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招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

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

(Stock code: 03968)

**GRANT OF THE H SHARE APPRECIATION RIGHTS
AND
ADJUSTMENTS TO THE REMUNERATION OF INDEPENDENT NON-
EXECUTIVE DIRECTORS AND EXTERNAL SUPERVISORS**

Grant of the H Share Appreciation Rights

The private placement involved in the 2015 First Phase Employee Stock Ownership Scheme of the Company has lapsed due to expiration of the effective period of the relevant resolution(s) passed at the 2014 Annual General Meeting. Therefore, the Company intends to propose the grant of the H share appreciation rights to be resumed and approved at the general meeting so as to approve the supplemental grant of the 2015 Eighth Phase H Share Appreciation Rights to relevant grantees and to grant the 2016 Ninth Phase H Share Appreciation Rights to relevant grantees.

Adjustments to the Remuneration of Independent Non-executive Directors and External Supervisors

The Board of Directors of the Company proposes to increase the remuneration before tax for each of its Independent Non-executive Directors from RMB300,000 to RMB500,000 each year, while the Board of Supervisors of the Company proposes to increase the remuneration before tax for each of its External Supervisors from RMB300,000 to RMB400,000 each year, both effective retrospectively from 1 January 2016.

The above-mentioned resolutions are still subject to approval at the general meeting. The Company intends to convene the 2016 First Extraordinary General Meeting on 4 November 2016 to seek for approval from its shareholders in respect of, among others, the above-mentioned resolutions. The Company will issue to its shareholders a circular containing, among others, details of the resolution regarding the H share appreciation rights and the resolutions regarding adjustments to the remuneration of Independent Non-executive Directors and External Supervisors as soon as practicable.

Grant of the H Share Appreciation Rights

The “Resolution Regarding the Termination by China Merchants Bank Co., Ltd. of its H Share Appreciation Rights Scheme” and the “Resolution Regarding the 2015 First Phase Employee Stock Ownership Scheme (Draft) of China Merchants Bank Co., Ltd. (by way of Subscribing A Shares in the Private Placement) and its Summary” were considered and approved at the 2014 Annual General Meeting (the “2014 Annual General Meeting”) convened by China Merchants Bank Co., Ltd. (the “Company”) on 19 June 2015. In accordance with those resolutions, as the purpose of the proposed 2015 First Phase Employee Stock Ownership Scheme was in line with that of the existing H Share Appreciation Rights Scheme of the Company, the H share appreciation rights not granted would be suspended following approval of the 2015 First Phase Employee Stock Ownership Scheme at the general meeting of the Company.

The private placement plan involved in the 2015 First Phase Employee Stock Ownership Scheme of the Company mentioned above has lapsed due to expiration of the effective period of the relevant resolution(s) passed at the 2014 Annual General Meeting. Therefore, the Company intends to propose the grant of the H share appreciation rights to be resumed and approved at the general meeting so as to approve the supplemental grant of the 2015 Eighth Phase H Share Appreciation Rights to relevant grantees and to grant the 2016 Ninth Phase H Share Appreciation Rights to relevant grantees. The details of such grant approved by the Board of Directors (the “Board”) of the Company are as follows:

I. Supplemental Grant of the 2015 Eighth Phase H Share Appreciation Rights

1. The price of grant: HK\$21.14. Such price shall be calculated as the average of the prices of grant (each shall be taken as the higher of the closing price of the Company’s H Shares on every possible date of grant during the possible period of grant (namely from 8 July to 23 August 2015, being a period commencing from the day which is one year after the date of grant in 2014 and ending on the day which is one year before the date of grant in 2016) and the average closing price of the Company’s H Shares for the five trading days preceding such possible dates of grant) as determined for every possible date of grant.

According to the resolution passed at the general meeting of the Company in respect of the profit appropriation plan for 2015, 5 July 2016 was the ex-dividend date for H Share dividend payout and the annual dividend for 2015 was HK\$0.810497 (tax included) per share. Under the H Share Appreciation Rights Scheme of the Company, the above-mentioned price of grant shall be adjusted to HK\$20.3295 accordingly, subject to further adjustments in case of any ex-dividend or ex-right for the Company’s H Shares before the grantees exercise their rights.

2. Restriction period for exercising the share appreciation rights shall commence from 22 July 2015. Under the Company’s H Share Appreciation Rights Scheme, the share appreciation rights shall not be exercised during the period of three years (restriction period) from the date of grant. The restriction period for 2015 shall commence from the trading day when the relevant price of grant during the above-mentioned possible period of grant is closest to the above-mentioned proposed price of grant. As the price of grant for 22 July 2015 was calculated as HK\$21.15, being the closest to the above-mentioned proposed price of grant of HK\$21.14, it shall therefore be the commencement date of the restriction period for exercising the rights under the 2015 H Share Appreciation Rights Scheme.

3. Grantees and number of the share appreciation rights:

No.	Name	Position	Number of the share appreciation rights granted (ten thousand)
1	Tian Huiyu	President	30
2	Li Hao	First Executive Vice President	24
3	Tang Zhihong	Executive Vice President	21
4	Ding Wei	Executive Vice President	21
5	Liu Jianjun	Executive Vice President	21
6	Xiong Liangjun	Secretary of the Party Discipline Committee	21
7	Wang Liang	Executive Vice President	21
8	Lian Bolin	Executive Assistant President	18
9	Wang Qingbin	Former Executive Vice President	21
10	Xu Shiqing	Former Secretary of the Board	18
Total			216

Note: the above-mentioned grantees and number of the share appreciation rights are based on the information on the Company's employees in 2015.

4. Effective period: the share appreciation rights shall not be exercised during the period of three years (restriction period) from the date of grant, and shall be exercisable during the period of seven years (effective period) after expiration of the restriction period. For the first four years of the effective period, the number of the share appreciation rights exercisable each year shall be 25% of the total number of the share appreciation rights granted, and the share appreciation rights shall be exercisable from their effective date to expiration of the effective period, other than the following specified periods:

- (1) the period commencing from the period of determination of major transactions or significant events of the Company to two trading days after the publication of such events;
- (2) the period commencing from the date of occurrence of other significant events that may affect the price of the Shares to two trading days after publication of such events.

II. Grant of the 2016 Ninth Phase H Share Appreciation Rights

1. The date of grant: 24 August 2016
2. The price of grant: HK\$18.90 per share, being the higher of the closing price of HK\$18.84 per H share of the Company on 24 August 2016, and the average closing price of HK\$18.90 per H share of the Company for the five trading days immediately preceding the date of 24 August 2016.

3. Grantees and number of the share appreciation rights:

No.	Name	Position	Number of the share appreciation rights granted (ten thousand)
1	Tian Huiyu	President	30
2	Li Hao	First Executive Vice President	27
3	Tang Zhihong	Executive Vice President	21
4	Ding Wei	Executive Vice President	21
5	Liu Jianjun	Executive Vice President	21
6	Xiong Liangjun	Secretary of the Party Discipline Committee	21
7	Wang Liang	Executive Vice President	21
8	Lian Bolin	Executive Assistant President	18
Total			180

Note: According to the resolutions passed at the 1st meeting of the Tenth Session of the Board of the Company on 28 June 2016, Mr. Wang Qingbin was not re-appointed as Executive Vice President by reason of age; and Mr. Xu Shiqing was not re-appointed as the Secretary of the Board of the Company due to the change in his work.

4. Effective period: the share appreciation rights shall not be exercised during the period of three years (restriction period) from the date of grant, and shall be exercisable during the period of seven years (effective period) after expiration of the restriction period. For the first four years of the effective period, the number of the share appreciation rights exercisable each year shall be 25% of the total number of the share appreciation rights granted, and the share appreciation rights shall be exercisable from their effective date to expiration of the effective period, other than the following specified periods:

- (1) the period commencing from the period of determination of major transactions or significant events of the Company to two trading days after publication of such events;
- (2) the period commencing from the date of occurrence of other significant events that may affect the price of the Shares to two trading days after publication of such events.

The above-mentioned H Share Appreciation Rights and their grant are still pending for approval at the general meeting. Upon approval of the resolution at the general meeting, the Board may grant the 2017 H Share Appreciation Rights within the effective period of the H Share Appreciation Rights Scheme in accordance with the requirements of the scheme.

Adjustments to the Remuneration of Independent Non-executive Directors and External Supervisors

The “Resolution Regarding Adjustments to the Remuneration of Independent Directors and External Supervisors” was passed at the third extraordinary general meeting of the Company convened on 19 August 2006, which determined that the remuneration before tax for each of our Independent Non-executive Directors and External Supervisors was adjusted to RMB300,000 each year, has been implemented for nearly 10 years up to now.

In recent years, due to tougher external operation environment and a higher corporate governance level required by the regulatory authorities at home and abroad, the corporate governance of the Company has become increasingly complicated, putting greater pressure on each of our Independent Non-executive Directors and External Supervisors who have devoted more time and effort to participate in the review and determination process of the Company’s significant events.

In view of the above, the Board of the Company proposes to increase the remuneration before tax for each of its Independent Non-executive Directors from RMB300,000 to RMB500,000 each year, while the Board of Supervisors of the Company proposes to increase the remuneration before tax for each of its External Supervisors from RMB300,000 to RMB400,000 each year, both effective retrospectively from 1 January 2016.

The above-mentioned resolutions are still subject to consideration and approval at the general meeting.

The Company intends to convene the 2016 First Extraordinary General Meeting on 4 November 2016 to seek for approval from its shareholders in respect of, among others, the above-mentioned resolutions. The Company will issue to its shareholders a circular containing, among others, details of the resolution regarding the H Share Appreciation Rights and the resolutions regarding adjustments to the remuneration of Independent Non-executive Directors and External Supervisors as soon as practicable.

By Order of the Board
China Merchants Bank Co., Ltd.
Li Jianhong
Chairman

24 August 2016

As at the date of this announcement, the executive directors of the Company are Tian Huiyu and Li Hao; the non-executive directors of the Company are Li Jianhong, Li Xiaopeng, Sun Yueying, Fu Gangfeng, Hong Xiaoyuan and Su Min; and the independent non-executive directors of the Company are Leung Kam Chung, Antony, Wong Kwai Lam, Pan Chengwei, Pan Yingli, Guo Xuemeng and Zhao Jun.