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**中国民生银行股份有限公司**  
**CHINA MINSHENG BANKING CORP., LTD.**

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

**( Stock Code: 01988 )**

**PROPOSAL TO ISSUE A SHARE CONVERTIBLE BONDS**

**PROPOSAL TO ISSUE NEW H SHARES**

**RESUMPTION OF TRADING**

**PROPOSAL TO ISSUE A SHARE CONVERTIBLE BONDS**

On 25 February 2011, the Board resolved, among other things, to seek the Shareholders' approval for proposal to issue A Share Convertible Bonds of no more than RMB 20 billion. The public issuance of A Share Convertible Bonds is subject to approval by the CBRC and the Shareholders, as well as the approval of the CSRC.

**PROPOSAL TO ISSUE NEW H SHARES**

Not more than 1,650,852,240 H shares will be issued, representing not more 40% of the total issued 4,127,130,600 H Shares as at 25 February 2011. The new issuance of H Shares is subject to approval by the CBRC and the Shareholders, as well as the approval of the CSRC.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the issued H Shares on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 25 February 2011 pending the

release of this announcement. Application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the issued H Shares on the Hong Kong Stock Exchange with effect from 9:30 a.m. on 28 February 2011.

## 1. PROPOSAL TO ISSUE A SHARE CONVERTIBLE BONDS

For the purpose of the enhanced competitive advantage and the sustained development of the Company, in accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC, the Administrative Measures for the Issuance of Securities by Listed Companies issued by CSRC, and any other relevant law, and through self-inspection against those requirements, the Board confirms that regulations and legal documents with the force of law, the Company has satisfied the criteria for the issuance of the Convertible Bonds in the PRC and approved the proposal for the issuance of the A Share Convertible Bonds.

### 1.1 Type of securities to be issued

The type of the securities to be issued by the Company is A Share convertible bonds. The Convertible Bonds and A Shares to be converted into will be listed in Shanghai Stock Exchange .

### 1.2 Issue size

The total amount of the Convertible Bonds will be not more than RMB 20 billion. The actual size of the issuance shall be determined by the Board within the above scope, subject to authorization by the Shareholders` general meeting.

### 1.3 Par value and issue price

The Convertible Bonds will be issued at par with a nominal value of RMB100 each.

### 1.4 Term

The term of the Convertible Bonds will be six years from the date of issuance.

### 1.5 Interest rate

The Board proposes the Shareholders' general meeting to authorized the Board, and the Board shall determine the methods for determination of nominal interest and actual annual interest rate for the interest accrual year with reference to the PRC government policies, market conditions and the actual conditions of the Company , prior to the issuance of the Convertible Bonds.

### 1.6 Method and timing of interest payment

#### 1.6.1 Calculation of annual interest

The interest of each interest accrual year (“**Annual Interest**”) means the interest accrued to the holders of the Convertible Bonds (the “**CB Holders**”) in each year on each anniversary of the date of issuance of the Convertible

Bonds, calculated based on the aggregate nominal value of the Convertible Bonds.

The formula for calculating the Annual Interest:  $I = B \times i$

“I”: denotes the Annual Interest;

“B”: denotes the aggregate nominal value of the Convertible Bonds held by a CB Holder; and

“i”: denotes the interest rate of the Convertible Bonds of that year.

#### 1.6.2 Method of interest payment

- (1) Interest of the Convertible Bonds will be paid annually, accruing from the date of issuance of the Convertible Bonds.
- (2) Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first working day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- (3) Record date for interest payment: The record date for interest payment in each year will be the last trading date preceding the interest payment date. The Company will pay the interest accrued in that year within five trading days from the interest payment date. The Company will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose Convertible Bonds have been applied to be converted into the A Shares of the Company on or before the record date for interest payment.
- (4) Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

The Board shall, in accordance with relevant laws and regulations and rules of Shanghai Stock Exchange, determine the ownership of interests and dividends for the year on which the Convertible Bonds are converted into A Shares.

#### 1.7 Conversion period

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of issuance of the Convertible Bonds and ends on the maturity date of the Convertible Bonds.

#### 1.8 Determination and adjustment of the CB Conversion Price

##### 1.8.1 Basis for determining the initial CB Conversion Price

The initial CB Conversion Price of the Convertible Bonds shall not be lower than the average trading price of A Shares of the Company for the 20 trading days preceding the date of publication of the offering document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Company on the trading day preceding the date of the offering document of the Convertible Bonds. The actual initial CB Conversion Price shall be determined by the board of directors of the Company with reference to the market conditions, subject to the authorization at the Shareholders' general meeting.

#### 1.8.2 Method and calculation formulae of adjustments to CB Conversion Price

The CB Conversion Price is subject to adjustment, upon the occurrence of certain events which affect the share capital of the Company, such as distribution of share dividend, capitalization, issuance of new shares, rights issue or distribution of cash dividend (excluding any increase in the share capital as a result of conversion of the Convertible Bonds). The CB Conversion Price will be adjusted based on the following formulae:

Distribution of share dividend or capitalization:  $P_1 = P_0 / (1+n)$  ;

Issue of new shares or rights issue:  $P_1 = (P_0 + A \times k) / (1+k)$  ;

Where the two events above occur concurrently;  $P_1 = (P_0 + A \times k) / (1+n+k)$  ;

Distribution of cash dividend:  $P_1 = P_0 - D$ ;

Where the three events above occur concurrently:  $P_1 = (P_0 - D + A \times k) / (1+n+k)$  .

In the aforesaid formulae, "P<sub>0</sub>" denotes the initial CB Conversion Price before adjustment; "n" denotes the rate of scrip dividend or capitalization issue; "k" denotes the new share issue rate or rights issue rate; "A" denotes the price of new share issue or rights issue; "D" denotes the cash dividend per share; and "P<sub>1</sub>" denotes the effective CB Conversion Price after adjustment.

Upon occurrence of any of the abovementioned changes in the shareholdings and/or shareholder's interests of the Company, the CB Conversion Price will be adjusted accordingly and in the same order of the occurrence of the changes, and an announcement of the Board resolution shall be made on the publications designated by CSRC and in Hong Kong market (if required) in accordance with the Hong Kong Listing Rules as amended and the articles of association of the Company. If the CB Conversion Price adjustment date is on or after the date on which a CB Holder applies for conversion of his Convertible Bonds, but before the date of registration of the shares to be issued upon such conversion, then such conversion will be effected based on the adjusted CB Conversion Price.

In the event that the CB Holder's rights and benefits, or the interests derived from the share conversion are affected by the change in the Company's share class, quantity and/or shareholders' interests due to any possible share repurchase, consolidation, division or any other action which may be undertaken by the Company, the Company will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equity so as to fully protect the CB Holders' interests. The details of adjustments to CB Conversion Price and its implementation measures shall be determined in accordance with the then relevant PRC laws and regulations and the relevant provisions of the securities regulatory authorities.

## 1.9 Downward adjustment to CB Conversion Price

### 1.9.1 Adjustment right and the magnitude of adjustment

If, during the term of the Convertible Bonds issued hereunder, the closing prices of the A Shares of the Company in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing CB Conversion Price, the Board may propose a downward adjustment to the CB Conversion Price to the Shareholders for their consideration and approval at a Shareholders' general meeting.

The abovementioned proposal is subject to approval of two-thirds of the participating shareholders with voting rights. Shareholders who hold the Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price should be no less than the average trading price of the A Shares of the Company for the 20 trading days immediately before the aforementioned Shareholders' general meeting or the average trading price of the A Shares of the Company on the trading day immediately prior that Shareholders' general meeting, and should be also no less than the nominal value per Share or the net asset value per Share based on the latest audited financial statement.

In the event that an adjustment to the CB Conversion Price is made during the aforementioned period of 20 trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted CB Conversion Price and the closing price of the shares on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted CB Conversion Price and the closing price of the shares on each such day.

### 1.9.2 Adjustment procedures

If a downward adjustment to the CB Conversion Price is approved by the shareholders at a Shareholders' general meeting, the Company will publish an announcement of the resolutions of the Shareholders' general meeting in relation to magnitude of adjustment, equity record date and conversion suspension period in the print media and the website designated by CSRC and in Hong Kong market (if needed) in accordance with the Hong Kong Listing Rules as amended and the articles of association of the Company. Application

for conversion of CB with adjusted Conversion Price shall be resumed upon the first trading day after the equity record date, i.e. the Conversion Price adjustment date. If the CB Conversion Price adjustment date is on or after the date on which a CB Holder applies for conversion of Convertible Bonds, but before the date of registration of the shares to be issued upon such conversion, then such conversion will be effected based on the adjusted CB Conversion Price.

#### 1.10 Method for determining the number of Shares for conversion

Where a CB Holder applies to convert the Convertible Bonds held by him during the conversion period, the formula for calculating number of the Shares to be issued upon conversion:  $Q = V/P$ . Any fractional Share shall be rounded down to the nearest whole number.

In the aforesaid formula, “V” denotes the aggregate nominal value of the Convertible Bonds in respect of which the CB Holders apply for conversion; and “P” denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the Convertible Bonds, the Company will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such Convertible Bonds which are insufficient to be converted into one Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange and such other authorities (please refer to Clause 1.11 “Terms of redemption” for details of the method of calculation of the interest accrued).

#### 1.11 Terms of redemption

##### 1.11.1 Terms of redemption at maturity

Within five trading days upon the maturity of the Convertible Bonds issued hereunder, the Company will redeem all the Convertible Bonds from CB Holders which have not been converted into the Shares by then, at a price calculated at a premium (including the interest accrued in the last interest accrual year) in addition to the nominal value of the Convertible Bonds. The actual premium shall be determined by the Board with reference to the market conditions, subject to the authorisation at the Shareholders’ general meeting.

##### 1.11.2 Terms of conditional redemption

During the conversion period of the Convertible Bonds issued hereunder, if the closing price of the A Shares of the Company in at least 15 trading days out of 30 consecutive trading days is equal to or higher than 130% of the prevailing CB Conversion Price, the Company shall have the right to redeem all or part of the outstanding Convertible Bonds which have not been converted into the Shares, at a price equal to the nominal value of the Convertible Bonds plus the interest accrued. If the Company does not exercise the redemption the first time when conditions for redemption are satisfied in any of the interest accrual year, it may not exercise such rights in such interest accrual year.

Formula for calculating then accrued interest is:  $I_A = B \times i \times t/365$

$I_A$ : Accrued interest for the current period;

B: Aggregate nominal value of the Convertible Bonds issued hereunder that are

held by the CB Holders and will be redeemed;

i: Interest rate of the Convertible Bonds for current year; and

t: Number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date to the redemption date of the current interest accrual year (excluding the redemption date).

In the event that an adjustment to the CB Conversion Price has been implemented in the aforementioned trading days, the calculation shall be made based on unadjusted CB Conversion Price relating to, and the closing price of, each day prior to such adjustment, and on the adjusted Conversion Price relating to, and the closing price of, each day after such adjustment.

In addition, if the balance of Convertible Bonds not converted is less than RMB 30 million, the Board may redeem all Convertible Bonds not converted at the par value plus the accrued interest for the current period.

To meet the requirements for the Convertible Bonds to form as part of the supplementary capital, the exercise of conditional redemption right set out above is conditional upon having obtained the approval from China Banking Regulatory Commission ("CBRC").

#### 1.12 Terms of sale back

If the actual use of the proceeds from the issuance of the Convertible Bonds by the Company differs from the description of the use of proceeds set out by the Company in the offering document, and such change is considered by the CSRC as a deviation in the use of proceeds, the CB Holders will be entitled to a one-off right to sell the Convertible Bonds back to the Company at the nominal value plus the interest accrued. Under this scenario, the CB Holders may sell their Convertible Bonds back to the Company during the sale back declaration period after it is announced by the Company. If the CB Holders do not exercise their sale back rights during the sale back declaration period, such rights to sell back the Convertible Bonds shall automatically lapse. Save as the aforesaid, the Convertible Bonds cannot be sold back at the option of the CB Holders.

#### 1.13 Entitlement to Dividend of the year of conversion

The new A Shares of the Company to be issued as a result of the conversion of the Convertible Bonds shall rank *pari passu* with all the existing issued shares of the Company, and all shareholders whose names are recorded on the register of members of the Company on the record date for dividend entitlement shall be entitled to receive the dividend for that year.

#### 1.14 Method of issuance and target investors

The method of the issuance of the Convertible Bonds will be determined by the Board, subject to the authorization at the Shareholders' general meeting. The target investors are natural persons, legal persons, securities investment funds and other investors that are in compliance with the laws, who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, except for those prohibited by the PRC laws and regulations.

#### 1.15 Subscription arrangement for the existing holders of A Shares

The existing holders of A Shares of the Company shall have pre-emptive rights to subscribe for the Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing holders of A Shares shall be determined by the Board with reference to the market conditions, subject to the authorization at the Shareholders' general meeting, and shall be disclosed in the offering document of the Convertible Bonds.

#### 1.16 CB Holders and CB Holders' meetings

##### 1.16.1 Rights and obligations of CB Holders

###### (1) Rights of CB Holders

- ① to receive agreed interests based on the number of Convertible Bonds held by the CB Holders;
- ② to convert the Convertible Shares held by the CB Holders into the shares of the Company;
- ③ to exercise the right of sale back on agreed conditions;
- ④ to transfer, donate or pledge the Convertible Shares held by the CB Holders in accordance with laws, administrative regulations and the articles of association of the Company;
- ⑤ to receive relevant information in accordance with the laws and the articles of association of the Company;
- ⑥ to request the Company to repay the principal and interest of the Convertible Bonds within the agreed term and by the agreed methods;
- ⑦ other rights as the creditors of the Company prescribed by applicable laws, administrative regulations and the articles of association of the Company.

##### 1.16.2 Obligation of CB Holders

- ① to abide by the terms of Convertible Bonds;



② to pay the subscription amount in accordance with the number of Convertible Bonds subscribed for;

③ not to request the Company to repay the principle and interest of the Convertible Bonds before maturity, unless otherwise required by applicable laws and regulations or otherwise agreed in the offering document of the Convertible Bonds;

④ other obligations of the CB Holders prescribed by applicable laws, administrative regulations and the articles of association of the Company.

#### 1.16.3 CB Holders' meetings

##### (1) Circumstances under which CB Holders' meeting shall be convened

A CB Holders' meeting shall be convened by the Board upon the occurrence of any of the following events:

① the Company proposes to change the terms of the offering document;

② the Company defaults in paying principal amount and interests under the Convertible Bonds on time;

③ the Company undertakes a capital reduction, merger, division, dissolution or files for bankruptcy;

④ other matters which may affect the material interests of the CB Holders.

The following entities or persons may propose a CB Holders' meeting:

① the board of the Company;

② upon written proposal by holders of 10% or more of total par value of the Convertible Bonds;

③ other entities or persons prescribed by CSRC.

##### (2) Convening of CB Holders' meeting

① A CB Holder's meeting shall be convened and presided over by the Board of the Company;

② The Board of the Company shall, within thirty days after the proposal of the meeting has been raised or received by the Board, convene CB Holders' meeting. The Board of Company shall, at least fifteen days before the meeting, publish the meeting notice in at least one designated newspapers or websites, which shall indicate among

others the specific time, revenue, agenda and method of the meeting as confirmed by the Board of the Company.

(3) Attendees of the CB Holders' meeting

Unless otherwise required by applicable laws and regulations, a CB Holder may attend the CB Holders' meeting in person or by a proxy and exercise its voting right.

The following entity or person may attend the CB Holders' meeting as a non-voting attendee and submit the proposal for discussion and decision by the meeting:

① Issuer of the Convertible Bond (i.e. the Company);

② Other key connected parties.

The Board of the Company shall engage attorneys to attend the CB Holders' meeting and issue legal opinions on matters such as the convening, voting procedures and qualification of attendees of the CB Holders' meeting.

(4) Procedures of CB Holders' meeting

① The chairperson of the meeting shall firstly announce the rules of procedure of the meeting, nominate and announce a controller of ballot and need out the proposals. Votes will be cast after discussion of proposals and the resolution will be effective upon witness by the attorneys;

② A CB Holders' meeting shall be presided over by the Board chairman. In the absence of the Board chairman, the meeting shall be presided over by a director authorized by the Board chairman; if neither the Board chairman nor the director authorized by the Board chairman is unable to preside over the meeting, the meeting shall be presided over by a CB Holder elected by CB Holders representing at least 50% (exclusive) of par value of Convertible Bonds present at the meeting;

③ The convener of the meeting shall prepare a signature book for attendees, which shall indicate the name, ID card number and domicile, of the attendees, the par value of the Convertible Bonds held or represented by the attendees and the name of their proxies.

(5) Voting and resolution of CB Holders' meeting

① Each Convertible Bond represents one vote in the CB Holders' meeting;

② CB Holders shall vote by open ballot in the CB Holders' meeting;

③ A resolution of the CB Holders' meeting shall be valid upon the affirmative votes representing at least two-third of par value of Convertible Bonds present at the meeting;

④ Different proposals or different items contained in one proposal shall be discussed and voted separately in the CB Holders' meeting;

⑤ A resolution of CB Holders' meeting shall be adopted by vote, provided that, if the approval of CSRC or other competent authorities are required, it shall become effective on the date of approval or other date confirmed by such approval;

⑥ Unless expressly agreed that special compensation shall be made to the CB Holders voting against the resolution or failing to attend the meeting, a resolution shall have equal effect on all CB Holders;

⑦ After a resolution is adopted by the CB Holders' meeting, the Board of the Company shall notify the CB Holders by announcement and implement such resolution.

#### 1.17 Use of proceeds from the issuance of the Convertible Bonds

The proceeds from the issuance of the Convertible Bonds, after deduction of the expenses relating to the issuance, will be used to replenish the supplementary capital of the Company according to the approval of CBRC. Such proceeds will be used to replenish the core capital of the Company after conversions conducted by CB Holders.

#### 1.18 Special provisions in relation to supplementary capital

In order to satisfy the requirements of the CBRC in relation to the treatment of convertible bonds as the supplementary capital of a bank and pursuant to the *Administrative Measures regarding the Capital Adequacy Ratio of Commercial Banks*, the terms of the Convertible Bonds will contain the following special provisions:

1.18.1 the exercise of the redemption right under the Convertible Bonds is conditional upon the obtaining of the approval of the CBRC; and

1.18.2 the CB Holders' claims against the Company are subordinated to the claims of the depositors and other ordinary creditors of the Company, and are equivalent to other subordinated details of the Company. The Convertible Bonds are not secured by the mortgage or pledge over the assets of the Company.

#### 1.19 Guarantee and security

There is no guarantee or security in relation to the proposed issuance of the Convertible Bonds.

#### 1.20 The validity period of the resolution in respect of the issuance of the Convertible Bonds

The resolution in respect of the issuance of the Convertible Bonds will be valid for 12 months from the date on which the resolution is approved at a Shareholders' general meeting and Shareholders class meetings.

1.21 Matters relating to authorization in connection with the issuance of the Convertible Bonds

To ensure smooth implementation of the issuance of the Convertible Bonds, it will be proposed at a Shareholders' general meeting to authorize the Board, and the Board will then delegate the authority to the Director and the President, Mr. Hong Qi, and Vice President, Mr. Zhao Pinzhang, to separately or jointly exercise the full power to handle matters relating to the issuance of the Convertible Bonds under the framework and principles as deliberated and adopted by the Shareholders at the Shareholders' general meeting and within the validity period of the resolution in respect of the issuance of the Convertible Bonds (and for matters relating to the conversion of the Convertible Bonds, within the conversion period), including but not limited to those set out below:

- 1.21.1 to formulate and implement the final proposal for the issuance of the Convertible Bonds, including but not limited to: to determine the issuance size, timing of issuance, method of issuance, target investors, interest rate, conversion price, redemption terms and the amount of the Convertible Bonds to be preferentially allocated to the existing holders of A Shares of the Company; accounts for the funds to be raised; and any other matters in relation to the issuance and the conversion of the Convertible Bonds in the future;
- 1.21.2 if the PRC government announces new regulations in relation to the issuance of convertible bonds, or the regulatory authorities set out new policy requirements, or upon changes in the market conditions, to adjust the issuance proposal accordingly unless such adjustments are specifically required by the laws, regulations and the articles of association the Company to be resolved at a Shareholders' general meeting;
- 1.21.3 to produce, amend and file the application and any other materials in relation to the issuance and listing of the Convertible Bonds in accordance with the requirements of the relevant regulatory authorities;
- 1.21.4 to amend, execute and implement all contracts, agreements and other documents (including but not limited to underwriting and sponsorship agreements and agreements relating to the proceeds from the issuance of the Convertible Bonds) during the course of the issuance of the Convertible Bonds;
- 1.21.5 to amend the relevant provisions of the articles of association the Company relating to the issuance of the Convertible Bonds and the registered capital of the Company at the appropriate time based on the status of implementation of the issuance and conversion of the Convertible Bonds, and to deal with the matters in relation to the approval of and the filing with the approval authority or the administration for industry and commerce of such amendments, the approval by and the registration with the approval authority or the

administration for industry and commerce of the change in the registered capital, and the listing of the Convertible Bonds;

1.21.6 to the extent permitted by laws and regulations, in accordance with the requirements of the regulatory authorities and in view of the actual conditions of the Company, to appropriately amend, adjust and supplement the terms of the issuance of the Convertible Bonds; and

1.21.7 to deal with other matters relating to the issuance of the Convertible Bonds.

This proposal shall each be submitted to the Extraordinary General Meeting, A shareholders class meeting and H shareholders class meeting of the Company for consideration and approval.

## **2. PROPOSAL TO ISSUE NEW H SHARES**

In order to improve the capital adequacy ratio of the Company, ensure the sustained development of the Company, the Company, in the interests of its shareholders, proposes to issue new H shares.

### **2.1 Class of Shares**

H Shares to be issued are H Shares with nominal value of RMB1.00 each, which will be issued to overseas investors and listed on the main board of the Hong Kong Stock Exchange.

The H Shares to be issued shall rank pari passu with the existing A Shares and H Shares in all respects except as otherwise provided for under the applicable PRC laws and regulations and the articles of association of the Company.

### **2.2 Size of Issuance**

Not more than 1,650,852,240 H Shares will be issued, representing not more 40% of the total issued 4,127,130,600 H Shares as at 25 February 2011. If there were any change to the share capital of the Company as a result of any dividend of shares or capitalization, etc., before the issuance, the maximum number of H Shares issued will be decided in accordance with 40% of the total number (after such change) of issued H Shares.

### **2.3 Target Investor**

Qualified investors of the issuance of H Shares, shall be the overseas individuals, institutional investor(s) and other qualified investors which are independent of, and which are not connected person of, the Company.

### **2.4 Pricing**

The issue price shall be determined according to the international conventions, regulation requirements and international capital market conditions and the market price of the H Shares at the time of the issue of the new H Shares and by reference to the valuation of the companies of the same type as the Company in the international

capital market, after fully taking the interests of the existing Shareholders of the Company into account.

## 2.5 Accumulated Profit

The accumulated profit before the issuance of H Shares shall be arranged for the implementation of the H Shares issuance plan. The accumulated profit of the Company prior to the issuance of the new H Shares shall be shared by all the Shareholders immediately after such issuance.

## 2.6 Use of proceeds

The proceeds from the issuance of the H Shares, after deduction of the expenses relating to the issuance, will be used to replenish the capital base of the Company in order to improve the capital adequacy ratio of the Company.

## 2.7 The validity period of the resolution

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

## 2.8 Matters relating to authorization in connection with the issuance of the H Shares

To ensure smooth implementation of the issuance of the H shares, it will be proposed at a Shareholders' general meeting and Shareholders class meetings to authorize the Board, and the Board will then delegate the authority to the Director and the President, Mr. Hong Qi, and Vice President, Mr. Zhao Pinzhang, to separately or jointly exercise the full power to handle matters relating to the issuance of the H Shares under the framework and principles as deliberated and adopted by the Shareholders at the Shareholders' general meeting and within the validity period of the resolution in respect of the issuance of the H Shares, including but not limited to those set out below:

2.8.1 Submit all the relevant applications, reports and other documents to the relevant PRC and overseas authorities and deal with all the procedures to obtain and/or procure all the relevant approvals, registration, filing, sanction and permission;

2.8.2 Be responsible for the issuance of new H Shares pursuant to the terms thereof approved by the Shareholders at the shareholders general meeting and shareholders class meetings, including but not limited to the determination of the actual size, placing price (including the price range and final price), timing, method and target investor(s) of the issuance(s) of the H Shares, the execution, implementation, modification and termination of any agreement, contract or other documents relating to issuance of new H Shares and other relevant matters;

2.8.3 Be responsible for handling and obtaining all the approvals and permissions from the CSRC, the Hong Kong Stock Exchange and other relevant PRC and overseas authorities in relation to the issuance of new H Shares;

- 2.8.4 Engage the lead underwriter, legal advisers and other agents in relation to the issuance of new H shares and enter into the relevant appointment or engagement agreements;
- 2.8.5 Amend the articles of association of the Company according to the result of the issuance of new H Shares, deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters in relation to the implementation of the approvals of the Shareholders' general meeting and Shareholders class meetings;
- 2.8.6 Make appropriate amendments to the terms of proposal to issue new H Shares in light of the specific circumstances of the issuance of new H Shares and pursuant to the approval(s) by the relevant authorities;
- 2.8.7 Execute, implement, amend and complete any document and do any act as necessary and appropriate in relation to the issuance of new H Shares.

This proposal shall be submitted to Extraordinary General Meeting, A Shareholders Class meeting and H Shareholders Class meeting for consideration and approval.

### 3. **STATEMENT ON THE USE OF PROCEEDS FROM THE PREVIOUS FUND RAISING ACTIVITIES**

#### 3.1 Amount of the previous fund raising and the actual receipt date of the proceeds

On 26 November 2009, pursuant to CSBC's *Approval on Relevant Matters relating to CMBC's Issuing of H Shares (Yin Jian Fu [2009] No.231)*, CSRC's *Approval on CMBC's Issuing of H Shares (Zheng Jian Xu Ke Zi [2009] No. 1104)* and the Hearing of the Listing Committee of the Hong Kong Stock Exchange, H Shares of the Company were approved to be issues and trades on the Hong Kong Stock Exchange. On 26 November 2009, 3,321,706,000 H Share of the Company, the offering price of which was HK\$9.08 per Share, were successfully issued. On 18 December 2009, the Company exercised the over-allotment option of H Shares with a price of HK\$9.08 per Share and 117,569,500 were allotted accordingly.

On 26 November 2009 and 23 December 2009 respectively, the Company received HK\$30,161,090,480 and HK\$1,067,531,060 paid by the investors as contributions for share subscription, which in aggregation amount to RMB27,508,003,570.69 after the conversion based on relevant benchmark exchange rates (i.e. RMB0.88087 to HK\$1 and RMB0.88054 to HK\$1 respectively) announced by the People's Bank of China on relevant dates of capital injection, i.e. on 26 November 2009 and 23 December 2009 respectively. The capital injected is applied to increase the share capital by RMB3,439,275,500, and to increase the capital surplus by RMB23,311,141,930.01 (including the RMB269,335.67 after conversion of the interest accrued on the amount for the application of subscription during the freeze-up period and RMB395.67 after conversion of the arrears of the amount for the application of subscription, and RMB757,855,080.68 after conversion of the underwriting commission, trading fees charged by Hong Kong Stock Exchange and trading levy imposed by Securities and Futures Commission has been deducted therefrom). All capital contributions involved herein have been made in cash in HKD and have been verified by

PricewaterhouseCoopers in *Pu Hua Yong Dao Zhong Tian Yan Zi (2010) No. 043 Capital Verification Report*.

### 3.2 Actual use of previously raised proceeds

Pursuant to the H Share prospectus of the Company, the Company intended to use the raised proceeds for the strengthening of the core capital of the Company so as to support the persistent growth of the Company's business. As of 30 September 2010, all the raised proceeds has been used for the strengthening of the core capital of the Company so as to support the persistent growth of the Company's business.

Actual use of the raised proceeds aforementioned has been compared by the Company, item by item, with relevant disclosures in the annual report, interim reports and other information disclosure documents from 2009 to 30 September 2010, and actual use of the raised proceeds is consistent with relevant disclosures.

As regard to the use of previously raised proceeds of the Company, the *Verification Report on use of previously raised proceeds (Pu Hua Yong Dao Zhong Tian Te Shen Zi (2010) No. 820)* has been issued by PricewaterhouseCoopers Certified Public Accountants.

Particulars of this proposal will be recorded in relevant document published by the Company on the website of Shanghai Stock Exchange by the Company on 26 February 2011.

This proposal will be submitted to the Extraordinary General Meeting for consideration and approval.

## 4. **PROPOSAL ON THE USE OF PROCEEDS RAISED FROM THE ISSANCE OF A SHARE CONVERTIBLE BONDS AND ISSUANCE OF NEW H SHARES**

After deduction of issuing fees, all the proceeds from issuance of A Share Convertible Bonds and issuance of new H Shares will be used for replenishing of the core capital of the Company, increase the capital adequacy ratio, strengthening the Company's ability of resisting risks and gaining profits and ensuring the sustained, rapid and sound development of the business of the Company.

After deduction of issuing fees, all the proceeds from issuance of A Share Convertible Bonds will, upon the approval by CBRC, be used for replenishing of the Tier 2 Capital of the Company and replenishing the core capital after the conversion by CB Holders.

Particulars of the proposal will be recorded in relevant documents published by the Company on the website of Shanghai Stock Exchange on 26 February 2011.

This proposal will be submitted to the Extraordinary General Meeting for consideration and approval.



5. **EXTRAORDINARY GENERAL MEETING AND H SHARE CLASS MEETING**

All proposals with respect to the issuance of A Shares Convertible Bonds and new H Shares are subject to approval by the Shareholders at the First Extraordinary General Meeting of 2011, A Shareholders and the H Shareholders respectively at the First A Share Class Meeting of 2011 and the First H Share Class Meeting of 2011, each as a special resolution.

A circular containing, among other things, the details of the issuance of A Shares Convertible Bonds and new H Shares, a supplemental notice to convene the First Extraordinary General Meeting of 2011 and the First H Share Class Meeting of 2011 is expected to be dispatched to H Shareholders in due course.

6. **RESUMPTION OF TRADING**

At the request of the Company, trading in the issued H Shares on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 25 February 2011 pending the release of this announcement. Application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the issued H Shares on the Hong Kong Stock Exchange with effect from 9:30 a.m. on 28 February 2011.

7. **DEFINITIONS**

Unless the context otherwise requires, the following terms have the meanings as set out below:

"A Share(s)"	domestic ordinary share(s) of RMB1.00 each issued by the Company which is/are subscribed for by domestic investors and are listed for trading on the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of A Shares
"A Share Class Meeting"	the class meeting to be held by the A Shareholders to consider and, if thought fit, to approve, among other things, the proposals as included in this announcement
"Board"	board of directors of the Company
"CB Holder(s)"	Holders of the Convertible Bonds
"CBRC"	China Banking Regulatory Commission

"Company"	China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the PRC with limited liability in accordance with the Company Law, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
"Company Law"	the Company Law of the PRC
"Convertible Bonds" or "CB"	Convertible corporate bonds in the total amount of not more than RMB 20 billion which are convertible into new A Shares, proposed to be issued by the Company in the PRC
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Extraordinary General Meeting"	an extraordinary general meeting proposed to be convened by the Company in relation to the issues referred to in this announcement
"H Share(s)"	overseas listed foreign invested share(s) with nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Shares
"H Share Class Meetings"	a class meeting proposed to be convened by the Company in relation to the issues referred to in this announcement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

" HK\$"	Hong Kong Dollar, the legal currency of Hong Kong
"PRC"	The People's Republic of China, but for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
"Shareholder(s)"	registered holder(s) of Share(s) of the Company
"% "	percentage

By Order of the Board

**CHINA MINSHENG BANKING CORP.,  
LTD.**

**Dong Wenbiao**

Chairman

Beijing, PRC

25 February 2011

*As at the date of this announcement, the executive directors of the Company are Mr. Dong Wenbiao, 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. Chen Jian, Ms. Wong Hei, Mr. Shi Yuzhu, Mr. Wang Hang and Mr. Wang Junhui; and the independent non-executive directors are Mr. Andrew Wong, Mr. Wang Songqi, Mr. Liang Jinquan, Mr. Wang Lihua, Mr. Qin Rongsheng and Mr. Han Jianmin.*