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中国民生银行

CHINA MINSHENG BANKING CORP., LTD.

中國民生銀行股份有限公司
CHINA MINSHENG BANKING CORP., LTD.

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

(Stock Code: 01988)

**IMPACTS ON DILUTION OF CURRENT RETURNS
OF THE PROPOSED NON-PUBLIC ISSUANCE
OF PREFERENCE SHARES AND NON-PUBLIC ISSUANCE OF
RENMINBI ORDINARY SHARES (A SHARES) AND
RELEVANT REMEDIAL MEASURES**

References are made to the announcements of China Minsheng Banking Corp., Ltd. (the “**Company**” or the “**Bank**”) with respect to the proposed issuance of domestic and offshore preference shares and the proposed non-public issuance of Renminbi ordinary shares (A Shares) under the employee stock ownership scheme dated 7 November 2014.

The 21st meeting (the “**Meeting**”) of the board of directors (the “**Board**”) of the Bank was held in Beijing on site on 7 November 2014.

The following resolution was considered and approved at the Meeting:

Proposal in respect of Impacts on Dilution of Current Returns of Non-public Issuance of Preference Shares and Non-public Issuance of Renminbi Ordinary Shares (A Shares) by China Minsheng Banking Corp., Ltd. and relevant Remedial Measures

In accordance with the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market (Guobanfa [2013] 110) where a listed company carries out refinancing activities or merger, acquisition and reorganization that may cause immediate dilution to the returns of shareholders, it shall undertake and implement measures to recover the dilution to returns.

As the holders of preference shares are entitled to receive their profit distribution of the Company prior to the ordinary shareholders at an agreed dividend rate, without taking into account of any return generated from the proceeds raised, the issuance of preference shares will dilute the current returns attributable to ordinary shareholders, which will result in decreases in the earnings per Share and return on net assets attributable to the ordinary Shareholders of the parent company assuming all other factors remain constant. Non-public issuance of ordinary shares will also increase the total ordinary share capital and equity attributable to the ordinary shareholders of the parent company. Over the short term, the expansion of asset scale of the Company will take some time after the completion of issuance, and the profits and benefits directly generated from the issuance may not be reflected immediately. Therefore, the increase of share capital will have dilution impact on the earnings per shares, and the return on average equity may also be diluted due to the increase of net assets.

Accordingly, the Company plans to improve the medium-to-long-term returns of shareholders and minimize the impact of the immediate dilution of current returns attributable to shareholders by implementing the following measures:

(1) Further strengthen capital management and optimize resources allocation

The Company will adhere to the principles of capital constraints and improve the audit system of capital utilization to establish a budget assessment system mainly based on capital adequacy ratio. In addition, the Company will strengthen its capital management through various policies to maintain the orderly increase in assets of different operating units and reduce lock-in capital.

(2) Grasp opportunities to support business development

The Company will leverage on its advantages in business model and management mechanisms to seize opportunities arising from the development of mixed economy, new urbanization and industry upgrading through reforms, innovation and proper approaches. In addition, the Company will strengthen the planning and cooperation among different business lines to develop regional distinctive business and services for small business finance and community finance as well as the industry chains and supply chains.

(3) Deepen management reform and innovation

By optimizing the coordination between departments and their operating models, the Company enhanced its innovative management model and expanded the coverage and types of application of the strategic management tools. The Company also promoted the development of information technology systems by exploring business models to integrate information technologies, such as internet and big data, into our financial services so as to improve our refined management system.

(4) Continuously enhance comprehensive risk control

The Bank improved the measurement, identification and alert of risks by strengthening its compliance, restricting the increase of non-performing loans and putting more efforts to the recovery and disposal of non-performing assets to preserve the quality of its assets.

This proposal shall be submitted as an ordinary resolution for consideration and approval at the shareholders' general meeting upon being approved by the Board. At the same time, it will be proposed to the shareholders' general meeting to authorize the Board to make necessary amendments or supplements to the undertakings to supplement current returns of shareholders when regulatory authorities specifies its regulatory requirements to supplement current returns of shareholders after the issuance of the preference shares or the non-public issuance of the Renminbi ordinary shares (A Shares).

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

Beijing, PRC
7 November 2014

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi, Mr. Liang Yutang and Mr. Mao Xiaofeng; 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 and Mr. Guo Guangchang; 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.