中国民生银行
CHINA MINSHENG BANK

中國民生銀行股份有限公司

CHINA MINSHENG BANKING CORP., LTD.

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

(Stock Code: 01988)

PROPOSED NON-PUBLIC ISSUANCE OF DOMESTIC PREFERENCE SHARES

PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES

PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS TO EXERCISE FULL POWER TO DEAL WITH MATTERS RELATING TO THE ISSUANCE OF PREFERENCE SHARES

References are made to the proposals considered and approved by the second extraordinary general meeting of 2014 and the H share class meeting of China Minsheng Banking Corp., Ltd. (the "**Company**") on 23 December 2014, including the Proposal in respect of Non-public Issuance of Domestic Preference Shares by China Minsheng Banking Corp., Ltd., the Proposal in respect of Non-public Issuance of Offshore Preference Shares by China Minsheng Banking Corp., Ltd. and the Proposal in respect of Authorization to the Board and its Authorized Persons by the Shareholders' General Meeting to Exercise Full Power to Deal with Matters Relating to the Issuance of Preference Shares. Further information of the proposals is set out in the circular of shareholders' meetings of the Company dated 6 December 2014.

As the above resolutions on the issuance of preference shares have expired, the twelfth extraordinary meeting (the “**Meeting**”) of the sixth session of the board (the “**Board**”) of the Company was held on site in Beijing on 11 December 2015 to consider and approve, among other things, the following resolutions:

Proposal in respect of Non-public Issuance of Domestic Preference Shares by China Minsheng Banking Corp., Ltd.

In accordance with the relevant regulations including the State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme, the Administrative Measures on the Pilot Scheme of Preference Shares and the Regulations Governing Capital of Commercial Banks (Provisional) as well as the Guidance on Preference Shares Issuance of Commercial Banks to Replenish Tier-1 Capital by CBRC and CSRC, the Company proposed to have non-public issuance of domestic preference shares to replenish additional tier-1 capital so as to improve the capital structure of the Company, provide capital support for effective implementation of the corporate strategy, increase the level of capital adequacy ratio and enhance capacity of the sustainable development of the Company. For details of the Proposal in respect of Non-public Issuance of Domestic Preference Shares by China Minsheng Banking Corp., Ltd., please see Appendix I of this announcement.

The directors of the Company believe that the terms of the non-public issuance of domestic preference shares are fair and reasonable and in the interests of the Company and its shareholders as a whole. The proposal is subject to approval item by item at the shareholders’ general meeting, A Shares class meeting and H Shares class meeting, respectively, of the Company by way of special resolutions and the approvals of China Banking Regulatory Commission (“**CBRC**”) and China Securities Regulatory Commission (“**CSRC**”). Further details about the proposed non-public issuance of domestic preference shares will be set out in the circular for the shareholders’ general meeting to be dispatched to the shareholders of the Company in due course.

Proposal in respect of Non-public Issuance of Offshore Preference Shares by China Minsheng Banking Corp., Ltd.

In accordance with the relevant regulations including the State Council Guidance Opinion on the Launch of Preference Shares Pilot Scheme, the Administrative Measures on the Pilot Scheme of Preference Shares and the Regulations Governing Capital of Commercial Banks (Provisional) as well as the Guidance on Preference Shares Issuance of Commercial Banks to Replenish Tier-1 Capital by CBRC and CSRC, the Company proposed to have non-public issuance of offshore preference shares to replenish additional tier-1 capital so as to improve the capital structure of the Company, provide capital support for effective implementation of the corporate strategy, increase the level of capital adequacy ratio and enhance the sustainable development of the Company. For details of the Proposal in respect of Non-public Issuance of Offshore Preference Shares by China Minsheng Banking Corp., Ltd., please see Appendix II of this announcement.

Our directors believe that the terms of the non-public issuance of offshore preference shares are fair and reasonable and in the interests of the Company and its shareholders as a whole. The proposal is subject to approval item by item at the shareholders’ general meetings, A Shares class meeting and H Shares class meeting, respectively, of the Company by way of special resolutions and the approvals of CBRC and CSRC. Further details about the proposed non-public issuance of offshore preference shares will be set out in the circular for the shareholders' general meeting to be dispatched to the shareholders of the Company in due course.

Proposal in respect of Authorization by the Shareholders' General Meeting to the Board of China Minsheng Banking Corp., Ltd. and its Authorized Persons to Exercise Full Power to Deal with Matters Relating to the Issuance of Preference Shares

For the purpose of the issuance of preference shares, it will be proposed at the shareholders' general meeting to authorize the Board and its authorized persons to exercise the full power to deal with matters relating to the issuance of preference shares under the framework and principles as deliberated and adopted at the shareholders' general meeting and within the validity period of the resolution in respect of the issuance. Further details about the authorization, please see appendix III of this announcement.

The proposal is subject to approval at the shareholders' general meeting of the Company by way of special resolution upon being approved by the Board. Further details about the proposed authorization by the shareholders' general meeting to the Board of the Company and its authorized persons to exercise full power to deal with matters relating to the issuance of preference shares will be set out in the circular of the shareholders' general meeting to be dispatched to the shareholders of the Company in due course.

The Company will convene shareholders' general meeting, A share class meeting and H share class meeting to consider and, if thought fit, to approve, among others, the non-public issuance of domestic and offshore preference shares. A circular containing information of the proposed non-public issuance of preference shares will be dispatched to the shareholders of H shares in due course.

By Order of the Board
CHINA MINSHENG BANKING CORP., LTD.
Hong Qi
Chairman

Beijing, PRC
11 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi and Mr. Liang Yutang; the non-executive directors are Mr. Zhang Hongwei, Mr. Lu Zhiqiang, Mr. Liu Yonghao, Mr. Wang Yugui, Mr. Wang Hang, Mr. Wang Junhui, Mr. Wu Di, Mr. Guo Guangchang and Mr. Yao Dafeng; and the independent non-executive directors are Mr. Qin Rongsheng, Mr. Wang Lihua, Mr. Han Jianmin, Mr. Cheng Hoi-chuen, Mr. Ba Shusong and Ms. You Lantian.

Appendix I

Proposed Non-public Issuance of Domestic Preference Shares of China Minsheng Banking Corp., Ltd.

I. Type and number of securities to be issued

Up to 200 million preference shares qualified as additional tier-1 capital instruments in accordance with the rules of the China Banking Regulatory Commission ("**CBRC**") are proposed to be issued in China. The number of preference shares shall be determined by the Board subject to the maximum to be authorized at the shareholders' general meeting.

II. Maturity

The duration of the preference shares to be issued is perpetual.

III. Method of issuance

All preference shares will be issued through private placement. The preference shares may be issued in one or several tranches pursuant to the approvals of the CBRC, China Securities Regulatory Commission ("**CSRC**") and other regulatory authorities and in accordance with market conditions.

The first tranche of preference shares shall be issued within six months from the date of approval by the CSRC. The first tranche of preference shares shall be not less than 50% of the total number of preference shares proposed to be issued and the remaining preference shares shall be issued in 24 months thereafter.

IV. Placees

The preference shares will be issued to not more than 200 placees in compliance with the requirements of the Administrative Measures on the Pilot Scheme of Preference Shares and other relevant laws and regulations. The aggregate number of placees of the preference shares with the same terms shall not be more than 200. The preference shares shall be subscribed by the placees in cash. No preferential placement to existing shareholders will be arranged.

V. Nominal value and issue price

The nominal value (i.e. par value) of the preference shares will be RMB100 per share and the preference shares will be issued at par.

VI. Dividend distribution provisions

1. Basis of coupon rates determination

The dividend yield of the preference shares shall be adjustable by stage and shall be adjusted each five years. During the interval period, dividend will be paid at a fixed rate. The dividend yield of the preference shares shall be determined through book-building process or other approach allowed by the CSRC. The coupon rate shall not exceed the annual average of the weighted average return on equity of the Company for the two most recent financial years.[1]

The coupon rate shall be a base rate plus a fixed premium. The base rate shall be the average of the yields of five-year PRC treasury bonds for the 20 trading days immediately before the issue day of preference shares quoted by China Bonds Market News (www.chinabond.com.cn) or other websites approved by China Central Depository & Clearing Co., Ltd. (rounded to the nearest 0.01%). The fixed premium shall be the difference between the dividend yield and the base rate at the time of the issue. The fixed premium is not adjustable once determined.

The base rate will be adjusted at the fifth anniversary of the payment due date of the preference shares ("Re-pricing Date"). The adjusted base rate shall be the mean of the yields of five-year PRC treasury bonds for the 20 trading days immediately before the Re-pricing Date quoted by China Bonds Market News (www.chinabond.com.cn) or other websites approved by China Central Depository & Clearing Co., Ltd. and shall be rounded off to the nearest 0.01%. The new coupon rate after adjustment shall be the adjusted base rate plus the fixed premium. If the yield of five-year PRC treasury bonds is not available at the re-pricing date, the Company and the preference shareholders shall negotiate the new benchmark rate or the basis of pricing in accordance with the requirements of the regulatory authorities.

The related arrangements of the final coupon rate shall be determined by the Board of the Company pursuant to the authorization of the shareholders' general meeting and market conditions under the principle and framework passed by the shareholders' general meeting.

2. Conditions of dividend distribution

(1) Prior to the distribution of dividends to holders of ordinary shares, the Company shall distribute dividends to holders of preference shares if there are distributable profits after tax[2] after making good losses and the contribution to statutory surplus fund and general provision according to laws subject to satisfaction of the regulatory requirement regarding capital adequacy.

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1 Calculated in accordance with the *Guidelines on the Compilation of Information Disclosure Documents by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share* (as amended in 2010).

2 The distributable profits after tax derives from the retained earnings in the Parent Company's financial statements prepared in accordance with the PRC GAAP or IFRSs, whichever is lower.

(2) In order to satisfy the regulatory requirements regarding the eligibility criteria of additional tier-1 capital instruments, the Company has the right to cancel the distribution of part or all of the dividends on preference shares. Such cancellation shall not constitute a breach of agreement. The Company shall make its best effort to protect the interests of the holders of preference shares in respect of dividend distribution.

(3) The distribution of dividends shall be neither linked to the Company's rating, nor be adjusted pursuant to any change thereof.

(4) Unless the Company resolves to distribute all of the dividends on preference shares for the current dividend period, the Company shall not distribute any dividends to its ordinary shareholders over the same period.

(5) Decisions on the declaration and payment of all of the dividends on preference shares shall be made by the Board of the Company in accordance with the authorization of the shareholders' general meeting. The cancellation of the distribution of part or all of the dividends on preference shares shall be reviewed and approved by the shareholders' general meeting. Where the Company resolves to cancel the distribution of part or all of the dividends on preference shares, the Company shall inform the holders of preference shares at least 10 business days prior to dividend payment date in accordance with the requirement of the relevant authorities.

3. Method of dividend payment

Dividends on the preference shares shall be paid in cash annually. The dividends shall start to accrue on the last day for payment of subscription money. The dividend distribution date shall be the anniversary date of the last day for payment of subscription money. If any dividend distribution date falls on a statutory holiday or day off of China, it shall be postponed to the next trading day and the payable dividends shall bear no interest for such postponement period.

Any tax payable on the dividends of preference shares shall be borne by holders of the preference shares in accordance with the relevant laws and regulations.

4. Dividend accumulation

Where the Company resolves to cancel part or all of the dividends to holders of the preference shares, such undistributed dividends for the current dividend period shall not be accumulated to subsequent dividend periods.

5. Distribution of remaining profit

Following the distribution of dividends at agreed coupon rate for the holders of the preference shares, holders of the preference shares of the Company shall not participate in the distribution of the remaining profit with holders of ordinary share.

VII. Conditional redemption terms

1. Subject of the right of redemption

The issuance of the preference shares provides conditional redemption by the issuer but investors are not allowed to sell back their preference shares. Holders of preference shares do not have the right to demand redemption of their preference shares by the Company.

2. Conditions and timing of redemption

The Company is entitled to exercise its redemption right in the following circumstances with prior approval of the CBRC:

(1) Replacing the redeemed preference shares with capital instruments of equal or higher quality while maintaining the Company's profitability; or

(2) Ensuring a capital level significantly higher than the regulatory capital requirements by the CBRC following the redemption.

From the fifth anniversary of the issuance date, the Company may redeem all or part of the preference shares on any dividend distribution dates until all the preference shares have been converted or redeemed. In case of partial redemption, all of the preference shares shall be redeemed on a pro rata basis on the same conditions. The arrangement for the redemption shall be determined by the Board of the Company in accordance with the authorization of the shareholders' general meeting.

3. Redemption price

The preference shares shall be redeemed in cash. The redemption price shall be the nominal value plus any declared but unpaid dividends for the current period.

VIII. Terms of mandatory conversion

When the conditions for mandatory conversion are met, the outstanding preference shares, subject to regulatory approvals, shall be wholly or partially converted into ordinary A shares.

1. Conditions for mandatory conversion

(1) If the core equity tier-1 ("**CET 1**") capital adequacy ratio of the Company decreases to 5.125% or below, the preference shares shall be wholly or partially converted into ordinary A shares to restore the Company's CET 1 capital adequacy ratio to above 5.125%. In the case of partial conversion, all preference shares shall be converted on a pro rata basis on the same conditions. Ordinary A shares converted from preference shares shall not be re-converted into preference shares in any circumstances.

(2) All preference shares shall be converted into ordinary A shares upon the occurrence of the earlier of the following two situations: (i) the CBRC is of the view that the Company can no longer be viable if the preference shares are not converted; (ii) the relevant authorities are of the view that the Company can no longer be viable without capital injections from the public sector or any support to the same effect.

When the above conditions of mandatory conversion are met, the Company shall report the conversion of the preference shares to ordinary shares to the CBRC for approval, and shall disclose in accordance with the *Securities Law of The People's Republic of China* and relevant provisions of the CSRC through preliminary reports, announcements and other channels.

2. Basis of conversion amount

The number of ordinary shares converted from the preference shares shall be calculated by using the formula: Q = V/P.

"V" is the aggregate nominal value of the preference shares to be converted; and "P" is the conversion price.

If there is a fraction of ordinary share after conversion of the preference shares held by a holder by using the above formula, it shall be dealt with in accordance with the requirements of relevant regulatory authorities.

3. Conversion price and adjustment mechanisms

The initial conversion price of the preference shares shall be the average trading price[3] of the ordinary A shares of the Company in 20 trading days preceding the date of the Board resolution announcement on the issuance plan (i.e. RMB8.79 per share).

After the Board has resolved to approve the issuance of the preference shares, whenever the capital of the Company is changed due to the issue of bonus shares, capitalization, issue of new shares at a price lower than the market price or rights issue (other than the issue of new shares upon conversion of convertible instruments issued by the Company), the Company shall adjust the conversion price according to the sequence of occurrence of the above events by using the following formulas:

For issue of bonus shares or capitalization issue: $P1 = P0 \times N/(N+n)$;

For issue of new shares at a price lower than the market price or rights issue: $P1 = P0 \times (N+k)/(N+n)$; $k = n \times A/M$;

[3] The average trading price of the ordinary A shares of the Company in 20 trading days preceding the date of the Board resolution announcement = the total trading amount of the Company's ordinary A shares in the 20 trading days ÷ the total trading volume of the Company's ordinary A shares in the 20 trading days.

Where: "P0" is the mandatory conversion price effective before adjustment; "N" is the total ordinary share capital of the Bank before the issue of bonus shares, capitalization issue, issue of new shares or rights issue; "n" is the number of shares created under the issue of bonus shares, capitalization issue, issue of new shares or rights issue; "A" is the issue price of new shares or rights issue; "M" is the closing price of ordinary A shares on the trading day preceding the date of the announcement (announcement of the terms of valid and irrevocable issue of new shares or rights issue) of the issue of new shares or rights issue; "P1" is the mandatory conversion price effective after adjustment.

When the above changes in the Company's ordinary shares occur, the Company will adjust the conversion price for mandatory conversion accordingly and disclose the relevant information in accordance with the relevant requirements.

If there are changes to the class, number of shares and/or the rights and benefits of the holders of shares of the Company that may affect the interests of the holders of the preference shares due to share repurchase, merger, division or other transactions, the Company, for anti-dilution purpose, may adjust the conversion price based on the actual circumstances and in accordance with the principles of fairness, justice, equity and balance of the interests of the holders of the preference shares and ordinary shares. The adjustment of conversion price and measures shall be determined in accordance with the laws and regulatory requirements.

The mandatory conversion price of the preference shares will not be adjusted for the distribution of cash dividends on ordinary shares by the Company.

4. Attribution of dividends on ordinary shares in the year of mandatory conversion

Any additional ordinary A shares of the Company resulting from the mandatory conversion of the preference shares shall rank pari passu with the Company's existing ordinary A shares. All ordinary shareholders registered on the share register of the Company on the dividend record date (including any holders of ordinary A shares converted from the preference shares) shall be entitled to dividend distributions on ordinary shares for the period and shall equally enjoy all the interests of ordinary shareholders.

IX. Restriction on and restoration of voting rights

1. Restriction on voting rights

Holders of preference shares shall not be entitled to attend shareholders' general meetings and the preference shares held by them shall have no voting rights. However, in the event of any of the following circumstances, holders of the preference shares shall have the right to attend shareholders' general meetings and to vote, as a different class of shares, on the following matters. Each preference share shall have one voting right provided that the preference shares held by the Company shall have no voting rights:

(1) amendment to the provisions of the Articles of Association of the Company in relation to the preference shares;

(2) decrease in registered capital of the Company by more than 10% on one occasion or otherwise;

(3) merger, division, dissolution or change in form of incorporation of the Company;

(4) issuance of the preference shares by the Company;

(5) other circumstances specified by laws, administrative regulations, departmental rules, any securities regulatory authorities of the listing places of the Company or the Articles of Association of the Company.

Any resolutions on the foregoing matters shall be adopted by more than two thirds (2/3) of the voting rights of the ordinary shareholders present at the meeting (including the holders of preference shares whose voting rights have been restored) and by more than two thirds (2/3) of the voting rights of the holders of preference shares present at the meeting (excluding the holders of preference shares whose voting rights have been restored).

2. Restoration of voting rights

If there are outstanding preference shares and the Company fails to pay dividends on preference shares for a total of three financial years or for two consecutive financial years, holders of preference shares shall have the right to attend shareholders' general meetings and vote with ordinary shareholders from the day following the date on which the shareholders' general meeting resolves not to distribute the agreed dividends on preference shares for that year.

The number of voting rights to be restored from preference shares shall be calculated by using the following formula: $Q = V/P$. The number of voting rights shall be rounded down to the nearest integer.

"V" is the total nominal value of the preference shares for which the voting rights shall be restored; "P" is the average trading price of the ordinary A shares of the Company for the 20 trading days preceding the date of the Board resolution announcement on the issuance plan (i.e. RMB8.79 per share).

After the Board has resolved to the issuance of preference shares, whenever the capital of the Company is changed due to the issue of bonus shares, capitalization, issue of new shares at a price lower than the market price or rights issue (other than the issue of new shares upon conversion of convertible instruments issued by the Company), the Company shall adjust the implied conversion price upon restoration of voting rights according to the sequence of occurrence of the above events by using the following formulas:

For issue of bonus shares or capitalization: $P1 = P0 \times N/(N+n)$;

For issue of new shares at a price lower than the market price or rights issue: $P1 = P0 \times (N+k)/(N+n)$; $k = n \times A/M$;

Where: "P0" is the conversion price effective before adjustment; "N" is the total ordinary share capital of the Bank before the issue of bonus shares, capitalization issue, issue of new shares or rights issue; "n" is the number of shares created under the issue of bonus shares, capitalization issue, issue of new shares or rights issue; "A" is the issue price of new shares or rights issue; "M" is the closing price of ordinary A shares on the trading day preceding the date of the announcement (announcement of the terms of valid and irrevocable issue of new shares or rights issue) of the issue of new shares or rights issue; "P1" is the mandatory conversion price effective after adjustment.

When the above changes in the Company's ordinary shares occur, the Company will adjust the implied conversion price upon restoration of voting rights and disclose the relevant information in accordance with the relevant requirements.

If there are changes in the share or the interests of holders of shares of the Company that may affect the interests of the holders of the preference shares due to share repurchase, merger, division or other transactions, the Company shall, for the purpose of anti-dilution, adjust the implied conversion price upon restoration of voting rights based on the actual circumstances and in accordance with the principles of fairness, justice, equity and balance of interests of the holders of preference shares and ordinary shares. The adjustment for the implied conversion price and measures shall be determined in accordance with the laws and relevant regulatory requirements.

The implied conversion price of the preference shares upon restoration of voting rights will not be adjusted according to the Company's distribution of cash dividends on ordinary shares.

3. Cancellation of restoration of voting rights

The voting rights shall be restored until the date on which all dividends for the preference shares due for the current year are paid.

X. Order of distribution of residual assets and basis for liquidation

The holder of preference shares will be subordinated to the depositors, general creditors, holders of subordinated debts (including but not limited to subordinated debts, mixed capital bonds and Tier 2 capital instruments) of the Company in respect of distribution of residual assets, but will rank ahead of ordinary shareholders. All preference shares will rank pari passu in respect of distribution of residual assets.

Upon liquidation, the residual assets of the Company after liquidation will be distributed in the following order:

1. liquidation expenses;

2. employee salary, social insurance premiums and statutory compensation of the Company;

3. principal and interest of individual deposits;

4. tax payable;

5. other debts of the Company;

6. any remaining residual assets of the Company shall be distributed to the shareholders in proportion to their respective class of shares and corresponding shareholdings.

Any remaining assets of the Company after the settlement of liabilities in the above order upon liquidation in accordance with the applicable laws shall be first distributed to holders of preference shares to settle the nominal value and unpaid dividends. In the event that the remaining assets are not sufficient to fully settle all payments, they shall be distributed on a pro rata basis among the holders of domestic preference shares and holders of offshore preference shares.

XI. Use of proceeds

The total proceeds from the domestic issue of preference shares shall be not more than RMB20 billion. The proceeds will be used to replenish the additional tier-1 capital of the Company in accordance with applicable laws and regulations and with the approval of the regulatory authorities including the CBRC and the CSRC.

XII. Rating

The rating arrangement of the preference shares shall be determined in accordance with relevant laws and regulations of the PRC and market conditions of domestic issuance.

XIII. Guarantee

There is no guarantee arrangement in relation to the preference shares.

XIV. Transferability

The preference shares are not subject to any lock-up period and shall be transferable through the designated trading platform of the Shanghai Stock Exchange.

XV. Compliance of latest regulatory requirements

If the regulatory authorities impose new capital requirements or make material changes to the existing capital requirements when there are outstanding preference shares, the Company has the right to modify the terms of the preference shares pursuant to the new regulatory requirements to remain in compliance with the regulatory requirements regarding the eligibility criteria of additional tier 1 capital instruments.

This preliminary plan may be further amended by the Board under the authorization of the shareholders' general meeting on the basis of the advice of the regulatory authorities.

XVI. Effective period of the resolution of the non-public issuance of Preference Shares

The resolution of the issuance shall be valid for 12 months from the date of the resolution of the shareholders' general meeting of the Company.

XVII. Domestic and offshore issuances

The non-public issuance of domestic preference shares and non-public issuance of offshore preference shares are independent from each other and are not conditional on each other. If either of the issuances fails to obtain the approval of the shareholders' general meeting or the CBRC and/or the CSRC or other competent authorities, the issuance of other preference shares shall not be affected.

Appendix II

Proposal on the Non-public Issuance of Offshore Preference Shares of China Minsheng Banking Corp., Ltd.

I. Type and number of securities to be issued

Up to 100 million preference shares in compliance with the applicable domestic and overseas laws, regulations and normative documents (the "**Offshore Preference Shares**") will be issued outside China. The number of preference shares shall be determined by the Board of the Company subject to a maximum according to the authorization, which may be further delegated, granted by the shareholders' general meeting.

II. Maturity

The duration of the Offshore Preference Shares to be issued is perpetual.

III. Method of issuance

All Offshore Preference Shares will be issued through private placement in accordance with relevant procedures. The Offshore Preference Shares may be issued in one or several tranches pursuant to the approvals of regulatory authorities. If the preference shares are issued in several tranches, each tranche of issuance will not be subject to the approval of holders of the preference shares issued by the Company.

IV. Placees

The Offshore Preference Shares will be issued to qualified foreign investors in accordance with relevant rules. The placees shall subscribe for the Offshore Preference Shares in cash. In case of any under-subscription, the unsubscribed preference shares shall be underwritten by underwriters. No preferential placement to existing shareholders will be arranged.

V. Nominal value and issue price

The nominal value of the Offshore Preference Shares will be RMB100 per Offshore Preference Share and the issue price will be denominated in foreign currencies or RMB. The Offshore Preference Shares will be issued at or above par value. The actual issue price is proposed to be determined by the Board with reference to market conditions and in accordance with relevant laws, regulations and market practice, subject to the authorization at the shareholders' general meeting, which may be further delegated.

VI. Dividend distribution provisions

1. Basis of coupon rates

The coupon rate of the Offshore Preference Shares, which will be determined based on the issue price of the Offshore Preference Shares, may be adjusted at different intervals. There will be dividend adjustment periods and the coupon rate will be fixed for a certain period after the issuance of the Offshore Preference Shares and will be readjusted once after each specified period thereafter (Such coupon rate will be the sum of the benchmark rate and the fixed spread. The fixed spread will be equal to the spread between the coupon rate for the Offshore Preference Shares at the time of issuance and the benchmark rate, which will remain unchanged during the term of the Offshore Preference Shares). The actual coupon rate shall be determined by the Board with reference to factors including the market conditions, the actual circumstances of the Company and investor appetite, subject to the authorization at the shareholders' general meeting, which may be further delegated. The coupon rate shall not exceed the annual average of the weighted average return on equity of the Company for the two most recent financial years.[4]

2. Conditions of dividend distribution

(1) Subject to the fulfillment of regulatory requirements relating to capital adequacy ratio, the Company may distribute dividends to the holders of the Offshore Preference Shares with its distributable after-tax profits after making up losses and appropriations to its statutory reserve and general reserve according to law. The Offshore Preference Shares issued by the Company rank pari passu with the domestic preference shares in terms of dividend distribution, both of which with priority over the ordinary shares of the Company. Distribution of dividends to the holders of Offshore Preference Shares will not be affected by the rating of the Company and will not be adjusted due to any change to such rating.

(2) Under all circumstances, the Company shall have the right to cancel dividend payments to the holders of the Offshore Preference Shares after going through certain regulatory procedures and upon approval by the shareholders' general meeting, and the cancellation shall not constitute an event of default. The Company, at its discretion, may use any dividends so cancelled to repay other debts that are due. The cancellation of any dividend payment to the holders of Offshore Preference Shares will only constitute a restriction on the payment of dividend to the ordinary shareholders, and will not lead to any other restrictions on the Company. The Company will fully consider the rights and interests of the holders of the Offshore Preference Shares when exercising the above-mentioned rights.

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4 Calculated in accordance with the *Guidelines on the Compilation of Information Disclosure Documents by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings Per Share* (as amended in 2010).

3. Method of dividend payment

Dividends for the Offshore Preference Shares will be payable in cash calculated based on the aggregate value of the relevant tranche of Offshore Preference Shares issued and outstanding, being the product of the issue price of the Offshore Preference Shares times the total number of Offshore Preference Shares of the relevant tranche issued and outstanding during the period. Dividends for the Offshore Preference Shares shall be paid annually and denominated and declared in RMB and paid in cash. The dividends will accrue from the payment due date of the relevant tranche of Offshore Preference Shares. Taxes payable on the dividend income of the holders of preference shares shall be borne by such shareholders in accordance with relevant laws and regulations. The payment of dividends to holders of the Offshore Preference Shares shall be in full discretion of the Board, subject to the authorization at the shareholders' general meeting of the Company, which may be further delegated.

4. Dividend stopper

If the Company cancels all or part of the dividends to the holders of Offshore Preference Shares, the Company shall not make any distribution to the ordinary shareholders before the Company declares to pay agreed dividends for the current period to the holders of preference shares in full.

5. Dividend accumulation

Dividends of the Offshore Preference Shares will be non-cumulative, which means that any dividends not paid to the holders of Offshore Preference Shares will not be accumulated to the following dividend year.

6. Distribution of remaining profit

The holders of the Offshore Preference Shares will receive dividends at the agreed coupon rate, and they shall not be entitled to participate in the distribution of remaining profit with ordinary shareholders.

VII. Conditional redemption

1. Subject of the right of redemption

The issuance of preference shares provides conditional redemption by the issuer but investors are not allowed to sell back their preference shares. Holders of preference shares do not have the right to demand redemption of their preference shares from the Company.

2. **Conditions and timing of redemption**

Subject to the approval of the CBRC and the satisfaction of the relevant requirements, the Company shall have the right to redeem all or part of the Offshore Preference Shares after the fifth year following the completion date of issuance of the Offshore Preference Shares. The redemption period of the Offshore Preference Shares commences on such commencement date and ends on the completion date of redemption or conversion of all the Offshore Preference Shares. The exercise of the right by the Company to redeem the Offshore Preference Shares shall be subject to the following conditions:

(1) the Company replaces the preference shares to be redeemed with capital of the same or better quality and the replacement of the capital is effected on conditions that are sustainable for the income capacity of the Company; or

(2) the Company's capital position will remain to be well above the regulatory capital requirements of the CBRC after the redemption.

The specific arrangements for the redemption rights shall be determined by the Board of the Company in accordance with the authorization of the general meeting.

3. **Redemption price**

Redemption price of the Offshore Preference Shares will be an amount equal to the issuance price plus the amount of dividend declared but not yet paid for the current period.

VIII. Mandatory conversion

When the conditions for mandatory conversion are met, the issued and outstanding Offshore Preference Shares, subject to regulatory approvals, shall be wholly or partially converted into ordinary H Shares.

1. **Conditions for mandatory conversion**

(1) Where the conditions of additional Tier-1 capital instruments are triggered meaning the CET 1 capital adequacy ratio of the Company decreases to 5.125% or below, the issued and outstanding Offshore Preference Shares shall be wholly or partially converted into ordinary H Shares in order to restore the Company's CET 1 capital adequacy ratio to above 5.125% without the prior consent of the holders of preference shares. In the case of partial conversion, all Offshore Preference Shares under the issuance shall be converted on a pro rata basis on the same conditions. Offshore Preference Shares shall not be converted back into preference shares under any conditions after the conversion to ordinary H Shares.

(2) Where the conditions of Tier-2 capital instruments are triggered, the issued and outstanding Offshore Preference Shares shall be wholly converted into ordinary H Shares without the prior consent of the holders of preference shares. Offshore Preference Shares shall not be converted into preference shares under any conditions after the conversion to ordinary H Shares. Condition for triggering the Tier-2 capital

instruments shall be regarded as triggered on the occurrence of the earlier of the following two situations: (i) the CBRC is of the view that the Company can no longer sustain itself if the preference shares are not converted or written-down; (ii) relevant authorities are of the view that the Company can no longer sustain itself without capital injections from the public sector or any support to the same effect.

When the above conditions of mandatory conversion are met, the Company shall report to the CBRC for approval, and perform its obligations of information disclosure pursuant to the relevant regulations, such as publishing provisional reports and announcements.

2. Mandatory conversion amount and its basis

For the mandatory conversion of the Offshore Preference Shares, the formula for determining the number of shares to be converted shall be: Q* = V*/P* x exchange rate. Any remaining preference shares held by a holder of the Offshore Preference Shares that can only be converted into less than one full Share shall be handled by the Company in accordance with relevant regulatory rules.

Of which: Q* denotes the number of ordinary H shares that shall be converted from the Offshore Preference Shares held by each holder of Offshore Preference Shares; V* denotes the value of Offshore Preference Shares held by each holder of Offshore Preference Share for the mandatory conversion as determined under the principle that the losses will be absorbed in equal proportion among the domestic preference shares and the Offshore Preference Shares; P* denotes the mandatory conversion price of the Offshore Preference Shares under the issuance; and the exchange rate denotes the rate between Hong Kong dollar and the foreign currency in which the Offshore Preference Shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trading Centre on the trading date immediately preceding the date of announcement of the Board resolution in respect of the issuance plan of the Offshore Preference Shares.

Upon the occurrence of trigger conditions, the issued and outstanding Offshore Preference Shares shall be fully or partially (under the principle that the losses will be absorbed in equal proportion) converted to ordinary H Shares based on the above formula.

The Company proposed to authorize the Board to deal with the conversion of the Offshore Preference Shares if conditions for mandatory conversion are met at the shareholders' general meetings.

3. Mandatory conversion price and its basis

The initial mandatory conversion price of the Offshore Preference Shares shall be the average trading price of the ordinary H Shares of the Company in 20 trading days preceding the announcement date of the Board resolution on the relevant issuance proposal. The specific matters shall be determined by the Board as authorized by the shareholders' general meeting (with a delegated mandate) according to market conditions.

The average trading price of the ordinary H Shares of the Company in 20 trading days preceding the announcement date of the Board resolution on the relevant issuance proposal = the total trading amount of the Company's ordinary H Shares in these 20 trading days/ the total trading volume of the Company's ordinary H Shares in these 20 trading days (i.e. HK$7.56 per share).

4. Mandatory conversion period

The period for mandatory conversion of the Offshore Preference Shares commences on the first trading day immediately following the completion date of issuance of the Offshore Preference Shares and ends on the date of redemption or conversion of all the Offshore Preference Shares.

5. Method of adjustments of the mandatory conversion price

Upon the occurrence of certain prescribed events relating to the ordinary H shares of the Company (e.g. bonus issuance, capital conversion or increase, issuance of new shares at a price lower than the market price (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Company that are convertible into ordinary shares) and placement) after the date of passing the Board resolution in respect of the issuance plan of the Offshore Preference Shares, the mandatory conversion price shall be subject to cumulative adjustments in the same order of the occurrence of such events. The distribution of cash dividends to the ordinary shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

Bonus issuance or capital conversion or increase: $P1^* = P0^* \times N^*/(N^* + n^*)$;

Issuance of new H shares at a price lower than the market price or placement: $P1^* = P0^* \times (N^* + k^*)/(N^* + n^*)$; $k^* = n^* \times A^*/M^*$;

Where: "P0*" denotes the effective mandatory conversion price before adjustment; "N*" denotes the total ordinary share capital of the Company before the bonus issuance for ordinary H shares, capital conversion or increase, issuance of new shares or placement; "n*" denotes the number of new shares as a result of the bonus issuance for ordinary H shares, capital conversion or increase, issuance of new shares or placement; "A*" denotes the price for the issuance of the new H shares or placement; "M*" denotes the closing price of ordinary H shares on the trading date immediately preceding the date of announcement of issuance or placement of new H shares (i.e. announcement containing the effective and irrevocable terms of issuance or placement of new H shares); and "P1*" denotes the effective mandatory conversion price after adjustment.

In the event that the rights and benefits of the holders of the Offshore Preference Shares may be affected by the change in the class and number of shares and shareholders' interests of the Company due to the cancellation of any repurchased shares by, or merger or division of the Company or any other circumstances, the Company will, for the purpose of anti-dilution, adjust the mandatory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice, equity and full protection and balance of the interests of the holders of preference shares and the ordinary shareholders. The adjustment mechanism for the mandatory conversion price in those circumstances will be determined in accordance with the relevant regulations.

6. Entitlement to dividends of ordinary shares in the year of mandatory conversion

The new ordinary H shares to be issued as a result of the mandatory conversion of the Offshore Preference Shares will rank pari passu with the existing ordinary H shares, and all ordinary shareholders whose names appear on the register of members of the Company on the record date for dividend entitlement shall be entitled to receive the dividend for the current dividend period.

IX. Restriction on and Restoration of Voting Rights

1. Restriction on voting rights

Under normal circumstances, the holders of the preference shares shall have no right to convene, attend or vote at any shareholders' general meetings of the Company. The holders of the preference shares will be entitled to attend shareholders' general meetings and vote at a separate class meeting if the resolutions to be passed relate to any of the followings and each preference share will be entitled to one vote, except for the preference shares held by the Company which shall have no right to vote:

(1) amendments to the provisions of the Articles of Association of the Company in relation to preference shares;

(2) decrease in the registered capital of the Company by more than 10% on one occasion or in aggregate;

(3) merger, division, dissolution or change in form of incorporation of the Company;

(4) issuance of preference shares by the Company;

(5) other circumstances specified by laws, administrative regulations, departmental rules, any securities regulatory authorities of the listing places of shares of the Company or the Articles of Association of the company.

Any resolutions on the foregoing matters shall be adopted by more than two thirds (2/3) of the voting rights of the ordinary shareholders present at the meeting (including the holders of preference shares whose voting rights have been restored) and by more than two thirds (2/3) of the voting rights of the holders of preference shares present at the meeting (excluding the holders of preference shares whose voting rights have been restored).

2. Restoration of voting rights

If there are outstanding Offshore Preference Shares and the Company fails to pay dividends on preference shares for a total of three financial years or for two consecutive financial years, holders of Offshore Preference Shares shall have the right to attend shareholders' general meetings and vote with ordinary shareholders from the day following the date on which the shareholders' general meeting resolves not to distribute the agreed dividends on preference shares for that year.

The formula for calculating the voting rights of the Offshore Preference Shares with voting rights restored is as follow:

$R^* = W^*/S^* \times$ exchange rate for calculation. Any fractional voting right will be rounded down to the nearest whole number.

In the above formula: "R*" denotes the voting right of ordinary H shares that can be restored from the Offshore Preference Shares for each share of the Offshore Preference Shares; "W*" denotes the amount of the Offshore Preference Shares held by each holder of the Offshore Preference Shares; "S*" denotes the average trading price of ordinary H shares of the Company for the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance plan of the Offshore Preference Shares; and the "exchange rate for calculation" denotes the exchange rates for Hong Kong dollar and the foreign currency in which the Offshore Preference Shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trading Centre on the trading date immediately preceding the date of announcement of the Board resolution in respect of the issuance plan of the Offshore Preference Shares.

Average trading price of ordinary H shares of the Company for the 20 preceding trading days = total trading amount of ordinary H shares of the Company for such 20 preceding trading days/total trading volume of ordinary H shares for the same 20 trading days, i.e. HKD7.56 per share.

Upon the occurrence of certain prescribed events relating to the ordinary H shares of the Company (e.g. bonus issuance, capital conversion or increase, issuance of new shares at a price lower than the market price (excluding any increase in the share capital as a result of conversion of certain financial instruments, such as preference shares and convertible bonds, issued by the Company that are convertible into ordinary shares) and placement) after the issuance of the preference shares, the simulated conversion price shall be subject to cumulative adjustments in the same order of the occurrence of such events. The adjustment method is the same as that applicable to the mandatory conversion price as specified in "VIII. Terms of mandatory conversion".

3. Cancellation of restoration of voting rights

Upon the full payment of the dividend to the Offshore Preference Shares for the current dividend period, the voting rights granted to the Offshore Preference Shares in accordance with the terms of restoration of voting rights will be cancelled commencing on the date of full payment of such dividend. After such cancellation, if the terms for the restoration of voting rights are triggered again, the Offshore Preference Shares may be re-granted with voting rights.

X. Order of distribution of residual assets and basis for liquidation

Holders of offshore and domestic preference shares will rank pari passu in terms of distribution of remaining assets. They will be subordinated to the depositors, ordinary creditors, holders of subordinated debt, holders of convertible bonds, holders of Tier 2 capital bonds and holders of additional Tier 2 capital instrument of the Company in terms of distribution of remaining assets, but will rank ahead of the ordinary shareholders of the Company.

Upon liquidation, the residual assets of the Company after liquidation will be distributed in the following order:

1. liquidation expenses;

2. employee salary, social insurance premiums and statutory compensatory amount;

3. principal and interest of individual deposits;

4. outstanding taxes;

5. other debts of the Company;

6. after distribution to the foregoing items, the remaining assets of the Company will be distributed to the shareholders in proportion to their respective class of shares and corresponding shareholdings. Holders of Offshore Preference Shares will rank pari passu with the holders of domestic preference shares in terms of distribution of remaining assets, and all such holders of preference shares will rank ahead of the ordinary shareholders. The holders of Offshore Preference Shares will be entitled to an amount equal to the aggregate value of the Offshore Preference Shares issued and outstanding plus any declared but unpaid dividends. If there are insufficient remaining assets, the distribution will be made on a pro rata basis among the holders of the domestic preference shares and the holders of offshore preference shares.

XI. Use of proceeds

Total proceeds from the Offshore Issuance shall be no more than RMB10 billion. Subject to applicable laws and regulations and the approval by regulatory authorities, including the CBRC and the CSRC, the proceeds from the issuance of the Offshore Preference Shares, net of issuance expenses, will be fully used for replenishment of the additional tier 1 capital of the Company.

XII. Rating

The rating of the preference shares shall be determined in accordance with relevant laws and regulations and market conditions of offshore issuance.

XIII. Guarantee

There is no guarantee arrangement in relation to the issuance of preference shares.

XIV. Transferability

Applications will be made for the listing of the Offshore Preference Shares on the Stock Exchange of Hong Kong in accordance with the relevant regulatory rules and will be transferred in accordance with the relevant trading and settlement rules.

XV. Compliance of latest regulatory requirements

If the regulatory authorities impose new capital requirements or make material changes to the existing capital requirements when there are outstanding preference shares, the Company has the right to modify the terms of the preference shares pursuant to the new regulatory requirements to remain in compliance with the regulatory requirements of additional tier 1 capital instruments.

Upon consideration by the Board and approval by shareholders' general meeting, this preliminary plan may be further amended by the Board under the authorization of the shareholders' general meeting on the basis of the advice of the regulatory authorities.

XVI. Effective period of the resolution of the non-public issuance of Preference Shares

The resolution in respect of the issuance will be valid for 12 months from the date on which the resolution is passed at the shareholders' general meeting of the Company.

XVII. Domestic and offshore issuances

The non-public issuance of domestic preference shares and non-public issuance of Offshore Preference Shares are independent from each other and are not conditional upon each other. If either of the issuances is not approved by the shareholder's general meeting or the CBRC and/or CSRC or relevant matters of either the domestic or offshore issue is not approved by other competent authorities, the implementation of the other will not be affected.

Appendix III

Proposal to the Shareholders' General Meeting of China Minsheng Banking Corp., Ltd. on the Authorization to the Board of the Company and its Authorized Persons to Exercise Full Power to Deal with Matters Relating to the Issuance of Preference Shares

For the purpose of the issuance of preference shares, it will be proposed at the shareholders' general meeting to authorize the Board and its authorized persons to exercise the full power to deal with all matters relating to the issuance of preference shares under the framework and principles as deliberated and adopted at the shareholders' general meeting and within the validity period of the resolution in respect of the issuance, including but not limited to those set out below:

(1) to formulate and implement the final proposal for the issuance, including but not limited to the issue size, coupon rates (including the method of determination and the final coupon rates), conversion arrangements, timing of issuance, arrangements relating to issuance by tranches, method of issuance, placees and arrangements of rating and transfer of the preference shares;

(2) to amend, adjust and supplement the terms of the issuance of preference shares based on the opinions of the regulatory authorities and the actual condition of the Company in compliance with the laws and regulations;

(3) to make necessary adjustments to the issuance plan of preference shares according to any new regulatory rules of the government on preference shares, new policies of the relevant regulatory authorities or changes of market condition, except those matters that require a separate vote at a shareholders' general meeting in accordance with the relevant laws and regulations as well as the Articles of Association of the Company;

(4) to sign, execute, amend or terminate any agreement, contract, prospectus or other documents in relation to the issuance or transfer of preference shares, including but not limited to sponsorship and underwriting agreement or agreement relating to raising funds, etc.;

(5) to complete the procedures for approval, registration, filing, verification and obtaining consent from the relevant domestic and foreign government and regulatory authorities (including but not limited to CSRC, CBRC, Shanghai Stock Exchange, Securities & Futures Commission of Hong Kong, and The Stock Exchange of Hong Kong Limited) for the issuance and transfer of preference shares; to sign, execute, amend and complete the proposals, agreements, application documents and other documents to be submitted to the relevant domestic and foreign government and regulatory authorities, organizations and individuals; and to do all acts and things considered by them to be necessary, desirable or expedient regarding the issuance and transfer of the preference shares;

(6) subject to the regulatory requirements of the CSRC, CBRC and other relevant regulatory authorities, to determine the placees and the number of shares to be issued to each placees upon negotiation with the lead underwriter (the sponsor) pursuant to the conditions and principles of the resolution on the issuance of preference shares, and to arrange the application procedures, receive deposit payment, and enter into and give effect to any share subscription agreement and other relevant legal documents with placees as and when necessary;

(7) to amend and revise the Articles of Association and its annexes from time to time at the time of the issuance and transfer of the preference shares in accordance with the requirements and recommendation of the relevant domestic and foreign government and regulatory authorities. Authorized persons may only exercise such authority to amend and revise the particular terms and wordings of the Articles of Association in accordance with the regulatory requirements on the issuance of preference shares. Upon the completion of the issuance of preference shares, the Board shall revise the Articles of Association in relation to the change in registered capital and report to relevant government authorities for approval, and complete the change registration and file the Articles of Association with the authorities of industry and commerce and other relevant government authorities;

(8) to make amendments to the proposals on the issuance and transfer of preference shares approved by the shareholders' general meeting in accordance with the requirements of government and regulatory authorities and the relevant approval documents;

(9) to propose the shareholders' general meeting to authorize the Board to assign relevant persons to deal with any matters relating to the issuance as and when necessary.

In order to enhance the efficiency of decision making and grasp the opportunities in the market, the Board will assign the chairman, secretary to the Board, the president and vice president to separately or jointly exercise the full power to deal with the above matters.

In addition, it will be proposed to the shareholders' general meeting to authorize the Board to exercise the full power to deal with the following matters according to the framework and principles approved at the shareholders' general meeting from the date of completion of the issuance:

(1) to declare and pay all dividends on the preference shares in accordance with the issuance plan. If part of or all of the dividends on the preference shares are cancelled, such cancellation shall be subject to the approval of the shareholders' general meeting;

(2) to redeem the preference shares based on the market conditions during the redemption period of the preference shares under the issuance and to, at its sole discretion, deal with any matters relating to the redemption in accordance with the approval of the CBRC and other regulatory authorities;

(3) to, at its sole discretion, deal with any matters relating to the conversion of preference shares upon the triggering of the mandatory conversion conditions, including but not limited to issuing ordinary shares, revising the relevant provisions of the Articles of Association of the Company, completing relevant approval procedures of the CBRC and other regulatory authorities and completing the registration in respect of the change in the registered capital with the authority of industry and commerce in accordance with the provisions of mandatory conversion;

(4) If the regulatory authorities impose new capital requirements or make material changes to the existing capital requirement, causing the preference shares to be issued not qualified as additional tier-1 capital, to modify the terms of contract of the issuance pursuant to the new regulatory requirements so that the preference shares shall be qualified as additional tier-1 capital instruments in compliance with the regulatory requirements.