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**招商銀行**  
CHINA MERCHANTS BANK

招商銀行股份有限公司

**CHINA MERCHANTS BANK CO., LTD.**

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

**(Stock Code: 3968)**



**WING LUNG BANK LTD**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0096)**

**JOINT ANNOUNCEMENT**

**(I) Discloseable Transaction and Price Sensitive Information of  
China Merchants Bank Co., Ltd.**

**Acquisition of a controlling interest in  
Wing Lung Bank Limited  
by China Merchants Bank Co., Ltd.;**

**(II) Possible unconditional mandatory cash offer by  
J. P. Morgan Securities (Asia Pacific) Limited  
for and on behalf of China Merchants Bank Co., Ltd.  
for all the issued shares in Wing Lung Bank Limited**

**(other than those shares already owned by or agreed to be acquired by China Merchants  
Bank Co., Ltd. and parties acting in concert with it at the time when the offer is made);**

**AND**

**(III) Resumption of trading in shares of  
Wing Lung Bank Limited  
and  
China Merchants Bank Co., Ltd.**

**Financial adviser to China Merchants Bank Co., Ltd.**



**Financial advisers to Wing Lung Bank Limited**



**Financial advisers to  
Wu Jieh Yee Company Limited**



**Financial advisers to Wu Yee Sun Company Limited  
and Yee Hong Company Limited**



## **THE SALE AND PURCHASE AGREEMENTS**

On 30 May 2008, CMB entered into the Sale and Purchase Agreements with the respective Vendors, pursuant to which CMB has conditionally agreed to purchase and the respective Vendors have conditionally agreed to sell or procure the sale of the Sale Shares for cash consideration in an aggregate sum of HK\$19,302,110,605.00 (equivalent to HK\$156.50 per Sale Share). The Sale Shares represent approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement. Completion of each of the Sale and Purchase Agreements is conditional upon the fulfillment or waiver of the Conditions as described in the paragraph headed "Completion" under the section headed "Sale and Purchase Agreements" in this announcement.

## **POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER**

Information on the shareholding of CMB and parties acting in concert with it in WLB is disclosed in this announcement. CMB and parties acting in concert with it hold 90 WLB Shares as at the date of this announcement. Upon Completion, CMB and parties acting in concert with it will own 123,336,260 WLB Shares, representing approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement. In accordance with Rule 26.1 of the Takeovers Code, upon Completion, CMB will be required to make the General Offer for all the issued WLB Shares (other than those WLB Shares already owned by or agreed to be acquired by CMB or parties acting in concert with it at the time when the General Offer is made).

The principal terms of the possible General Offer are set out under the section headed "Possible unconditional mandatory cash offer" in this announcement. As at the date of this announcement, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into WLB Shares.

## **IMPLICATIONS UNDER THE LISTING RULES AND PRC LEGAL REQUIREMENTS FOR CMB**

This announcement is made pursuant to Rule 13.09(1) and Rule 14.34 of the Listing Rules for CMB.

As the applicable percentage ratios of CMB as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition and the possible General Offer are more than 5% but less than 25%, under the Listing Rules, the Acquisition contemplated under the Sale and Purchase Agreements and the possible General Offer constitute a discloseable transaction of CMB. Under the Listing Rules, the Acquisition is only subject to the reporting and announcement requirement. However, pursuant to the relevant rules and regulations relating to CMB's foreign investment authority, the Acquisition is also subject to the approval of the CMB Shareholders. In connection with the matters concerning the Acquisition and the possible General Offer to be resolved at the GM, no CMB Shareholder is required to abstain from voting. A circular will be issued to the CMB Shareholders as soon as practicable containing, among other things, details of the terms of the Acquisition and the possible General Offer, and the notice to the CMB Shareholders setting out the matters concerning the Acquisition and the possible General Offer to be approved at the GM.

## **DESPATCH OF COMPOSITE OFFER DOCUMENT**

It is the intention of the respective boards of directors of CMB and WLB to combine the offer document and the offeree board circular in a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, CMB is required to despatch an offer document containing the terms of the General Offer and a form of acceptance and transfer of the WLB Shares to the WLB Shareholders within 21 days after the date of this announcement, or such later date as the Executive may approve. As the Conditions cannot be fulfilled within 21 days of the date of this announcement, CMB will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the composite offer document to any time within 7 days from the Completion.

## **RESUMPTION OF TRADING IN SHARES OF CMB AND WLB**

At the request of CMB and WLB, trading in the CMB Shares and the WLB Shares on the Stock Exchange were both suspended with effect from 9:30 a.m. on 30 May 2008 pending the publication of this announcement. Application has been made for the resumption of trading in the CMB Shares and the WLB Shares, respectively on the Stock Exchange with effect from 9:30 a.m. on 3 June 2008.

**WARNING: The General Offer is a possibility only. Completion is conditional upon the fulfillment or waiver of certain conditions under the Sale and Purchase Agreements and the General Offer will only be made if Completion takes place. Accordingly, the Sale and Purchase Agreements may or may not be completed and the General Offer may or may not proceed. CMB Shareholders, WLB Shareholders and potential investors are therefore advised to exercise caution when dealing in the CMB Shares and the WLB Shares.**

The board of directors of CMB and the board of directors of WLB jointly announce that CMB has entered into the Sale and Purchase Agreements with the respective Vendors on 30 May 2008, pursuant to which CMB conditionally agreed to acquire from the respective Vendors an aggregate of 123,336,170 WLB Shares, representing approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement, for an aggregate cash consideration of HK\$19,302,110,605.00.

### **1. SALE AND PURCHASE AGREEMENTS**

Date : 30 May 2008

Parties: (1) Vendor: Wu Jieh Yee Company Limited  
Purchaser: CMB

(2) Vendors: Wu Yee Sun Company Limited and Yee Hong Company Limited  
Purchaser: CMB

To the best of the knowledge, information and belief of the CMB Directors, having made all reasonable enquiry, each of the Vendors and its respective ultimate beneficial owners is a third party independent of CMB and any connected person of CMB, and each of the Vendors is not connected with and is not a party acting in concert with CMB.

Save as to the number of the Sale Shares being the subject matter of the relevant Sale and Purchase Agreements, the aggregate considerations and the particulars of the Vendors, the terms and conditions of the two Sale and Purchase Agreements are identical, including the purchase price per Sale Share of HK\$156.50.

### **WLB Shares to be acquired by CMB**

Subject to and in accordance with the terms and conditions of the Sale and Purchase Agreements, CMB has conditionally agreed to buy and the respective Vendors have conditionally agreed to sell or procure the sale of the Sale Shares, being 65,524,929 WLB Shares from Wu Jieh Yee Company Limited and an aggregate of 57,811,241 WLB Shares from Wu Yee Sun Company Limited and Yee Hong Company Limited, which together represent approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement, as (direct or indirect) beneficial owners free from any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, or other encumbrance or security interest having similar effect together with all rights of any nature which are on the date of the Sale and Purchase Agreements, or may at any time thereafter, become attached to them or accrue in respect of them including all dividends and distributions declared, paid or made in respect of them on or after the date of the Sale and Purchase Agreements, but excluding any 2008 Interim Dividends.

The book value of the 53.12% shareholding in WLB as at 31 December 2007 was HK\$6,629,257,689.22. For the financial years ended 31 December 2006 and 31 December 2007, the net profits before taxation attributable to the 53.12% shareholding in WLB were HK\$1,021,623,389.91 and HK\$837,192,376.38, respectively and the net profits after taxation attributable to the 53.12% shareholding in WLB were HK\$852,972,854.11 and HK\$728,529,222.10, respectively.

Upon Completion, WLB will become a subsidiary of CMB and WLB's financial results will be consolidated with the results of the CMB Group's financial statements.

### **Consideration for the Sale Shares**

The Consideration in the aggregate sum of HK\$19,302,110,605.00 (representing HK\$156.50 per Sale Share) was negotiated and determined on an arm's length basis between CMB and the Vendors with reference to (i) the recent price performance of the WLB Shares on the Stock Exchange, (ii) the audited consolidated net profits attributable to the WLB Shareholders of approximately HK\$1,371,514,000.00 for the year ended 31 December 2007, (iii) the audited consolidated net assets of the WLB Group of approximately HK\$12,480,103,000.00 as at 31 December 2007; and (iv) necessary adjustment having regard to CMB's due diligence on WLB.

The purchase price of HK\$156.50 per Sale Share represents:

- (a) a premium of approximately 6.17% over the closing price of HK\$147.40 per WLB Share as quoted on the Stock Exchange on 29 May 2008, being the last full trading day prior to the suspension of trading in the WLB Shares on 30 May 2008;

- (b) a premium of approximately 5.27% over the average closing price of the WLB Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the suspension of trading in the WLB Shares on 30 May 2008, being approximately HK\$148.66 per WLB Share;
- (c) a premium of approximately 9.72% over the average closing price of the WLB Shares as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the suspension of trading in the WLB Shares on 30 May 2008, being approximately HK\$142.64 per WLB Share; and
- (d) a premium of approximately 76.14% over the closing price of HK\$88.85 per WLB Share as quoted on the Stock Exchange on 12 February 2008, being the last full trading day prior to recent news articles of the potential sale of the Sale Shares on 13 February 2008.

The Consideration shall be settled by CMB in the following manner:

- (i) a total sum of HK\$965,105,530.26 being the deposit paid by CMB to the Vendors upon signing of the Sale and Purchase Agreements (the “Deposit”), of which HK\$512,732,569.43 was paid to Wu Jieh Yee Company Limited and as to an aggregate of HK\$452,372,960.83 was paid to Wu Yee Sun Company Limited and Yee Hong Company Limited; and
- (ii) the remaining balance of the Consideration in the sum of HK\$18,337,005,074.74 is payable by CMB to the Vendors on the Completion Date, of which HK\$9,741,918,819.07 is to be paid to Wu Jieh Yee Company Limited and an aggregate of HK\$8,595,086,255.67 is to be paid to Wu Yee Sun Company Limited and Yee Hong Company Limited.

In the event that the 2008 Interim Dividends are declared and paid or payable to the Vendors on or prior to the Conditions Satisfaction Date and are in excess of HK\$0.50 per WLB Share, the Consideration for each Sale Share will be correspondingly reduced by the amount of such 2008 Interim Dividends being in excess of HK\$0.50 per WLB Share so declared on each Sale Share. The Offer Price will also be correspondingly reduced by such amount per Offer Share under such circumstances, whilst the WLB Shareholders will be entitled to the full amount of the 2008 Interim Dividends. If the 2008 Interim Dividends, if any, are less than or equal to HK\$0.50 per WLB Share, the Consideration will not change and the Offer Price will remain at HK\$156.50 whereas WLB Shareholders as registered on the Dividend Record Date will be entitled to receive the 2008 Interim Dividends.

CMB and the Vendors agree that if any 2008 Interim Dividends have been declared on or prior to Conditions Satisfaction Date but the Dividend Record Date has not passed, then Completion shall take place on the date which is no later than five Business Days after the Dividend Record Date, or such other date as may be agreed in writing between each of the Vendors and CMB.

### **The Deposit**

If all the Conditions have been satisfied or duly waived in accordance with the Sale and Purchase Agreements and Completion does not take place due to CMB’s default, the Vendors shall be entitled to forfeit and retain the Deposit in full (together with any interest income earned on the Deposit from the date of receipt of the Deposit by the Vendors). If Completion does not take place or is not capable of taking place because of any other reason, the Deposit shall be refunded to CMB in full, together with any interest income earned on the Deposit from the date of receipt of the Deposit by the Vendors.

## **Revised Offer**

If, in relation to the General Offer, CMB makes, or becomes obliged under the Takeovers Code to make, a revised or an improved offer (the “Revised Offer”) for the WLB Shares under the General Offer, CMB will pay or procure to be paid to each of the Vendors (or as it may direct) a cash amount equal to the difference by which the market value per WLB Share of such Revised Offer exceeds the Consideration per Sale Share (aggregating, for this purpose, all forms of consideration and consideration paid and/or payable in connection therewith whether in cash or in any other form).

## **Vendor undertakings**

Each of the Vendors has undertaken to CMB that during the period between the date of the Sale and Purchase Agreements and Completion, each of them will, and will procure that the WLB Group will, to continue their respective businesses in the ordinary and usual course. Each of the Vendors also undertakes that each of them will not, and will procure that the WLB Group will not, unless CMB otherwise agrees in writing or unless in relation to matters already disclosed by the Vendors:

- (i) issue or redeem any capital (equity or subordinated debt);
- (ii) declare, make or pay any dividend or other distribution other than the 2008 Interim Dividends; or
- (iii) compromise, settle, release or discharge any liability, claim, action, demand or dispute, or waive a right in relation to litigation or arbitration proceedings the amount of which individual liability, claim, action, demand or dispute being compromised, settled, released or discharged individually is in excess of HK\$100 million.

Each of the Vendors has also undertaken to, (a) in the period prior to Completion, procure and (b) in the period after Completion, reasonably assist, WLB will carry out an audit by WLB’s external auditors of WLB’s consolidated balance sheet, profit and loss account and cashflow statement, in each case, as at and for the six-month period ending on 30 June 2008 and shall deliver a copy of the same to CMB on or before the later of (i) Completion or (ii) 30 September 2008.

## **CMB undertakings**

CMB is committed to the long term stability and continuity of WLB’s management and employees. As such, CMB has undertaken to the Vendors, among other things, that for a period of at least 18 months from the Completion Date, it will not and will procure that each member of the WLB Group will not terminate the employment of the staff of the WLB Group, save under limited specific circumstances.

CMB further undertakes that it will provide each of the Vendors periodic updates regarding its progress in obtaining the requisite PRC government approvals.

## Completion

Completion is conditional upon, among other things, the satisfaction of the following matters, for which CMB has undertaken to use its best endeavours to fulfill:

- (i) CMB Shareholders having approved, in general meeting, the Acquisition as contemplated in the Sale and Purchase Agreements and the subsequent General Offer;
- (ii) all approvals of relevant PRC government authorities or agencies whose approval is required for the completion of the transactions contemplated in the Sale and Purchase Agreements (including approvals in relation to the remittance of foreign exchange) and the subsequent General Offer having been obtained;
- (iii) CMB and any holding company or other controller of CMB having been approved, or not objected to within the relevant period by the HKMA as a majority shareholder controller (as such term is defined in the Banking Ordinance) of WLB under section 70 of the Banking Ordinance and the chief executive and directors of WLB which CMB proposes to appoint on Completion having been approved by the HKMA under section 71 of the Banking Ordinance;
- (iv) CMB and any holding company or other controller of CMB having been approved within the relevant period by the SFC as a substantial shareholder of each of Wing Lung Securities Limited and Wing Lung Futures Limited under section 132 of the SFO; and
- (v) CMB and any holding company of CMB having been approved, or not objected to within the relevant period, by the Insurance Authority of Hong Kong as a controller (as such expression is defined under the Insurance Companies Ordinance) of Wing Lung Insurance Company Limited.

As described above, completion of both Sale and Purchase Agreements will take place at the same time on the Completion Date which is five Business Days after the later of the Conditions Satisfaction Date and the Dividend Record Date, or such other date as may be agreed in writing between each of the Vendors and CMB.

If any of the conditions set out above have not been satisfied or waived in writing on or before 11:59 p.m. on the Long Stop Date, the Sale and Purchase Agreements will terminate automatically with immediate effect and neither the Vendors nor CMB will be obliged to complete the Acquisition.

## 2. SHAREHOLDING STRUCTURE OF WLB

The existing shareholding structure of WLB and the shareholding structure of WLB upon Completion but before the General Offer (assuming that there is no change in the issued share capital of WLB) are set out as follows:

	Existing Shareholding structure		Shareholding structure upon Completion but before the General Offer	
	Number of WLB Shares	Approximate Shareholding	Number of WLB Shares	Approximate Shareholding
Wu Jieh Yee Company Limited	65,524,929	28.22%	–	–
Wu Yee Sun Company Limited	32,239,835 <sup>(1)</sup>	13.89%	–	–
Yee Hong Company Limited	<u>25,571,406</u>	<u>11.01%</u>	<u>–</u>	<u>–</u>
<i>Subtotal</i>	<i>123,336,170</i>	<i>53.12%</i>	<i>–</i>	<i>–</i>
Directors of WLB <sup>(4)</sup>	1,034,353	0.44%	1,034,353 <sup>(4)</sup>	0.44%
Wings Investment Company Limited <sup>(3)</sup>	21,926,910 <sup>(2)</sup>	9.44%	21,926,910 <sup>(2)</sup>	9.44%
CMB and parties acting in concert with it	90	0.00004%	123,336,260	53.12%
Public	<u>85,892,592</u>	<u>37.00%</u>	<u>85,892,592</u>	<u>37.00%</u>
<b>Total</b>	<b><u><u>232,190,115</u></u></b>	<b><u><u>100.00%</u></u></b>	<b><u><u>232,190,115</u></u></b>	<b><u><u>100.00%</u></u></b>

Notes:

- (1) This excludes the WLB Shares held by Yee Hong Company Limited in which Wu Yee Sun Company Limited holds a controlling interest.
- (2) This includes the 11,638,204 WLB Shares (representing approximately 5.01% of the entire issued share capital of WLB) held by Hopes Enterprises Limited in which Wings Investment Company Limited holds a controlling interest and assuming that each of Hopes Enterprises Limited and Wings Investment Company Limited will not acquire or dispose of any WLB Shares from the date of this announcement to Completion and before the General Offer.
- (3) Wings Investment Company Limited is majority-owned by connected persons of WLB, including associates of the directors of WLB and the Vendors. Wu Jieh Yee Company Limited, Wu Yee Sun Company Limited and Yee Hong Company Limited respectively own approximately 17.38%, 23.88% and 1.10% of Wings Investment Company Limited. Accordingly, Wings Investment Company Limited is a party acting in concert with the Vendors.
- (4) Such directors include Dr Michael Po-ko Wu, Dr Patrick Po-kong Wu, Dr Philip Po-him Wu, Mr Che Shum Chung, Mr Anthony Shang-fung Wu and Mr Shung-kwong Tsang. Such WLB directors' shareholding upon Completion but before the General Offer is based on the assumption that none of such directors will acquire or dispose of any WLB Shares from the date of this announcement to Completion and before the General Offer.



### 3. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENTS

Headquartered in Shenzhen, CMB views the Hong Kong market to be very important to its international expansion strategy. The Acquisition offers a unique opportunity for CMB to establish a sizeable customer base and distribution network in Hong Kong. Through the Acquisition and the General Offer, CMB can fully utilize WLB's strong network and reputation to provide diversified financial services to customers in Hong Kong. At the same time, CMB can combine its own strengths in retail and SME banking, online banking and credit cards with WLB's comprehensive product offering and expertise to enhance CMB's own financial products and services for its customer base in mainland China.

Based on current assessment, the CMB Directors do not expect the Acquisition to have a negative impact on CMB's earning per share, even excluding the beneficial impact of synergies.

The CMB Directors (including the independent non-executive directors of CMB) consider that the Sale and Purchase Agreements are entered into after arm's length negotiation between CMB and the Vendors and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of CMB and the CMB Shareholders as a whole.

### 4. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

CMB and parties acting in concert with it hold 90 WLB Shares as at the date of this announcement. Upon Completion, CMB and parties acting in concert with it will own 123,336,260 WLB Shares, representing approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement.

Under Rule 26.1 of the Takeovers Code, upon Completion, CMB will be required to make an unconditional mandatory cash offer for all the issued WLB Shares, other than those WLB Shares already owned by or agreed to be acquired by CMB or parties acting in concert with it at the time when the General Offer is made. The General Offer, if and when made, will be unconditional in all respects.

JPMorgan will, for and on behalf of CMB, make the General Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code.

**For each Offer Share . . . . . HK\$156.50 in cash**

CMB does not intend to increase the Offer Price of HK\$156.50 per WLB Share. CMB reserves the right not to be bound by this statement in the event that CMB (together with parties acting in concert with it) acquires in aggregate more than 75% of the total issued share capital of WLB.

As at the date of this announcement, WLB has 232,190,115 WLB Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into WLB Shares.

**WARNING: The General Offer is a possibility only. Completion is conditional upon the fulfillment or waiver of certain conditions under the Sale and Purchase Agreements as mentioned above and the General Offer will only be made if Completion takes place. Accordingly, the Sale and Purchase Agreements may or may not be completed and the General Offer may or may not proceed. CMB Shareholders, WLB Shareholders and potential investors are therefore advised to exercise caution when dealing in the CMB Shares and the WLB Shares.**

### **Total consideration**

Given that WLB has a total number of 232,190,115 WLB Shares in issue as at the date of this announcement, the entire issued share capital of WLB is valued at HK\$36,337,752,997.50 at the Offer Price of HK\$156.50 per Offer Share under the General Offer and all the Offer Shares (being 108,853,855 WLB Shares not held by CMB and parties acting in concert with it after Completion) subject to the General Offer are valued at HK\$17,035,628,307.50.

### **Confirmation of Financial Resources**

CMB has sufficient internal resources to satisfy full acceptance of the General Offer. JPMorgan, as financial adviser to CMB, is satisfied that sufficient resources are available to CMB to satisfy full acceptance of the General Offer.

### **Capital raising arrangement**

Upon Completion, the capital adequacy ratio of CMB will remain above 8%. CMB intends to strengthen its capital base through the selection of the issuance of subordinated debt in the domestic market, subordinated debt in the overseas market, convertible bonds in the overseas market, or a combination of these options. Further announcement will be made by CMB as to the capital raising arrangement.

### **Effect of accepting the General Offer**

The General Offer to be made upon Completion will be unconditional in all respects. By accepting the General Offer, WLB Shareholders will sell their WLB Shares to CMB free from all liens, claims and encumbrances and together with all rights attaching to the WLB Shares as at the date of the close of the General Offer, including the rights to receive all dividends and distribution identified as payable to WLB Shareholders on a record date which is on or after the posting of the composite offer document, but excluding the 2008 Interim Dividends.

### **Stamp duty**

Ad valorem stamp duty of the accepting WLB Shareholders arising in connection with acceptance of the General Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or, if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) is payable by those accepting WLB Shareholders which will be deducted from the payment to be received by them. CMB will bear its own portion of buyer's ad valorem stamp duty under the General Offer at the rate of 0.1% of the amount payable in respect of relevant acceptances or, if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be responsible to account to the Stamp Office of Hong Kong for the stamp duty payable for the sale and purchase of the relevant Offer Shares pursuant to the acceptances of the General Offer.

## Payment

Payment (after deducting the accepting WLB Shareholders' share of stamp duty) in cash in respect of acceptances of the General Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by CMB to render each such acceptance complete and valid.

## Information on the existing directors of WLB

Dr Patrick Po-kong Wu, Dr Philip Po-him Wu, Mr Anthony Shang-fung Wu, Dr Michael Po-ko Wu, Mr Albert Po-cheung Wu and Mr Ivan Po-young Wu who are existing directors of WLB have indicated to CMB their intention to resign from their respective offices with WLB with effect from the earliest date as may be permitted under Rule 7 of, or pursuant to any dispensation from, the Takeovers Code or by the Executive.

## Information on CMB and its intention regarding the WLB Group

At the date of this announcement, Bear Stearns Asia Limited (an affiliate of JPMorgan) holds 90 WLB Shares.

Details of dealings in WLB Shares by CMB and parties acting in concert with it during the six-month period immediately prior to 20 March 2008 (being the date of WLB's announcement of a possible offer) and up to the date of this announcement are as follows:

*J. P. Morgan Whitefriars Inc.*

<b>Date of dealing</b>	<b>Number of WLB Shares acquired/ (disposed)</b>	<b>Acquisition price per WLB Share (HK\$)</b>
11/01/2008	800	96.80
25/01/2008	(800)	90.64
31/01/2008	800	88.59
05/02/2008	(800)	87.46
07/03/2008	4,500	83.18
12/03/2008	(4,500)	81.95

<b>Date of dealing</b>	<b>Number of WLB Shares acquired/ (disposed)</b>	<b>Acquisition price per WLB Share (HK\$)</b>
27/09/2007	(15,210)	81.45*
26/10/2007	(14,430)	81.45*
26/11/2007	(15,600)	81.45*
27/12/2007	(9,360)	81.45*
31/12/2007	(390)	81.45*
04/01/2008	200	93.41
04/01/2008	100	93.41
04/01/2008	200	93.41
04/01/2008	400	93.40

\* *WLB Shares were delivered to fulfill obligations under pre-existing OTC derivative contracts.*

Save as disclosed above, (i) CMB and parties acting in concert with it do not hold any WLB Shares; and (ii) during the six-month period immediately prior to 20 March 2008 (being the date of WLB's announcement of a possible offer) and up to the date of this announcement, CMB and parties acting in concert with it had not dealt in any WLB Shares, save and except certain dealings by exempt persons under the Takeovers Code.

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the CMB Shares or WLB Shares and which might be material to the General Offer as referred to in Note 8 to Rule 22 of the Takeovers Code.

There is no agreement or arrangement to which CMB is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the General Offer.

CMB is currently reviewing the overall businesses of the WLB Group and will keep WLB Shareholders and investors informed by further announcement if it decides on anything that requires disclosure pursuant to the Listing Rules.

As mentioned above, CMB is committed to the long term stability and continuity of WLB's management and employees. As such, CMB has undertaken to the Vendors that it will not terminate the employment of the staff of the WLB Group for at least 18 months from Completion, except under limited specific circumstances. CMB also aims to ensure the appropriate degree of continuity of the board of directors of WLB. Upon the despatch of the composite offer document, there will be directors appointed by CMB into WLB. Further announcement will be made as to the details of the appointment of new directors of WLB.

Given WLB's strong and established brand in Hong Kong, CMB intends to maintain the branding and the name of "Wing Lung Bank" and "永隆銀行" to benefit from the strong reputation that WLB has developed in the Hong Kong market over the past 75 years.

## **Independent board committee and independent financial adviser**

If the General Offer is made, in accordance with the Takeovers Code, an independent board committee of WLB will be established for the purpose of advising the WLB Shareholders (other than CMB and parties acting in concert with it) in relation to the General Offer and an independent financial adviser will be appointed to consider the terms of the General Offer and to advise the independent board committee in respect of the General Offer. WLB Shareholders are advised to take no action as regards the General Offer until they have received the composite offer document which will contain, inter alia, the advice of the independent board committee and the independent financial adviser. An announcement will be made as soon as the independent financial adviser is appointed.

## **Composite offer document**

It is the intention of the respective boards of directors of CMB and WLB to combine the offer document and the offeree board circular in the composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, within 21 days of the date of this announcement or such later date as the Executive may approve, CMB is required to despatch the offer document containing the terms of the General Offer, the form of acceptance and transfer of the Offer Shares to the WLB Shareholders. As the Conditions cannot be fulfilled within 21 days of the date of this announcement, CMB will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the composite offer document to any time within 7 days of Completion.

## **5. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING**

If CMB acquires not less than 90% of the Offer Shares within, but not exceeding, four months of the posting of the composite offer document (within the meaning of the ninth schedule of the Companies Ordinance), CMB intends to exercise any right it may have under the Companies Ordinance to compulsorily acquire those Offer Shares not acquired by CMB pursuant to the General Offer. On completion of such compulsory acquisition, WLB would become a wholly-owned subsidiary of CMB and an application will be made for the withdrawal of the listing of the WLB Shares from the Stock Exchange in accordance with the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, where CMB has stated in the composite offer document its intention to avail itself of any powers of compulsory acquisition, the General Offer may not remain open for acceptance for more than four months from the posting of the composite offer document, unless CMB has by that time become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

## **6. MAINTAINING THE LISTING STATUS OF WLB**

If CMB does not effect the compulsory acquisition as set out in the section headed “Compulsory Acquisition and Withdrawal of Listing” above, the CMB Directors and any new directors to be appointed to WLB by CMB will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that the minimum public float requirement under the Listing Rules is complied with by WLB following the close of the General Offer.

The Stock Exchange has stated that it will consider exercising its discretion to suspend dealing in the Shares if, at the close of the General Offer:

- (a) less than the minimum prescribed percentage applicable to WLB being 25% of the issued Shares are held by the public; or
- (b) if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the WLB Shares or (ii) there are insufficient WLB Shares in public hands to maintain an orderly market.

In this connection, it should be noted that upon the closing of the General Offer, there may be insufficient public float for the WLB Shares and therefore, trading in the WLB Shares may be suspended until a prescribed level of public float is attained.

## **7. IMPLICATIONS UNDER THE LISTING RULES AND PRC LEGAL REQUIREMENTS FOR CMB**

This announcement is made pursuant to Rule 13.09(1) and Rule 14.34 of the Listing Rules for CMB.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition and the General Offer are more than 5% but less than 25%, under the Listing Rules, the Acquisition contemplated under the Sale and Purchase Agreements and the General Offer constitute a discloseable transaction for CMB. Each of the Vendors and its respective ultimate beneficial owners has not had any prior transactions with CMB Group that require aggregation under Rule 14.22 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirement only under the Listing Rules. However, pursuant to the relevant rules and regulations relating to CMB's foreign investment authority, the Acquisition is also subject to the approval of the CMB Shareholders. No CMB Shareholder is required to abstain from voting in connection with the matters to be resolved at the GM. A circular containing, among other things, details of the terms of the Acquisition and the General Offer and the notice to the CMB Shareholders convening the GM to approve the Acquisition and the General Offer will be issued to the CMB Shareholders as soon as practicable.

## **8. GENERAL**

### **Information on the Vendors**

The Vendors are companies incorporated in Hong Kong and are principally engaged in investment holding.

### **Information on WLB**

WLB is a banking company incorporated in Hong Kong and the WLB Shares have been listed on the Stock Exchange since 1980. WLB is principally engaged in the provision of banking and related financial services. The principal activities of the WLB Group include deposit taking, futures and securities broking, investment trading, insurance underwriting, insurance agency, trustee and nominee services and property management.

## **Further Information on CMB**

CMB is a joint stock company incorporated in the PRC and the CMB Shares are listed on the Stock Exchange and the Shanghai Stock Exchange. China Merchants Group Limited, a substantial shareholder of CMB, is indirectly interested in 17.64% of the total issued share capital of CMB as at the date of this announcement. CMB is principally engaged in the provision of banking and other related financial services. CMB is an independent third party and is not connected with and is not a party acting in concert with WLB or its subsidiaries or any connected persons of WLB.

## **9. DISCLOSURE OF DEALINGS**

Associates of WLB and CMB are reminded to disclose their dealings in the WLB Shares.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### **“Responsibilities of stockbrokers, banks and other intermediaries**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

## **10. RESUMPTION OF TRADING IN SHARES OF CMB AND WLB**

At the request of CMB and WLB, trading in the CMB Shares and the WLB Shares on the Stock Exchange were both suspended with effect from 9:30 a.m. on 30 May 2008 pending the publication of this announcement. Application has been made for the resumption of trading in the CMB Shares and the WLB Shares respectively on the Stock Exchange from 9:30 a.m. on 3 June 2008.

## **11. DEFINITIONS**

“2008 Interim Dividends”	any interim dividends in respect of WLB’s results for the six-month period ending 30 June 2008 which are declared on or prior to the Conditions Satisfaction Date
“Acquisition”	the acquisitions of the Sale Shares by CMB from the Vendors pursuant to the terms of the Sale and Purchase Agreements

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code, as extended to include persons presumed to be acting in concert
“associates”	has the meaning ascribed thereto under the Takeovers Code
“Banking Ordinance”	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong
“Business Day”	a day other than a Saturday or Sunday or public holiday in Hong Kong
“CMB”	招商銀行股份有限公司 (China Merchants Bank Co., Ltd.), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“CMB Director(s)”	director(s) of CMB
“CMB Group”	CMB and its subsidiaries
“CMB Shareholder(s)”	holder(s) of the CMB Shares
“CMB Shares”	ordinary share(s) of RMB1.00 each in the capital of CMB
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Completion”	the completion of the Acquisition contemplated under the Sale and Purchase Agreements at the same time
“Completion Date”	the date on which Completion takes place in accordance with the Sale and Purchase Agreements which is five Business Days after the later of the Conditions Satisfaction Date and the Dividend Record Date, or such other date as may be agreed in writing between each of the Vendors and CMB
“Conditions”	being the conditions precedent to Completion set out under the section headed “Completion”
“Conditions Satisfaction Date”	the date on which the last of the Conditions in each of the Sale and Purchase Agreements having been satisfied by CMB or waived by CMB and each of the Vendors (such date not being later than the Long Stop Date)
“Consideration”	the aggregate consideration of HK\$19,302,110,605.00 for the sale of the Sale Shares pursuant to the Sale and Purchase Agreements



“Dividend Record Date”	means the date for ascertaining the identity of WLB’s Shareholders who would be entitled to receive the 2008 Interim Dividends
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“General Offer”	the unconditional mandatory cash offer to be made by JPMorgan, for and on behalf of CMB, for the Offer Shares (other than those WLB Shares already owned by or agreed to be acquired by CMB or parties acting in concert with it at the time when the General Offer is made) in accordance with the Takeovers Code upon Completion
“GM”	the general meeting of CMB to approve among other things, the Acquisition and the General Offer
“HKMA”	the Hong Kong Monetary Authority
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPMorgan”	J.P. Morgan Securities (Asia Pacific) Limited, a registered institution licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO and a Restricted Licence Bank under the Banking Ordinance
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	<ul style="list-style-type: none"> <li>(i) 15 August 2008, being the date falling on the 77th calendar day after the date of the Sale and Purchase Agreements; or</li> <li>(ii) if the Conditions are not satisfied by 8 August 2008, being the date falling on the 70th calendar day after the date of the Sale and Purchase Agreements, either the Vendors or CMB shall be entitled to, by notice in writing to the other party, postpone the Long Stop Date by 30 calendar days in which event the Long Stop Date shall mean 14 September 2008, being the date falling on the 107th calendar day after the date of the Sale and Purchase Agreements; or</li> </ul>

- (iii) if following such postponement in (ii) above, the Conditions are not satisfied by 14 September 2008, being the date falling on the 107th calendar day after the date of the Sale and Purchase Agreements, then both the Vendors and CMB shall endeavour to determine and agree upon a period of further postponement of the Long Stop Date, but such postponed Long Stop Date shall not be later than 27 October 2008, being the date falling on the 150th calendar day after the date of the Sale and Purchase Agreements; or
- (iv) such other date as the Vendors and CMB may at any time and from time to time agree in writing

“Offer Price”	the offer price of HK\$156.50 per Offer Share pursuant to the General Offer
“Offer Share(s)”	the WLB Share(s) subject to the General Offer
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi
“Sale and Purchase Agreements”	the conditional sale and purchase agreement entered into between Wu Jieh Yee Company Limited and CMB and the conditional sale and purchase agreement entered into between Wu Yee Sun Company Limited, Yee Hong Company Limited and CMB, in each case, entered into on 30 May 2008 in relation to the Acquisition
“Sale Shares”	an aggregate of 123,336,170 WLB Shares to be acquired by CMB pursuant to the Sale and Purchase Agreements, representing approximately 53.12% of the entire issued share capital of WLB as at the date of this announcement
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	Wu Jieh Yee Company Limited, Wu Yee Sun Company Limited and Yee Hong Company Limited, which in aggregate directly and indirectly hold approximately 53.12% of the issued WLB Shares as at the date of this announcement

“WLB”	Wing Lung Bank Limited, a company incorporated in Hong Kong, its WLB Shares are listed on the Stock Exchange
“WLB Group”	WLB and its subsidiaries
“WLB Shareholder(s)”	holder(s) of the WLB Shares
“WLB Share(s)”	ordinary share(s) of HK\$5.00 each in the capital of WLB

By order of the board of  
**China Merchants Bank Co., Ltd.**  
**Mr Qin Xiao**  
*Chairman*

By order of the board of  
**Wing Lung Bank Ltd**  
**Dr Michael Po-ko Wu**  
*Chairman*

2 June 2008

*As at the date of this announcement, the executive directors of CMB are Ma Weihua, Zhang Guanghua and Li Hao; the non-executive directors of CMB are Qin Xiao, Wei Jiafu, Fu Yunning, Li Yinquan, Hong Xiaoyuan, Ding An Hua Edward, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of CMB are Wu Jiesi, Yan Lan, Yi Xiqun, Chow Kwong Fai Edward, Liu Yongzhang and Liu Hongxia.*

*As at the date of this announcement, the executive directors of WLB are Dr Michael Po-ko Wu (Chairman), Dr Patrick Po-kong Wu (Vice-Chairman), Dr Philip Po-him Wu (Chief Executive) and Mr Che-shum Chung, the non-executive directors are Mr Albert Po-cheung Wu, Mr Ivan Po-young Wu and Mr Anthony Shang-fung Wu and the independent non-executive directors are Dr Norman Nai-pang Leung, Mr Lincoln Hung-leung Soo, Mr Shung-kwong Tsang and The Hon Bernard Charnwut Chan. Mr Kenneth Ngai-keung Ma is the alternate director to Mr Ivan Po-young Wu and Miss Alice Shang-sze Wu is the alternate director to Mr Albert Po-cheung Wu.*

*The directors of CMB jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the WLB Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by the directors of WLB relating to the WLB Group, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements other than those relating to WLB Group, in this announcement misleading.*

*The directors of WLB jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to CMB Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by the CMB Directors relating to CMB Group, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements other than those relating to CMB Group, in this announcement misleading.*