfer Framework Agreement

The principal terms of the Loan Asset Transfer Framework Agreement are as follows:

- The Bank will sell and buy interest in loan and other related assets (including but not limited to loans, account receivables, creditors' interest and other financial assets) to and from CITIC Group and its associates.
- The transactions to be conducted by the Bank pursuant to the Loan Asset Transfer Framework Agreement shall be made on terms not more favorable to CITIC Group and its associates than those available to comparable independent third parties.
- The agreement shall specify the management rights of the loan and other related assets.
- The Bank and CITIC Group and its associates shall be under an obligation of confidentiality in respect of loan asset transfer transactions.

Pricing

The price payable by the transferee to the transferor shall be determined on the basis of the following principles:

- the statutory or guidance prices prescribed by the PRC government;
- where there is no government-prescribed price or guidance price, the market prices shall prevail; and
- where there is no such government-prescribed price or guidance price or market price, the price shall be determined by the book value of the loan assets after appropriate discounting to reflect the appropriate risks of the loan assets.

The pricing for the transactions contemplated under the Loan Asset Transfer Framework Agreement would normally be determined based on market prices. In negotiating on the pricing, the Bank would gather market information and/or obtain quotations from independent third parties and the fees to be agreed with CITIC Group and its associates shall be on terms not less favourable to the Bank as compared to independent third parties' pricing.

Historical amounts and proposed caps

A breakdown of the historical figures and the proposed Annual Caps for the transactions under the Loan Asset Transfer Framework Agreement is as follows:

Historical Figures				Future Annual Caps		
Actual annual amount for the year ended 31 Dec 2005	Actual annual amount for the year ended 31 Dec 2006	Actual annual amount for the year ended 31 Dec 2007	Actual amount for the nine months ended 30 Sep 2008	Annual cap for the year ending 31 Dec 2008	Annual cap for the year ending 31 Dec 2009	Annual cap for the year ending 31 Dec 2010
<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
Amount	0	0	16,596.00	40,138.00	40,138.00	210,000.00
		16,596.00	40,138.00	40,138.00	210,000.00	415,000.00

Basis for such caps

In arriving at the above caps, the Directors have considered the historical figures for the same transaction and taken into account: (1) the expected growth of China's economy; (2) the expected growth

LETTER FROM THE BOARD

in the private wealth of PRC citizens resulting in an expected increase in demand from the customers of the Bank for wealth management products; (3) the recent volatility in the capital markets around the world, including China, may result in an expected increase in demand from the customers of the Bank for wealth management products with a lower risk but yielding a relatively higher return; and (4) these transactions arise mainly due to the Bank's initiatives to adjust its loan portfolio and to formulate wealth management products for its customers. These wealth management products are generally with shorter duration, such as 20 and 50 days, and therefore, frequent purchases and sales of these loan assets and an increasing focus from the management of the Bank to develop this business in order to diversify the Bank's income streams would result in a much larger future transaction amounts compared to the historical amounts.

Requirements of the Listing Rules

As the annual caps for the loan asset transfer transactions exceed the 2.5% caps on the applicable percentage ratio as set forth in the Listing Rules on an annual basis, such transactions constitute the connected transactions under R.14A.16(5) of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

(ii) Wealth Management Service Framework Agreement

Description of the transaction

We entered into the Wealth Management Service Framework Agreement with CITIC Group on 4 November 2008, pursuant to which we engage, for our own account or on behalf of our customers, CITIC Group and its associates to provide different types of wealth management services. The Wealth Management Service Framework Agreement will expire on 31 December 2010 and is renewable subject to the agreement of the parties.

Principal terms of the Wealth Management Service Framework Agreement

The principal terms of the Wealth Management Service Framework Agreement are as follows:

- The Bank will engage, for its own account or on behalf of its customers, CITIC Group and its associates to provide different types of wealth management services.
- These wealth management services may include, after taking into account the development of wealth management business and the need to enter into business cooperation with CITIC Group and its associates in relation to wealth management services to the customers due to PRC regulatory restriction and licensing requirements, facilitating the issuance of the Bank's wealth management products, acting as the trustee, managing wealth management assets and acting as the investment advisors to provide wealth management service consultation to the Bank's wealth management products.
- The Bank shall pay the service fees to CITIC Group and its associates with respect to the wealth management services it provides to the Bank or the Bank's customers. CITIC Group and its associates shall perform their respective duties and charge appropriate fees based on the roles played by them in the cooperation with regard to the personal wealth management services.
- The wealth management service fee to be paid by the Bank shall be made on terms not more favorable to CITIC Group and its associates than those available to comparable independent third parties.

Pricing

The wealth management fees payable to CITIC Group and its associates by the Bank shall be determined based on the relevant market rates and subject to review on a periodic basis, and CITIC Group and its associates shall perform their respective duties and charge relevant fees based on the services each of them provides in the cooperation with regard to the personal wealth management

LETTER FROM THE BOARD

services. The rates are subject to the relevant market prices and the level of fees of the relevant wealth management products is subject to the disclosure in the corresponding wealth management product explanatory booklet which is disclosed to and agreed by the Bank's customers who purchase the relevant wealth management products.

When sourcing the relevant professional services for the wealth management products, the Bank would gather market information and/or obtain quotations from independent professional parties and the fees agreed with CITIC Group and its associates would be on terms not less favourable to the Bank as compared to independent third parties' pricing.

Historical amounts and proposed caps

A breakdown of the historical figures and the proposed Annual Caps for the transactions under the Wealth Management Service Framework Agreement is as follows:

	Historical Figures				Future Annual Caps		
	Actual annual amount for the year ended 31 Dec 2005	Actual annual amount for the year ended 31 Dec 2006	Actual annual amount for the year ended 31 Dec 2007	Actual amount for the nine months ended 30 Sep 2008	Annual cap for the year ending 31 Dec 2008	Annual cap for the year ending 31 Dec 2009	Annual cap for the year ending 31 Dec 2010
	<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
Amount of service fees	0	20.84	664.10	45.15	1,050.00	1,700.00	2,650.00

Basis for such caps

In arriving at the above caps, the Directors have considered the historical figures for the same transaction and taken into account: (1) the growth of China's economy; (2) the growth of personal wealth and the growth for the demand of wealth management services; (3) the intensive management of funds of Chinese enterprises brings along the increasing demands for wealth management services; and (4) the rapid growth of wealth management business.

Requirements of the Listing Rules

As the annual caps for the wealth management service transactions exceed the 2.5% caps on the applicable percentage ratio as set forth in the Listing Rules on an annual basis, such transactions constitute the connected transactions under R.14A.16(5) of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

(iii) Reasons For Such Transactions

Reasons for transactions under the Loan Asset Transfer Framework Agreement

These transactions are conducted due to the Bank's initiatives to formulate and sell wealth management products to its customers. As the PRC economy continues its rapid growth and the increasing awareness of wealth management, the customers of the Bank require a more diversified range of investment products and therefore, the customers would require investment products that have the attributes of both savings and capital market. According to PRC laws and regulations, the Bank is not permitted to conduct trust investment and securities-related businesses. Therefore, the Bank is required to co-operate closely with the licensed entities in China (such as a licensed trust company) to formulate and sell securities, trust and fund-related wealth management products during its normal course of business.

Under these wealth management product plans, the Bank's customers will pay and subscribe for such wealth management products which are usually in the form of a trust managed by a licensed trust company in the PRC. The trustee will then make the relevant investments according to the agreement

LETTER FROM THE BOARD

reached with the Bank's customers, such as, purchase loan assets from the Bank's existing loan portfolio on normal commercial terms at the initial establishment stage of the wealth management trust or during the investment period of the relevant wealth management product plan.

Reasons for transactions under the Wealth Management Service Framework Agreement

As China's economy maintains its steady and rapid growth, the Bank expects that there would be an increasing demand by the public for different types of investment assets in order to diversify their investment portfolio and therefore, the associated investment services. CITIC Group and its associates include a number of market leading financial service providers in China with a diversified range of service offering and customer base. Taking into account their respective market leading position and potential growth of the demand for different types of investment products and investment services arising from the expected expansion of China's securities market, fund market, trust market, insurance market and wealth management market, the Board believes that the cooperation with CITIC Group and its associates will increase the range of product offerings by the Bank to its customers, further diversify the income streams of the Bank, increase the revenue that the Bank is able to generate and eventually, enhance the profitability of the Bank.

EGM

A notice of the EGM to be held at 9:30 a.m. on Monday, 29 December 2008 at the Conference Room, 16th Floor, Block C, Fuhua Mansion, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC is set out on pages 26 to 27 of this circular at which ordinary resolutions will be proposed to approve the election of Mr. Li Zheping as an independent non-executive director of the Bank and the Annual Caps for the Continuing Connected Transactions.

CITIC Group and its associates (i.e. CITIC Group and CIFH), being the Shareholders of the Bank holding a total of 30,184,611,119 Shares representing approximately 77.33% of the total issued share capital of the Bank as at the Latest Practicable Date, who have a material interest in the Continuing Connected Transactions, will abstain from voting on the EGM. All the other Shareholders of the Bank are Independent Shareholders of the Bank who are entitled to vote in the EGM in connection with the proposed ordinary resolution to approve the Annual Caps.

A form of proxy for use at the EGM is enclosed. The H-share Shareholders are requested to complete and return the enclosed form of proxy to the office of the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 24 hours before the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should they so wish.

VOTING BY THE SHAREHOLDERS

According to the articles of association of the Bank, a resolution at a Shareholders' general meeting shall be decided on a show of hands, unless a poll is (before or after the show of hands) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least two Shareholders with voting rights or their proxies; or
- (iii) one or several Shareholders (including proxies) holding jointly or separately 10% or more of the Shares carrying the right to vote at the meeting.

In accordance with the Listing Rules, the votes for approving the resolution in respect of the Continuing Connected Transactions are required to be taken by way of a poll.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board (including the independent non-executive directors of the Bank) considers that the election of Mr. Li Zheping as an independent non-executive director of the Bank is in the interests of the Bank and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the ordinary resolution to be proposed at the EGM in connection with the election of Mr. Li Zheping as an independent non-executive director of the Bank.

The Board (including the independent non-executive directors of the Bank) considers that the Continuing Connected Transactions and the proposed Annual Caps have been conducted on normal commercial terms or on terms no more favourable than those available to independent third parties and were entered into in the ordinary and usual course of business of the Bank, are fair and reasonable and in the interests of the Bank and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive directors of the Bank) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve Continuing Connected Transactions and the Annual Caps.

OTHER INFORMATION

To the best of our knowledge, CITIC Group, Gloryshare Investments Limited (a wholly-owned subsidiary of CITIC Group) and BBVA entered into a stock borrowing agreement dated 3 June 2008 pursuant to which Gloryshare Investments Limited may borrow up to 1,783,538,036 H Shares of the Bank from BBVA in order to implement the scheme of arrangement for the privatisation of CIFH. According to the scheme of arrangement document published by Gloryshare Investments Limited and CIFH dated 16 September 2008, the H Shares of the Bank borrowed by Gloryshare Investments Limited are to be used as part of the consideration to cancel the shares of CIFH held by the minority shareholders which are expected to be transferred to the minority shareholders on or before 15 November 2008. Please refer to the published documents of CIFH on the website of the Hong Kong Stock Exchange for further details on the privatisation of CIFH by scheme of arrangement.

Your attention is drawn to the letter from Somerley, the independent financial adviser, which contains its advice to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee which sets out its recommendation to the Independent Shareholders, the additional information and the EGM notice set out in the appendices to this circular.

Yours faithfully

For and on behalf of the Board of Directors of
China CITIC Bank Corporation Limited
Kong Dan
Chairman



China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 998)

14 November 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 14 November 2008 of the Bank (the "***Circular***") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, the Continuing Connected Transactions and the Annual Caps are in the interests of the Bank and its Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps. We would like to bring to the attention of the Independent Shareholders that Dr. John Dexter Langlois submitted his resignation letter to the Board on 2 September 2008 and he expresses no opinion in this letter.

We wish to draw your attention to the "Letter from the Board" set out on pages 3 to 10 of the Circular, and the letter from Somerley to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 21 of the Circular which contains its opinion in respect of the Continuing Connected Transactions and the Annual Caps.

Having taken into account the advice of Somerley and its recommendation in relation thereto, we consider that the Continuing Connected Transactions and the Annual Caps are in the interests of the Bank and its Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,

Dr. Bai Chong-En
Dr. Ai Hongde
Dr. Xie Rong
Mr. Wang Xiangfei
Independent Board Committee

LETTER FROM SOMERLEY

The following is the text of the letter from Somerley in respect of the Continuing Connected Transactions and the Annual Caps to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular:



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

14 November 2008

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement, both are entered into between the Bank and its controlling shareholder namely the CITIC Group and therefore constitute non-exempt continuing connected transactions of the Bank, and their annual caps for the three years ending 31 December 2010, details of which are contained in the circular of the Bank to the Shareholders dated 14 November 2008 (the “Circular”), of which this letter forms a part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

The Independent Board Committee comprising Dr. Bai Chong-En, Dr. Ai Hongde, Dr. Xie Rong and Mr. Wang Xiangfei, all of whom are independent non-executive Directors, has been formed to consider the fairness and reasonableness of the terms of the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and the Annual Caps, and to make recommendations to the Independent Shareholders as to the voting at the EGM. The remaining independent non-executive Director, Mr. John Dexter Langlois, has tendered resignation to the Board on 2 September 2008 and was therefore not appointed to the Independent Board Committee and would not express an opinion on the Wealth Management Service Framework Agreement and Loan Asset Transfer Framework Agreement and the Annual Caps. We, Somerley Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Bank and have assumed that they are true, accurate and complete at the time they were provided to us and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any independent investigation into the business and affairs of the Bank, CITIC Group and its associates, nor have we carried out any independent verification of the information supplied.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and the Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Reasons for entering into and nature of transactions contemplated under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement

As a result of the continuous and rapid expansion of the PRC economy, increasing customer awareness of the importance of wealth management and increasing demand for more diversified investment products from the Bank's customers, the Bank started to offer wealth management product plans to customers in 2006.

Usually the subscription monies for the specific wealth management product plan would be pooled together to form a trust (the "Wealth Management Trust"). The Wealth Management Trust would have to be managed by a licensed trust company in the PRC (the "Trustee") since under the PRC laws and regulations, the Bank is not permitted to conduct trust and securities related business. The Trustee will then make investments in accordance with the investment guidelines as set out in the relevant wealth management product explanatory booklets. The investment products in which the Wealth Management Trust would invest include but are not limited to new shares subscribed at their initial public offerings ("IPO(s)") or loan assets acquired from the Bank (the "Loan Asset Transfer Transactions"). The Loan Asset Transfer Transactions would also involve the Trustee selling loan assets to the Bank. This happens when the Wealth Management Trusts require funding to embark on other investments. In consideration for its development, marketing and distribution of the wealth management product plans, the Bank will receive a fee which will be deducted from the assets in the Wealth Management Trust (the "Trust Assets") and paid over to the Bank through the Trustee. Moreover, the Bank will from time to time act as the custodian for the Trust Assets and, in consideration therefore, the Bank will receive a custodian fee which will be deducted from the Trust Assets and paid over to the Bank through the Trustee.

Due to the recent financial turmoil and volatility in the capital markets, the Bank's customers have an increasing demand for wealth management products that could yield a higher return with a relatively lower risk profile. The Loan Asset Transfer Transactions suit this requirement. From the Bank's perspective, apart from facilitating its wealth management business, the Loan Asset Transfer Transactions also enable the Bank to adjust its loan asset portfolio. According to the management of the Bank, if better market opportunities exist, the Bank may dispose of its loan assets and enter into new loan transactions on better terms. This is particularly likely when the market interest rate is on an upward trend. Under the PRC laws and regulations, when the Bank transfers its loan assets or securitizes its loan assets, the transferee must also be a licensed institution in the PRC, which may include a licensed bank or a licensed trust corporation. Therefore, the Bank would normally re-package its loan assets as wealth management products.

In developing the Wealth Management Trusts, the Bank may co-operate with CITIC Group and its associates. As a result, the Bank has on 4 November 2008 entered into the Wealth Management Service Framework Agreement with CITIC Group whereby CITIC Group and its associates would provide advisory services to assist the Bank in developing Wealth Management Trusts, facilitate the Bank's launch of Wealth Management Trusts and provide such assistance to the Bank as regards its wealth management business to fulfil the relevant PRC regulatory restrictions or licensing requirements. Services to be covered under this agreement may include:

- (a) CITIC Trust acting as the Trustee who shall provide trust services to the Wealth Management Trusts promoted by the Bank (the "Connected Wealth Management Trust"); and
- (b) provision of investment advisory services to the Connected Wealth Management Trusts by associates of CITIC Group such as CITIC Securities.

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CITIC Trust and CITIC Securities are both associates of CITIC Group as defined under the Listing Rules.

Likewise, CITIC Trust may be the counter-party to the Loan Asset Transactions entered into by the Bank. As a result, the Bank has on 4 November 2008 entered into the Loan Asset Transfer Framework Agreement with CITIC Group whereby the Bank will sell and buy interests in loan and other related assets (including but not limited to loans, accounts receivable creditors' interest and other financial assets) to and from CITIC Group and its associates.

2. Business of the Bank

The Bank is currently a subsidiary of CITIC Group which is a state-owned transnational holding conglomerate established in the PRC pursuant to the approval of the State Council of the PRC.

The Bank is the seventh largest commercial bank in the PRC in terms of total assets as at 31 December 2007, and is principally engaged in the provision of financial products and services, corporate banking, personal banking and treasury capital market operations in the PRC. Established in 1987 in the name of CITIC Industrial Bank, the Bank was renamed as China CITIC Bank in August 2005 and was established as a joint stock limited company in December 2006 under the name of China CITIC Bank Corporation Limited. The H shares and A shares of the Bank were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively in April 2007. The Bank is one of the joint stock commercial banks in the PRC operating with a national licence. As at 30 June 2008, the Bank provides services to both corporate and individual customers through 28 tier-one branches, 18 tier-two branches, 458 in-city branches and a finance company in Hong Kong. The Bank has unaudited consolidated total assets and net assets of approximately RMB1,117 billion and RMB90 billion respectively as at 30 June 2008.

Interest income is currently the major revenue of the Bank. Recently, the Bank has started diversifying into non-interest earning banking operations. One example is the wealth management business. The Bank has developed and marketed to its customers a number of Wealth Management Trusts, such as IPO share subscription investment funds and fixed income investment funds, to meet the increasing demand for wealth management products from customers in the PRC. In view of the current global financial market crisis, the Bank accelerated the launching of new Wealth Management Trusts with lower risk profile, such as fixed income investment products which tends to have lower investment risk as compared to others (such as equity-linked investment funds), to better serve the increasing demand for lower risk investment products in the market.

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Operating results of the Bank

The following table summarises the audited consolidated financial results of the Bank for the two years ended 31 December 2007, the unaudited consolidated financial results of the Bank for the nine months ended 30 September 2008 and the six months ended 30 June 2008 and 30 June 2007, all of which were prepared in accordance with the International Financial Reporting Standards (“IFRS”) and extracted from the Bank’s 2007 annual report, 2008 interim report, and quarterly report for the nine months ended 30 September 2008:

	For the nine months ended 30 September	For the six months ended 30 June		For the year ended 31 December	
	2008	2008	2007	2007	2006
	RMB (million) (unaudited)	RMB (million) (unaudited)	RMB (million) (unaudited)	RMB (million) (audited)	RMB (million) (audited)
Net interest income	27,633	18,228	11,256	26,170	16,473
Net fee and commission income	2,175	1,381	605	2,080	759
Other net income/(loss)	1,305	751	48	(295)	695
Operating income	31,113	20,360	11,909	27,955	17,927
General and administrative expenses	(12,100)	(7,735)	(5,137)	(11,795)	(9,259)
Provisions for impairment losses	(2,382)	(1,422)	(1,162)	(2,988)	(1,666)
Profit before taxation	16,631	11,203	5,610	13,172	7,002
Income tax	(4,158)	(2,774)	(2,387)	(4,850)	(3,144)
Net profit	12,473	8,429	3,223	8,322	3,858

Net interest income of the Bank accounted for by far the largest portion of the total operating income of the Bank, representing approximately 93.6% and approximately 91.9% of the operating income of the Bank for the years ended 31 December 2007 and 2006 respectively. For the six months ended 30 June 2008, net interest income of the Bank amounted to approximately RMB18,228 million, representing an approximately 61.9% increase when compared to the same period in 2007, and representing approximately 89.5% of the operating income. For the nine months ended 30 September 2008, net interest income further increased to approximately RMB27,633 million, and represented an approximately 88.8% of the operating income.

The growth of the net fee and commission income of the Bank is faster than that of the net interest income. Net fee and commission income of the Bank comprised mainly fee and income from commission for wealth management services, bank card fees and other services provided to customers. Net fee and commission income increased by approximately 174.0%, from approximately RMB759 million in 2006 to approximately RMB2,080 million in 2007. For the six months ended 30 June 2008, net fee and commission income increased by approximately 128.3% to approximately RMB1,381 million, when compared to approximately RMB605 million during the same period in 2007. For the nine months ended 30 September 2008, net fee and commission income further increased to approximately RMB2,175 million.

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Financial position of the Bank

The abridged version of the unaudited consolidated balance sheet of the Bank as at 31 December 2007, 30 June 2008 and 30 September 2008, prepared in accordance with the IFRS as extracted from the Bank's 2008 interim report and the 2008 third quarterly report are set out below. A number of reclassifications were made to the Bank's consolidated balance sheets as at 30 June 2008 and 31 December 2007 as included in the 2008 interim report of the Bank. As we had not been provided with the Bank's re-classified balance sheet as at 31 December 2006, we have not included the same in the following table.

	As at 30 September 2008	As at 30 June 2008	As at 31 December 2007
	RMB (million) (unaudited)	RMB (million) (unaudited)	RMB (million) (unaudited)
Assets			
Cash and balances with central bank	152,290	148,195	123,369
Loans and advances to customers	641,242	623,192	565,866
Investment securities	202,276	244,993	153,348
Other assets	92,839	100,790	168,603
Total assets	1,088,647	1,117,170	1,011,186
Liabilities			
Amounts due to banks and other financial institutions	91,757	136,703	97,248
Deposits from customers	862,814	849,464	787,211
Other liabilities	39,727	40,845	42,636
Total liabilities	994,298	1,027,012	927,095
Total equity	94,349	90,158	84,091
Total equity and liabilities	1,088,647	1,117,170	1,011,186

As at 30 September 2008, the Bank had total assets of approximately RMB1,089 billion, with approximately RMB641 billion in loans and advances to customers, approximately RMB202 billion in investment securities and approximately RMB152 billion in cash and balances with central bank. The Bank's main source of funding was customers' deposits, which amounted to approximately RMB863 billion as at 30 September 2008.

Loans and advances to customers increased over the first half of 2008 from approximately RMB566 billion as at 31 December 2007 to approximately RMB623 billion as at 30 June 2008, and further increased to approximately RMB641 billion as at 30 September 2008. Loans and advances to customers mainly comprised corporate loans.

The following is a breakdown of the Bank's loans and advances to customers as at 30 June 2008 and 31 December 2007. The breakdown as at 30 September 2008 was not included in the below table as this information is not disclosed in the Bank's 2008 third quarterly report:

	As at 30 June 2008	As at 31 December 2007
	RMB (million) (unaudited)	RMB (million) (unaudited)
Corporate loans	515,455	465,520
Personal loans	82,051	76,089
Discounted bills	36,306	33,599
Gross loans and advances to customers	633,812	575,208
Less: impairment allowances	(10,620)	(9,342)
Net loans and advances to customers	623,192	565,866

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Corporate loans of the Banks increased by approximately 10.7%, from approximately RMB466 billion as at 31 December 2007 to approximately RMB515 billion as at 30 June 2008, which are mainly made to joint-stock enterprises and state-owned enterprises. On the other hand, personal loans increased by approximately 7.8% from approximately RMB76 billion as at 31 December 2007 to approximately RMB82 billion as at 30 June 2008, which are principally home mortgage loans.

	<u>As at 30 June 2008</u>	<u>As at 31 December 2007</u>	<u>As at 31 December 2006</u>
Capital adequacy ratio	14.3%	15.3%	9.4%

Note: The capital adequacy ratio of the Bank as at 30 September 2008 is not disclosed in the Bank's 2008 third quarterly report.

In April 2007, a total of 2,302 million A shares of the Bank and 5,618 million H shares of the Bank were issued with net proceeds amounting to approximately RMB44.8 billion, which contributed significantly to the funding of the Bank during 2007. Capital adequacy ratio of the Bank was approximately 14.3% as at 30 June 2008, as compared to a ratio 15.3% as at 31 December 2007.

3. Pricing basis

Wealth Management Service Framework Agreement

The wealth management fees payable to CITIC Group and its associates shall be determined based on the prevailing market rates at the time when the Wealth Management Trusts are launched. In developing a Wealth Management Trust, the Bank shall, with reference to the then market rates, fix a bundled fee which shall cover all fees payable to the professional parties involved. The fee structure varies among the Wealth Management Trusts and typically includes a fixed fee calculated as a percentage of the asset value of the trusts. For some Wealth Management Trusts, in particular the equity funds, the bundled fee may include a variable portion which is contingent on the relevant trust's performance. The fee structure is clearly set out in the relevant wealth management plan explanatory booklet. This bundled fee will be spilt among the various professional parties, who may include the Trustee, the custodian and the investment adviser, pursuant to the agreements entered into between the Bank and the relevant professional parties. Those fees are agreed after arm's length negotiation and are determined based on prevailing market rates.

We understand from the management of the Bank that when sourcing the relevant professional services for a particular Wealth Management Trust, the Bank would gather market information and/or obtain quotations from independent professional parties and the fees agreed with CITIC Group and its associates would be on terms not less favourable to the Bank as compared to independent third parties' pricing.

Loan Asset Transfer Framework Agreement

The price payable for the Loan Asset Transfer Transactions to be made between CITIC Group and its associates shall be determined on the basis of the following principles:

- the statutory or guidance prices prescribed by the PRC government;
- where there is no government-prescribed price or guidance price, the market prices shall prevail; and
- where there is no such government-prescribed price or guidance price or market price, the price shall be determined by the book value of the loan assets after appropriate discounting to reflect the appropriate risks of the loan assets.

The management of the Bank has informed us that the pricing for the Loan Asset Transfer Transactions would normally be determined based on market prices. In negotiating on the pricing, the Bank would gather market information and/or obtain quotations from independent third parties and the fees to be agreed with CITIC Group and its associates shall be on terms not less favourable to the Bank as compared to independent third parties' pricing.

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4. Annual Caps

The following is a summary of the historical transaction amounts for transactions carried out under the Wealth Management Service Framework Agreement and the Loan Asset Transfer Framework Agreement for the two financial years ended 31 December 2007, nine months ended 30 September 2008, as well as the respective proposed annual caps for each of the three financial years ending 31 December 2010:

Agreements	Historical figures (in RMB million)			Future annual caps (in RMB million)		
	year ended 31 Dec		9 months ended 30 Sep	Year ending 31 Dec		
	2006	2007	2008	2008	2009	2010
1 Wealth Management Service Framework Agreement	21	664	45	1,050	1,700	2,650
2 Loan Asset Transfer Framework Agreement ...	—	16,596	40,138	40,138	210,000	415,000

(1) *Wealth Management Service Framework Agreement*

The Bank has been engaging in wealth management business since 2006, and the value of Wealth Management Trusts that the Bank have developed and distributed to its customers has been increasing. The total amount went up from approximately RMB29 billion in 2006 to approximately RMB104 billion in 2007.

As mentioned above, CITIC Group and its associates are engaged to provide professional services to some of the Wealth Management Trusts developed and distributed by the Bank (the “Connected Wealth Management Trusts”). The value of the Connected Wealth Management Trusts showed a substantial increase, from approximately RMB6 billion in 2006 to approximately RMB81 billion in 2007. According to the management of the Bank, provided the terms of transaction available from CITIC Group and its associates are not less favourable to the Bank than those from independent third parties, the Bank would prefer to co-operate with CITIC Group and its associates. This is because given the close relationship between the Bank and CITIC Group and the prominent position of CITIC Trust and CITIC Securities in their respective industries, the Bank would find it easier to co-ordinate the services to be offered to the Bank’s wealth management customers if CITIC Group and its associates are engaged to provide the required services.

In determining the Annual Cap for 2008, the management of the Bank has referred to the growth rate of the total amounts paid to CITIC Group and its associates from 2006 to 2007, which was 30 times, from approximately RMB21 million to approximately RMB664 million. Taking into account, among others, the above growth rate, the management of the Bank estimates an approximately 58% growth rate in the transaction amount under the Wealth Management Service Framework Agreement for 2008 and arrived at the Annual Cap of RMB1,050 million for 2008. We agree with the Directors that it is reasonable to project a high growth rate when a business is still in a developing stage.

The Bank was informed by CITIC Group and its associates that the total amount that they received for services provided pursuant to the Wealth Management Service Framework Agreement during the nine-month period ended 30 September 2008 amounted to approximately RMB45 million. However, the Bank was informed by CITIC Group and its associates that this figure does not form a reliable basis for estimating the 2008 full year aggregate transaction value for the Wealth Management Service Framework Agreement for the following reasons:

- (1) the RMB45 million represents the actual amount received by CITIC Group and its associates during the nine months ended 30 September 2008. The total amount which the CITIC Group and its associates are entitled to under the Wealth Management Service Framework Agreement for the nine months ended 30 September 2008 would, in the opinion of representatives of the CITIC Group and its associates, far exceed RMB45 million.

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However, the exact sum is yet to be calculated and could only be ascertained with certainty by CITIC Trust at the time when the professional fees for the Connected Wealth Management Trusts are cleared and settled, which is normally done at the agreed clearance and settlement dates;

- (2) the Connected Wealth Management Trusts are normally charged on a fee structure comprising a fixed and variable portion. The fixed fees are normally payable monthly while the variable fees, which are largely contingent on performance of the trusts, would normally be calculated at the end of the term of the Connected Wealth Management Trusts. Therefore, the RMB45 million has not included the performance fee payable by those Connected Wealth Management Trusts which have a term expiring after 30 September 2008.

In determining the Annual Cap for 2008, the management of the Bank has consulted CITIC Group and its associates. As it is difficult to estimate market conditions and therefore impossible to estimate with certainty the final transaction amounts payable out of the Connected Wealth Management Trusts to CITIC Group and its associates pursuant to the Wealth Management Service Framework Agreement, the management of the Bank proposes RMB1,050 million as the Annual Cap for 2008 which, in the opinion of the Bank, would be sufficient to cover the contractual payments to CITIC Group and its associates pursuant to individual agreement entered into between the Bank and the relevant associate of CITIC Group in respect of a specific Connected Wealth Management Trust. We agree with the management of the Bank that it is in the interest of the Bank that the 2008 Annual Cap should be sufficient to cover the final transaction amounts to which CITIC Group and its associates are entitled under the signed agreements entered into between CITIC Group's relevant associates and the Bank in relation to the relevant Connected Wealth Management Trusts.

In developing the Annual Caps for 2009 and 2010, the Bank has referred to the growth rate of its wealth management business from 2006 to 2007 and the potential wealth management market size in PRC.

According to the National Bureau of Statistics of China, savings deposits by PRC residents increased continuously at fast rates for the past few years:

<u>As at</u>	<u>Savings deposits by PRC residents RMB (billion)</u>	<u>% increase compared to last calendar year end</u>
31 December 2004	11,956	
31 December 2005	14,105	18.0
31 December 2006	16,159	14.6
31 December 2007	17,254	6.8
30 September 2008	20,469	*18.6

* *percentage increase over the nine-month period only*

Given the continuous increase in PRC residents' savings, and the increasing awareness of the concept of wealth management, it is reasonable to expect a fast growth in the Bank's wealth management business and, on this basis, we agree with the Bank that it is in the interest of the Bank and the Independent Shareholders to approve higher Annual Caps so as to allow the Bank to grow its wealth management business which is still in a developing stage.

It is possible that the global financial crisis may have an impact on the acceptability of wealth management products in the PRC. However, we are not able to assess the likelihood of the impact as well as to quantify the impact (if any) on the Bank's wealth management business; therefore, we have not taken into consideration the above factor in assessing the reasonableness of the Annual Caps.

(2) *Loan Asset Transfer Framework Agreement*

The Annual Cap for 2008 represents the actual transaction amount for the Loan Asset Transfer Framework Agreement for the nine months ended 30 September 2008. According to the management of

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the Bank, the Bank has purposely instructed its branches to temporarily suspend this type of continuing connected transactions, pending compliance with the relevant requirements of the Listing Rules, which include obtaining Independent Shareholders' approval. As a result, it is not expected that any further Loan Asset Transfer Transactions with connected persons would be booked in the last quarter of 2008.

In determining the Annual Caps for the Loan Asset Transfer Framework Agreement for 2009 and 2010, the Bank has principally referred to the expected demand for such products from the Connected Wealth Management Trust.

As mentioned above when we discussed the Annual Caps for the Wealth Management Service Framework Agreement, we agree with the management of the Bank that there is great potential for the Bank to grow its wealth management business, which involves offering products from the Connected Wealth Management Trust. This will in turn result in an increase in demand for Loan Asset Transfer Transactions as contemplated under the Loan Asset Transfer Framework Agreement.

On the supply side, the Bank anticipates a continuous growth in its loan portfolio. Up to now, the Loan Asset Transfer Transactions involve corporate loans and it is expected that this will remain so in the coming years. The Bank has realised satisfactory growth in corporate loans, which increased from approximately RMB466 billion as at 31 December 2007 to approximately RMB515 billion as at 30 June 2008 or an increase of approximately 10.7% during the six-month period. The Bank believes that given the expected growth of the PRC economy, this momentum would continue while the Bank's capital is able to support a significant further increase in growth in size of corporate loans. The Bank's capital adequacy ratio as at 30 June 2008 was approximately 14.3%, which far exceeded the minimum required ratio of 8% under the relevant PRC rules and regulations.

Another significant factor contributing to the substantial increase in the Annual Caps for the Loan Asset Transfer Framework Agreement is the frequencies of the buy and sell transactions to be conducted under the Loan Asset Transfer Framework Agreement. As above mentioned, the Loan Asset Transfer Transactions would be effected by the Bank partly for the purpose of adjusting its loan portfolio, and the Bank would make such adjustment with reference to market opportunities and trend of interest rate. A number of macroeconomic factors and PRC Government policy would have an impact on interest rate, which are largely outside the control of the Bank. In the circumstance, we agree with the Bank that higher Annual larger Caps should be obtained for transaction of this type so as to enable the Bank to capture market opportunities when they arise.

Generally speaking, in our opinion, it is in the interests of the Bank for the Annual Caps to be as accommodating to the Bank as possible (within reason). Provided that the pricing for the Wealth Management Service Framework Agreement and the Loan Asset Transfer Framework Agreement is fair and reasonable and the conduct of those transactions would be subject to annual review by the independent non-executive Directors and auditors of the Bank (as discussed below) as required under the Listing Rules, the Bank would have flexibility in conducting its businesses if the Annual Caps are tailored to future business growth. While the approval of the Annual Caps gives the Bank flexibility to conduct transactions involving CITIC Group and its associates, the Bank is not committed to do so. Overall, based on our analysis as discussed above, we are of the view that the Annual Caps for the Wealth Management Service Framework Agreement and the Loan Asset Transfer Framework Agreement are fair and reasonable and in the interests of the Bank and the Shareholders as a whole.

5. Annual review

The procedures to be put in place for the annual review of the transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement as set out in the Listing Rules are as follows:

- (i) the independent non-executive Directors will review the transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and confirm in the annual report and accounts that those transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Bank;

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- (b) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Bank than terms available to or from (as appropriate) independent third parties; and
 - (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the auditors will review the transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and issue a letter to the Board confirming that those transactions:
- (a) have received the approval of the Board;
 - (b) are conducted in accordance with the pricing policies of the Bank in respect of transactions involving provision of goods and services by the Bank;
 - (c) have been entered into in accordance with the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement; and
 - (d) have not exceeded the Annual Caps;

the Board must state in the annual report whether the auditors have made such confirmation in relation to the transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement; and

- (iii) the Bank will promptly notify the Stock Exchange and publish an announcement if it believes that the independent non-executive Directors and/or the auditors will not be able to issue the aforesaid confirmation.

As the value of the non-exempt continuing connected transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement would be restricted by way of the Annual Caps and the conduct of those transactions would be reviewed by the independent non-executive Directors and auditors of the Bank as mentioned above, we are of the view that there exist appropriate measures to govern the future execution of the non-exempt continuing connected transactions to be conducted under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and to safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and the Annual Caps fair and reasonable to the Independent Shareholders. We also consider that the above transactions would be entered into on normal commercial terms, in the ordinary and usual course of business and in the interests of the Bank and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders, and we ourselves advise the Independent Shareholders, to vote in favour of the resolution in relation to the above to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Sylvia Leung
Director

APPENDIX I—GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Bank. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at the Latest Practicable Date, any interests or short positions in the shares, underlying shares or debentures of the Bank or its any associated corporations (within the meaning of Part XV of the SFO) as required to be recorded in the share register kept under section 352 of the SFO or to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules which were held by the Directors, supervisors and chief executive of the Bank are set out as follows:

Director's name	Name of the associated corporation whose shares are held	Type of interests	Types/number of the shares held	Percentage of total issued shares of associated corporation
Kong Dan	CIFH	Personal Interests	4,800,000 (L) ordinary shares	0.08%
	CITIC Resources Holdings Limited	Personal Interests	20,000,000 (L) ordinary shares	0.38%
Dou Jianzhong	CIFH	Personal Interests	3,240,000 (L) ordinary shares	0.06%
Chan Hui Dor Lam Doreen	CIFH	Personal Interests	7,194,689 (L) ordinary shares	0.12%
Chang Zhenming	CIFH	Personal Interests	2,560,000 (L) ordinary shares	0.04%
Chen Xiaoxian	CIFH	Personal Interests	320,000 (L) ordinary shares	0.01%
Ju Weimin	CIFH	Personal Interests	320,000 (L) ordinary shares	0.01%

Note: (L) stands for long position

Except for the above disclosure, the Directors, supervisors and chief executive of the Bank had no interests or short positions in the Shares, underlying Shares and debentures of the Bank or any associated corporations as at the Latest Practicable Date.

APPENDIX I—GENERAL INFORMATION

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES IN SHARES AND UNDERLYING SHARES

According to the register kept by the Bank pursuant to Section 336 of the SFO, as of the Latest Practicable Date, the following persons or entities, other than a Director or chief executive or supervisor of the Bank, had the following interests and short positions in the shares and underlying shares of the Bank or of the other company which is a subsidiary of the Bank:

<u>Name of shareholder</u>	<u>Class of Shares</u>	<u>Number of shares directly or indirectly held</u>	<u>Percentage in the relevant class of share capital (%)</u>
BBVA	H Shares	9,720,672,261(L)	78.38(L)
		3,632,371,201(S)	29.29(S)
CITIC Group	H Shares	7,740,313,481(L)	62.41(L)
		1,747,059,920(S)	14.09(S)
CIFH	H Shares	5,856,731,200(L)	47.22(L)
		5,855,002,200(S)	46.85(S)
Lehman Brothers Asia Holdings Limited	H Shares	732,821,000(L)	6.32(L)
		732,821,000(S)	6.32(S)
Lehman Brothers Asia Limited	H Shares	732,821,000(L)	6.32(L)
		732,821,000(S)	6.32(S)
Lehman Brothers Pacific Holdings Pte. Ltd.	H Shares	732,821,000(L)	6.32(L)
		732,821,000(S)	6.32(S)
BBVA	A Shares	24,329,608,919(L)	91.36(L)
CITIC Group	A Shares	24,402,891,019(L)	91.38(L)

Note: (L) stands for long position, (S) stands for short position

Save as disclosed above, as at the Latest Practicable Date, no other interests or short positions of any person or company in the Shares or underlying Shares of the Bank were recorded in the register kept by the Bank under Section 336 of the SFO which were to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective associates is interested in any business, which competes or is likely to compete, either directly or indirectly, with the Bank's business.

5. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Bank; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2007 (the date to which the latest published audited accounts of the Bank were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to the Bank.

APPENDIX I—GENERAL INFORMATION

As at the Latest Practicable Date, the following Directors of the Bank are directors or employees of a company which has an interest or short position in the Shares and underlying Shares of the Bank which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

<u>Name</u>	<u>Position in the entities disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO</u>
Kong Dan	chairman of the board of CITIC Group chairman of the board of CIFH
Chang Zhenming	director of CIFH
Chen Xiaoxian	director and vice general manager of CITIC Group director of CIFH
Dou Jianzhong	director and vice general manager of CITIC Group director and chief executive officer of CIFH
Chan Hui Dor Lam Doreen	vice president of CIFH
Ju Weimin	director and chief financial officer of CITIC Group director of CIFH
Zhang Jijing	director, assistant to the general manager and head of strategy and planning department of CITIC Group
Guo Ketong	head of human resource and training department of CITIC Group
José Ignacio Goirigolzarri	President and chief executive officer of BBVA

6. SERVICE CONTRACTS

No Director has a service contract with the Bank or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

7. QUALIFICATION OF THE EXPERT

The qualification of the expert who has been named in this circular or has given advice or opinions contained in this circular are as follows:

<u>Name</u>	<u>Qualification</u>
Somerley Limited	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which it appears.

Somerley does not have any shareholding in any group member of the Bank or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities in any group member of the Bank.

Somerley issued a letter dated 14 November 2008 for the purpose of incorporation in this circular in connection with its advice to the Independent Board Committee and the Independent Shareholders.

Somerley does not have any direct or indirect interests in any assets which have been, since 31 December 2007 (being the date to which the latest published audited accounts of the Bank were made up), acquired or disposed of by or leased to the Bank, or which are proposed to be acquired or disposed of by or leased to any group member of the Bank.

APPENDIX I—GENERAL INFORMATION

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and save as publicly disclosed by the Bank, the Directors are not aware of any material adverse change in the financial or trading position of the Bank since 31 December 2007, being the date to which the latest published audited accounts of the Bank were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the EGM.

- (a) the letter from the Board, the text of which is set out on pages 3 to 10 of this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (c) the letter of advice from Somerley, the text of which is set out on pages 12 to 21 of this circular;
- (d) the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement; and
- (e) the articles of association of the Bank.



China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 998)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2008 TO BE HELD ON MONDAY, 29 DECEMBER 2008

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China CITIC Bank Corporation Limited (the “Bank”) will be held at 9:30 a.m. on Monday, 29 December 2008 at the Conference Room, 16/F, Block C, Fuhua Mansion, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, PRC to consider and, if thought fit, to pass the following ordinary resolutions:

- (i) THAT the appointment of Mr. Li Zheping as an independent non-executive director of the Bank is hereby approved.
- (ii) THAT the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and their proposed respective annual caps for each of the three years ending 31 December 2008, 2009 and 2010, as described in the circular issued by the Bank on 14 November 2008 are hereby approved, ratified and confirmed.

By order of the Board of
China CITIC Bank Corporation Limited
Kong Dan
Chairman

Beijing, PRC, 14 November 2008

Notes:

1. Closure of register of members and eligibility for attending the EGM

Holders of H Shares are advised that the share register for H Shares will be closed from 29 November 2008 to 29 December 2008 (both days inclusive). Holders of H Shares who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the office of the H Share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m., 28 November 2008.

2. Proxy

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stand. A proxy need not be a Shareholder of the Bank.

The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized

APPENDIX II—NOTICE OF THE EGM

attorney(s). If the proxy form is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorisations document must be notarized.

For holders of H Shares, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the office of the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the EGM upon completion and return of the proxy form.

3. Reply Slip

Holders of H Shares who intend to attend the EGM in person or by proxy should return the reply slip to the office of the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on or before 8 December 2008.

4. Contact details of the Bank

Contact Address:	Block C, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, The People’s Republic of China.
Postcode:	100027
Contact Person:	SONG Huajie, SHI Chuanyu
Contact Telephone:	(86 10) 6555 8000
Contact Fax:	(86 10) 6555 0809

5. Voting by the Shareholders

According to the articles of association of the Bank, a resolution at a Shareholders’ general meeting shall be decided on a show of hands, unless a poll is (before or after the show of hands) demanded by:

- (1) the chairman of the meeting;
- (2) at least two Shareholders with voting rights or their proxies; or
- (3) one or several Shareholders (including proxies) holding jointly or separately 10% or more of the Shares carrying the right to vote at the meeting.

In accordance with the Listing Rules, the votes for approving the resolution in respect of the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement and their proposed respective annual caps for each of the three years ending 31 December 2008, 2009 and 2010 are required to be taken by way of a poll.

6. Other business

The EGM is expected to require approximately half of a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses.

Shareholders or their proxies attending the EGM shall produce their identity documents.

As at the date of this notice, the executive directors of the Bank are Dr. Chen Xiaoxian and Mr. Wu Beiyang; the non-executive directors of the Bank are Mr. Kong Dan, Mr. Chang Zhenming, Mr. Dou Jianzhong, Ms. Chan Hui Dor Lam Doreen, Mr. Ju Weimin, Mr. Zhang Jijing, Mr. Guo Ketong and Mr. José Ignacio Goirigolzarri; and the independent non-executive directors of the Bank are Dr. Bai Chong-En, Dr. John Dexter Langlois, Dr. Ai Hongde, Dr. Xie Rong and Mr. Wang Xiangfei.