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**Rule 14.58(1)**



中信銀行股份有限公司

## **CHINA CITIC BANK CORPORATION LIMITED**

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

**(stock code: 998)**

**Rule 13.51A**

### **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS**

**Rule 14.58(3)**

We are a competitive and fast growing national commercial bank in China providing a full range of financial products and services to our customers nationwide. On 4 November 2008, we entered into the Third-Party Escrow Service Framework Agreement, Investment Product Agency Sales Service Framework Agreement, Asset Custody Service Framework Agreement, Wealth Management Service Framework Agreement and Loan Asset Transfer Framework Agreement with CITIC Group for the continuing connected transactions we conduct with CITIC Group and its associates in the ordinary and usual course of our business and on normal commercial terms.

We set out the breakdown of the historical figures and the proposed annual caps with the basis for such annual caps in connection with those continuing connected transactions. As the annual caps for the continuing connected transactions to be conducted under the Third-Party Escrow Service Framework Agreement, Investment Product Agency Sales Service Framework Agreement and Asset Custody Service Framework Agreement do not exceed the 2.5% caps on each of applicable percentage ratios as set forth in the Listing Rules on an annual basis, such continuing connected transactions constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38.

#### **BOARD CONFIRMATION**

**Rule 14.58(8)  
Rule 14A.56(1)**

The Board (including the independent non-executive directors of the Bank) considers that the abovementioned continuing connected transactions and their respective 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.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of the annual caps for the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement. An independent financial adviser will be appointed in due course to advise the Independent Board Committee on the above.

### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) details of the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the annual caps for the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement; and (iii) the recommendation of the Independent Board Committee in respect of the annual caps for the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement, together with a notice to convene the EGM will be despatched to Shareholders in accordance with the Listing Rules as soon as practicable.

## **1. BACKGROUND AND GENERAL INFORMATION ON THE BANK AND OUR CONNECTED PERSONS**

**Rule 14.58(2)**

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 the PRC. 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.

**Rule 14A.56(2)**

- 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. Rule 14A.56(2)
- 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. Rule 14A.56(2)
- 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. Rule 14A.56(2)
- 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. Rule 14A.56(2)
- 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. Rule 14A.56(2)

## 2. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

### (i) Third-Party Escrow Service Framework Agreement

#### *Description of the transaction*

We entered into the Third-Party Escrow Service Framework Agreement with CITIC Group on 4 November 2008, pursuant to which we provide third-party escrow services to CITIC Group and its associates in connection with the transaction settlement funds of the customers of securities companies. In accordance with the Securities Law of People's Republic of China, the Bank establishes ledger accounts with details of transaction settlement funds for customers of securities companies, conducts the directed transfers of transaction settlement funds of customers between Rule 14.58(3)  
Rule 14.60(1)

banks and securities companies, monitors customers' transaction settlement funds and verifies the total amount of such funds against the ledger accounts, thereby monitoring the safety and security of customers' transaction settlement funds. The Third-Party Escrow Service Framework Agreement will expire on 31 December 2010 and is renewable subject to the agreement of the parties.

***Principal terms of the Third-Party Escrow Service Framework Agreement***

The principal terms of the Third-Party Escrow Service Framework Agreement are as follows:

- The Bank agrees to provide third-party escrow services to CITIC Group and its associates in connection with the transaction settlement funds of the customers of securities companies.
- CITIC Group shall, and shall procure its associates to, pay service fees to the Bank with respect to the third-party escrow services it provides.
- The services that the Bank will provide include but not limited to fund transfer, payment of interest, entrustment service and payment for all settlement-related matters.
- The third-party escrow services to be provided 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 service fees payable to the Bank by CITIC Group and its associates shall be determined based on the relevant market rates and subject to review on a periodic basis. The current standard of service fees charged by the Bank for third-party escrow services are equal to the total balance of the customers' accounts under management as at the end of each quarter multiplied by an annual interest rate ranging from 0.5‰ to 2.7‰ (which is to be converted into a daily rate), and the service fees will be deducted from the funds accounts of CITIC Group and its associates within three business days after the interest settlement date of each quarter.

**Rule 14.58(4)**

***Historical amounts and proposed caps***

A breakdown of the historical figures and the proposed annual caps for the transactions under the Third-Party Account Escrow Service Framework Agreement is as follows:

**Rule 14.58(4)**

**Rule 14A.56(4)**

<b>Historical Figures</b>			<b>Future Annual Caps</b>			
<i>(RMB: in millions)</i>			<i>(RMB: in millions)</i>			
Actual annual amount for the year ended 31	Actual annual amount for the year ended 31	Actual annual amount for the year ended 31	Actual amount for the nine months ended 30 Sep	Annual cap for the year ending	Annual cap for the year ending	Annual cap for the year ending

	Dec 2005	Dec 2006	Dec 2007	2008	31 Dec 2008	31 Dec 2009	31 Dec 2010
Amount of service fees	0	0	0	33.23	51.00	68.00	85.00

***Basis for such caps***

Prior to 2008, the Bank did not provide any third-party escrow services to CITIC Group or its associates. In arriving at the above caps, the Directors have taken into account the following factors: (1) the development of China’s capital market together with the growth of China’s economy; and (2) the third-party escrow service business will maintain a reasonable growth together with the development of market.

**Rule 14.58(5)**

***Requirements of the Listing Rules***

As the annual caps for the third-party escrow services to be provided by the Bank to CITIC Group and its associates pursuant to the Third-Party Escrow Service Agreement do not exceed 2.5% of each of the applicable percentage ratios as set forth in the Listing Rules on an annual basis, such services constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38. If any annual cap is exceeded or any relevant agreement is renewed or any material amendment is made to such agreement, the Bank shall be subject to the requirements of Rules 14A.35(3) and (4) of the Listing Rules.

**(ii) Investment Product Agency Sales Service Framework Agreement**

***Description of the transaction***

We entered into the Investment Product Agency Sales Service Framework Agreement with CITIC Group on 4 November 2008, pursuant to which we provide sale services to CITIC Group and its associates in relation to their investment products on an agency basis. The investment products that we sell on an agency basis may include, but not limited to, life insurance products, fund products, securities investment products, trust investment products and other wealth management investment products. The Investment Product Agency Sales Service Framework Agreement will expire on 31 December 2010 and is renewable subject to the agreement of the parties.

**Rule 14.58(3)**

**Rule 14.60(1)**

***Principal terms of the Investment Product Agency Sales Service Framework Agreement***

The principal terms of the Investment Product Agency Sales Service Framework Agreement are as follows:

- The Bank agrees to provide sale services to CITIC Group and its associates on an agency basis in relation to their different types of investment products, which may include but not limited to, life insurance products, fund products,

securities investment products, trust investment products and other wealth management investment products.

- CITIC Group shall, and shall procure its associates to, pay the sales commissions to the Bank with respect to the agency sales services it provides.
- The agency sale services to be provided 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 sales commissions payable to the Bank by CITIC Group and its associates shall be determined based on the relevant market rates and subject to review on a periodic basis. The current level of sales commission charged by the Bank for such agency sales service is between 0.3% and 35.0% of the face value of the investment products we sell depending on the type of investment products.

**Rule 14.58(4)**

**Historical amounts and proposed caps**

A breakdown of the historical figures and proposed annual caps for the transactions under the Investment Product Agency Sales Service Framework Agreement is as follows:

**Rule 14A.56(4)**

**Rule 14.58(4)**

	Historical Figures				Future Annual Caps		
	<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
	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
<b>Amount of commissions</b>	0.00	9.21	26.37	10.11	24.00	66.00	98.00

**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 the following factors: (1) the Bank expects that the growth of PRC economy will continue and therefore, the securities market and life insurance market of China will also continue its growth; (2) the substantial increase in demand from Chinese citizens and enterprises for wealth management services; (3) the transaction volume of capital market-related investment products decreased significantly due to the downturn of China’s capital market in 2008, but there is uncertainty in relation to the development of the China’s capital market in the next three years; and (4) the volume of agency sales of securities, funds, insurance, trust and other investment products will be mainly dependent on the

**Rule 14.58(5)**

customers' decision regarding their respective investment portfolio, which is beyond the control of the Bank.

### ***Requirements of the Listing Rules***

As the annual caps for the agency sales services to be provided by the Bank to CITIC Group and its associates pursuant to the Investment Product Agency Sales Service Framework Agreement do not exceed the 2.5% caps on each of applicable percentage ratios as set forth in the Listing Rules on an annual basis, such services constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38. If any annual cap is exceeded or any relevant agreement is renewed or any material amendment is made to such agreement, the Bank shall be subject to the requirements of Rules 14A.35(3) and (4) of the Listing Rules.

### **(iii) Asset Custody Service Framework Agreement**

#### ***Description of the transaction***

The Bank, as the custodian, enters into asset custody contract with CITIC Group and its associates and provides services relating to the safekeeping of assets. The Bank's assets custody business covers safekeeping for financial assets and/or funds, settlement, evaluation, investment monitoring and information disclosure. As an important intermediary business of commercial banks, the revenue derived from asset custody business has become a significant source of non-interest income of the Bank. We entered into the Asset Custody Service Framework Agreement with CITIC Group on 4 November 2008, pursuant to which we provide asset custody services to CITIC Group and its associates in connection with their financial assets and/or funds. The Asset Custody Service Framework Agreement will expire on 31 December 2010 and is renewable subject to the agreement of the parties.

**Rule 14.58(3)**

**Rule 14.60(1)**

#### ***Principal terms of the Asset Custody Service Framework Agreement***

The principal terms of the Asset Custody Service Framework Agreement are as follows:

- The Bank agrees to provide assets custody services to CITIC Group and its associates in connection with their financial assets and/or funds, including but not limited to, securities investment funds, trust assets, collective and targeted assets of securities dealers, qualified domestic institutional investor funds, asset securitization, industrial funds (venture capital investment funds), private equity funds and enterprise annuities, corporate pension fund and insurance funds.
- CITIC Group shall, and shall procure its associates to, pay custody fees to the Bank with respect to the asset custody services the Bank provides.

- The asset custody services to be provided 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 current custody fees payable to the Bank by CITIC Group and its associates shall be determined based on the relevant market rates and subject to review on a periodic basis. The current custody fees charged by the Bank for such asset custody services range from 0.1% to 0.3% of the assets/funds under management depending on the types of asset/funds. The custody fees for certain special assets, such as company pension funds, is based on competitive market rate and charged at a level not more favorable to CITIC Group and its associates than those available to comparable independent third parties

**Rule 14.58(4)**

### ***Historical amounts and proposed caps***

A breakdown of the historical figures and proposed annual caps for the transactions under the Asset Custody Service Framework Agreement is as follows:

**Rule 14A.56(4)**  
**Rule 14.58(4)**

	<b>Historical Figures</b>				<b>Future Annual Caps</b>		
	<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
	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
<b>Amount of custody fees</b>	0.00	6.85	88.01	117.78	160.00	65.00	43.00

### ***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 the expected growth of China's capital market, which may be offset by the expected trend of the volume of our business with CITIC Group and its associates estimated based on the duration of the existing contracts between the Bank and CITIC Group and its associates.

**Rule 14.58(5)**  
**Rule 14A.35(2)**

**Rule 14A.56(1)**

### ***Requirements of the Listing Rules***

**Rule 14A.34**

As the annual caps for the asset custody services to be provided by the Bank to CITIC Group and its associates pursuant to the Asset Custody Service Agreement do not exceed 2.5% of each of the applicable percentage ratios as set forth in the Listing Rules on an annual basis, such services constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38. If any annual cap is exceeded or any relevant



agreement is renewed or any material amendment is made to such agreement, the Bank shall be subject to the requirements of Rules 14A.35(3) and (4) of the Listing Rules.

### **3. NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

#### **(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 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.

**Rule 14.58(3)**

**Rule 14.60(1)**

##### ***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.

**Rule 14.60(2)**

##### ***Pricing***

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

**Rule 14.58(4)**

- 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.

***Historical amounts and proposed caps***

**Rule 14A.56(4)**  
**Rule 14.58(4)**  
**Rule 14.58(6)**  
**Rule 14.60(3)(a)**

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

	<b>Historical Figures</b>				<b>Future Annual Caps</b>		
	<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
	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
<b>Amount</b>	0.00	0.00	16,596.00	40,138.00	40,138.00	210,000.00	415,000.00

***Basis for such caps***

**Rule 14.58(5)**

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 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 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. As a result, the historical amounts could not be regarded as indicative for the future transaction amounts.

***Requirements of the Listing Rules***

**Rule 14A.34**

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 Rule 14A.16(5) of the Listing Rules and are subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

**Rule 14A.56 (3)**

**(ii) Wealth Management Service Framework Agreement**

***Description of the transaction***

**Rule 14.58(3)**

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.

**Rule 14.60(1)**

### ***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, the management of wealth management assets and acting as the investment advisors to provide the 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.

**Rule 14A.56(2)**

### ***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 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.

**Rule 14.58(4)**

### ***Historical amounts and proposed caps***

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

Rule 14A.56(4)  
Rule 14.58(4)

	Historical Figures				Future Annual Caps		
	<i>(RMB: in millions)</i>				<i>(RMB: in millions)</i>		
	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
<b>Amount of service fees</b>	0.00	20.84	664.10	45.15	1,050.00	1,700.00	2,650.00

***Basis for such caps***

Rule 14.58(5)  
Rule 14A.35(2)

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***

Rule 14A.34

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 Rule 14A.16(5) of the Listing Rules and are subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

Rule14A.56(3)

Rule14.58(8)

**4. REASONS FOR SUCH TRANSACTIONS**

**(i) Reasons for transactions under the Third-Party Escrow Service Framework Agreement, Investment Product Agency Sales Service Framework Agreement, Asset Custody Service Agreement and 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 stream of the Bank, increase the revenue that the Bank is able to generate and eventually, enhance the profitability of the Bank.

**(ii) 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 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.

**5. BOARD CONFIRMATION**

The Board (including the independent non-executive directors of the Bank) considers that the abovementioned continuing connected transactions and their respective 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.

**6. HISTORICAL COMPLIANCE WITH THE LISTING RULES**

None of the historical amounts for the third-party escrow services and the investment product agency sales services provided by the Bank exceed 0.1% of each of the applicable percentage ratios as set forth in the Listing Rules on an annual basis. Therefore, such transactions constitute de minimis continuing connected transactions under Rule 14A.31 of the Listing Rules and are exempt from the reporting, announcement and independent shareholders' approval requirements.

The historical amounts for the asset custody services provided by the Bank for the year ended 31 December 2007 and the nine months ended 30 September 2008 exceed 0.1% but do not exceed 2.5% of the applicable percentage ratios as set forth in the Listing Rules on an annual basis. Therefore, such transactions constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting

and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38.

The historical amounts for the loan asset transfer transactions conducted by the Bank for the year ended 31 December 2007 and the nine months ended 30 September 2008 exceed 2.5% of the applicable percentage ratios as set forth in the Listing Rules on an annual basis. Therefore, such transactions constitute the connected transactions under Rule 14A.16(5) of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The historical amounts for the wealth management services provided by CITIC Group and its associates for the year ended 31 December 2007 and nine months ended 30 September 2008 exceed 0.1% but do not exceed 2.5% of the applicable percentage ratios as set forth in the Listing Rules on an annual basis. Therefore, such transactions constitute the connected transactions under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirement set out in Rules 14A.37 and 14A.38. All the other historical amounts for the wealth management services provided by CITIC Group and its associates do not exceed 0.1% of each of the applicable percentage ratios as set forth in the Listing Rules on an annual basis. Therefore, such transactions constitute de minimis continuing connected transactions under Rule 14A.31 of the Listing Rules and are exempt from the reporting, announcement and independent shareholders' approval requirements.

In order to generate more return and diversify its income stream for its Shareholders, comply with the Loan Asset Portfolio Control Measure issued by the People's Bank of China and provide a more diversified product offerings to the customers of the Bank, the Bank formulates and provides wealth management products for its customers as part of its ordinary course of business. However, under the PRC laws and regulations, the Bank is not permitted to conduct trust and securities-related businesses. Therefore, if the Bank would like to participate in the design, formulation and distribution of securities, trust or fund-related wealth management products in its ordinary course of business, the Bank is required to work closely with the relevant licensed entities in the PRC, such as a licensed trust company. The Bank entered into business cooperation with CITIC Group and its associates in connection with the wealth management products whereby the customers of the Bank would subscribe for wealth management products managed by CITIC Group or its associates. The subscription amount raised from the customers would be used to invest in a variety of investment products, the range and the respective weighting of which have been explained to and approved by the customers, including but not limited to purchasing loan and other related assets from the Bank. The Bank would also provide asset custody services to CITIC Group and its associates in connection with the funds of the Bank's customers under the wealth management product plans while CITIC Group and its associates would charge service fee in connection with the provision of different types of wealth management services.

The management of the Bank was of the view that the loan asset transfer transactions, asset custody service transactions and the wealth management service transactions are not connected transactions under the Listing Rules based on the following factors:

- (1) these transactions have been highlighted to the customers of the Bank in the relevant product explanatory booklets before they decide to join the relevant wealth management product plans and their agreement to participate in the relevant wealth management product plans should be regarded as their approval to apply their investment funds to conduct these transactions; and
- (2) as the customers maintain the ultimate beneficial ownership of the investment assets under the wealth management product plans and the customers' agreement to participate in the relevant wealth management product plans should be regarded as their approval to apply their investment funds to conduct these transactions, therefore, those transactions should be regarded, in substance, as conducted between the customers and the Bank / CITIC Group and its associates, respectively.

The Bank, being cautious and prudent regarding its compliance of the Listing Rules, subsequently sought confirmation from the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has confirmed its view that the loan asset transfer transactions, the asset custody service transactions and the wealth management service transactions constitute connected transactions pursuant to 14A.13(1)(a) of the Listing Rules and are subject to the relevant announcement, reporting and/or independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Based on the confirmation from the Hong Kong Stock Exchange that these transactions constitute connected transactions under the Listing Rules, the Bank did not perform the relevant reporting, announcement and/or independent shareholders' approval in connection with some of the asset custody service transactions, the wealth management service transactions and the loan asset transfer transactions for the year ended 31 December 2007 and/or for the nine months ended 30 September 2008.

## **7. DESPATCH OF CIRCULAR AND VOTING AT THE EGM**

A circular containing, among other things, (i) details of the continuing connected transactions under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the annual caps for the continuing connected transactions under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement; and (iii) the recommendation of the Independent Board Committee in respect of the annual caps for the continuing connected transactions under the Loan Asset Transfer Framework Agreement and the Wealth Management Service Framework Agreement, together with a notice to convene the EGM will be despatched to Shareholders in accordance with the Listing Rules as soon as practicable.

CITIC Group and its associates (i.e. CITIC Group and CITIC International Financial Holdings Ltd.), 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 date of this announcement, who have a material interest in the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement, 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 with respect to the continuing connected transactions under the Loan Asset Transfer Framework Agreement and Wealth Management Service Framework Agreement.

## 8. DEFINITIONS

Unless the context requires otherwise, the following expressions in this announcement shall have the meanings set out below.

<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Bank”, “we” and “us”</b>	China CITIC Bank Corporation Limited (中信银行股份有限公司) and except where the context otherwise requires, includes all the subsidiaries
<b>“Board”</b>	the board of Directors of China CITIC Bank Corporation Limited
<b>“China” and “PRC”</b>	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
<b>“CITIC Funds”</b>	CITIC Fund Management Co., Ltd (中信基金管理有限公司)
<b>“CITIC Group”</b>	China CITIC Group (中國中信集團公司)
<b>“CITIC Prudential Funds”</b>	CITIC Prudential Fund Management Co., Ltd (信誠基金管理有限公司)
<b>“CITIC Prudential Life”</b>	CITIC Prudential Life Insurance Co., Ltd (信誠人壽保險有限公司)
<b>“CITIC Securities”</b>	CITIC Securities Co., Ltd (中信證券股份有限公司)



<b>“CITIC Trust”</b>	CITIC Trust & Investment Co., Ltd (中信信托投资有限责任公司)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the Directors of China CITIC Bank Corporation Limited
<b>“EGM”</b>	Extraordinary General Meeting
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Independent Board Committee”</b>	a committee of the Board comprising all the independent non-executive Directors of the Bank
<b>“Independent Shareholder(s)”</b>	Shareholders of the Bank excluding CITIC Group and its associates
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Share(s)”</b>	ordinary shares of the Bank
<b>“Shareholder(s)”</b>	holders of the ordinary shares of the Bank

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

Beijing, China

4 November 2008

*As at the date of this announcement, the executive directors of the Bank are Dr. Chen Xiaoxian and Mr. Wu Beiyang; the nonexecutive directors 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 are Dr. Bai Chong-En, Dr. John Dexter Langlois, Dr. Ai Hongde, Dr. Xie Rong and Mr. Wang Xiangfei.*

**Rule 2.14**