

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

(USD Preference Share Stock Code: 04609)

**PROPOSED EXTENSION OF THE VALIDITY PERIOD
OF THE RESOLUTIONS ON
THE PUBLIC ISSUANCE OF A SHARE
CONVERTIBLE CORPORATE BONDS
THE AUTHORIZATION PERIOD TO THE BOARD
AND ITS AUTHORIZED PERSONS TO EXERCISE
FULL POWER TO DEAL
WITH MATTERS RELATING TO THE ISSUANCE,
PROPOSAL IN RESPECT OF IMPACTS ON DILUTION
OF CURRENT RETURNS OF THE
PUBLIC ISSUANCE OF A SHARE
CONVERTIBLE CORPORATE BONDS
AND THE REMEDIAL MEASURES
AND
REPORT ON THE USE OF PROCEEDS
FROM THE PREVIOUS ISSUANCE**

References are made to, among other things, the Resolution regarding the Proposal in respect of the Plan of Public Issuance and Listing of A Share Convertible Corporate Bonds, the Resolution regarding the Proposal in respect of Feasibility Analysis Report of the Use of Proceeds from Public Issuance of the A Share Convertible Corporate Bonds, the Resolution regarding the Proposal in respect of Impacts on Dilution of Current Returns of Public Issuance of A Share Convertible Corporate Bonds and the Remedial Measures, the Resolution regarding the Report of the Use of Proceeds from the Previous Issuance and the Resolution regarding the Proposal in respect of the Authorization to the Board of Directors of the Company and its Authorized Persons to Exercise Full Power to Deal with Matters relating to the Public Issuance and Listing of A Share Convertible Corporate Bonds considered and passed at the 2016 annual general meeting, the second A share class meeting for 2017 and the second H share class meeting for 2017 of China Minsheng Banking Corp., Ltd. (the “**Company**”) held on 16 June 2017, as well as, among other things, the Resolution regarding the Extension of the Validity Period of the Resolutions on the Public Issuance of A Share Convertible Corporate Bonds and the Authorization Period to the Board and its Authorized Persons to Exercise Full Power to Deal with Matters relating to the Issuance and Listing of A Share Convertible Corporate Bonds considered and passed at the 2017 annual general meeting, the second A share class meeting for 2018 and the second H share class meeting for 2018 of the Company held on 21 June 2018 (the “**Relevant Resolutions on the Public Issuance of A Share Convertible Bonds**” or the “**Relevant Resolutions on the Convertible Bonds**”). For details of the resolutions, please refer to the circulars dated 25 May 2017 and 8 May 2018, respectively of the Company. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the circulars.

PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE RESOLUTIONS ON THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS, THE AUTHORIZATION PERIOD TO THE BOARD AND ITS AUTHORIZED PERSONS TO EXERCISE FULL POWER TO DEAL WITH MATTERS RELATING TO THE ISSUANCE, PROPOSAL IN RESPECT OF IMPACTS ON DILUTION OF CURRENT RETURNS OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS AND THE REMEDIAL MEASURES AND REPORT ON THE USE OF PROCEEDS FROM THE PREVIOUS ISSUANCE

The validity period of the Relevant Resolutions on the Public Issuance of A Share Convertible Bonds (the “**Issuance**” or the “**Issuance of the Convertible Bonds**”) and the authorization period to the Board and its authorized persons upon proposal to the shareholders’ meeting to exercise full power to deal with the matters relating to the Issuance of the Convertible Bonds will soon expire. In order to ensure the implementation of the Issuance of A Share Convertible Bonds, the 14th meeting of the Board has considered and approved, and will propose at the general meeting and class meetings of the Company for, the extension of the validity period of the Relevant Resolutions on the Convertible Bonds for twelve months and the authorization period to the Board and its authorized persons to exercise full power to deal with matters relating to the Issuance of the Convertible Bonds for twelve months. Details of the resolution is as follows:

1. Validity period of the resolutions

The extended validity period of the Relevant Resolutions on the Convertible Bonds shall be twelve months upon approval at the shareholders’ meetings.

2. Authorization for the Issuance of the Convertible Bonds

The Board proposes to the shareholders’ meeting to authorize the Board, which in turn can delegate authority to the chairman, Board secretary, president and other personnel of the senior management, to jointly or solely handle the relevant matters of the Issuance of the Convertible Bonds with full discretions within the framework and principles approved by the shareholders’ meeting. The term of the authorization shall be twelve months from the date on which the resolution of the shareholders’ meeting takes effect. Before the expiry of the authorization, the Board will propose to the shareholders’ meeting of the Company the approval of a new authorization, taking into account the actual situation of the Issuance of the Convertible Bonds. The specific terms and scope of the authorization include but are not limited to:

- (I) Within the scope permitted by the relevant laws and regulations and the resolutions of the shareholders’ meeting, and in accordance with the requirements of the relevant regulatory authorities and the actual situation of the Company, before the Issuance come into effect, the specific terms and conditions of the issuance and the issuance plan shall be clearly defined, and the final plan of the Issuance shall be formulated and implemented, which include but are not limited to the determination of the size, format and target investor(s) of the Issuance, interest rate of the bonds, the conversion terms, the terms on redemption, the size of the preferential allotment to the existing A shareholders, rating arrangements and others, so as to determine the timing and all other matters related to the Issuance;

- (II) If there are changes in the national laws and regulations, or in the policies governing the issuance of Convertible Bonds of relevant regulatory authorities, or if there are changes in market conditions, unless such changes are related to the relevant laws and regulations, the regulations in the Articles of Association and matters required by the regulatory authorities to be re-voted by the shareholders' meeting, appropriate revisions, adjustments and supplements can be carried out on the specific arrangements for the Issuance within the scope permitted by the relevant laws and regulations, and in accordance with the opinions of the regulatory authorities and the actual conditions of the Company and the market;
- (III) The establishment of the special account for fund-raising for the Issuance;
- (IV) The handling of the matters related to the listing of the Convertible Bonds after the completion of the Issuance; modification of the terms in Articles of Association in connection with the Issuance in a timely manner after taking into account the situation of the Issuance and conversion; the handling of the matters related to the approval and business filing of the amendments of the Articles of Association and changes in registered capital;
- (V) The analysis, research and demonstration of the dilution effects of the Issuance of the Convertible Bonds on current returns, in accordance with the relevant laws and regulations and requirements of regulatory authorities; the formulation and implementation of relevant measures to make up for the current returns, or the modifications, supplements and improvements of the relevant analysis and measures under the existing framework according to the new policies and regulations, regulations on implementation, or self-disciplinary regulations to be introduced in the future, and to handle other relevant matters with full discretion;
- (VI) The Company shall determine which intermediary to hire for the Issuance, and, in accordance with the requirements of the regulatory authorities, handle matters related to the reporting of the Issuance; produce, prepare, modify, perfect, sign and submit all the documents related to the Issuance and the listing; and sign, modify, supplement, execute and suspend all relevant contracts, agreements and other important documents related to the Issuance (including but not limited to the sponsor agreement, the underwriting agreement, the fund-raising regulatory agreement, the agreements on the appointment of intermediary, etc.), and handle matters related to the information disclosure of the Issuance in accordance with regulatory requirements;
- (VII) Within the scope permitted by laws and regulations, and in accordance with the opinions of the regulatory authorities and the actual situation of the Company, to carry out the appropriate revisions, adjustments and supplements on the specific terms and conditions of the Convertible Bonds in the Issuance;
- (VIII) In circumstances permitted by the relevant laws and regulations, take all necessary actions to determine/handle other matters related to the Issuance.

To propose to the shareholders' meeting to authorize the Board to handle the following matters with full discretion during the period the Convertible Bonds in the Issuance are outstanding, in a manner in accordance with the laws and regulations, permitted by the Articles of Association and the relevant regulatory authorities, and within the framework and principles approved by the shareholders' meeting:

- (I) Matters related to redemption: to authorize the Board to handle all matters related to redemption with full discretion, in a manner in accordance with the requirements of laws and regulations, the approval of the relevant regulatory authorities (if required), the requirements in the Articles of Association and market conditions, such matters include but are not limited to the timing of redemption, redemption ratio and the execution procedures;
- (II) Matters related to conversion: to authorize the Board to handle all matters related to conversion with full discretion, in a manner in accordance with the requirements of laws and regulations, the requirements in the Articles of Association and market conditions, such matters include but are not limited to the adjustments of the Conversion Price; the timely amendments to the relevant provisions related to registered capital in the Articles of Association taking into account the conversion situation of the Convertible Bonds; the handling of approval and business filing of the amendments of the Articles of Association; and matters related to the approval and registration of business changes with respect to the changes in registered capital.

In addition, the Board considered (among others) (1) the Proposal in respect of Impacts on Dilution of Current Returns of the Public Issuance of A Share Convertible Corporate Bonds and the Remedial Measures, details of which are set out in Appendix I to this announcement; and (2) the Proposal in respect of the Report of the Use of Proceeds from the Previous Issuance, details of which are set out in Appendix II to this announcement.

COVENING OF THE SHAREHOLDERS' GENERAL MEETING, A SHARE CLASS MEETING AND H SHARE CLASS MEETING OF THE COMPANY

The annual general meeting for 2018, the second A share class meeting for 2019 and the second H share class meeting for 2019 of the Company will be convened to consider and, if thought fit, approve, among others, the extension of the validity period of the Relevant Resolutions on the Public Issuance of A Shares Convertible Corporate Bonds, the authorization period to the Board and its authorized persons to exercise full power to deal with the relevant matters, the impacts on dilution of current returns of the Public Issuance of A Share Convertible Corporate Bonds and the remedial measures and the report on the use of proceeds from the previous issuance. A circular containing, among others, details of the above matters will be dispatched to H shareholders in due course.

Shareholders and potential investors are reminded that the Issuance is subject to the above-mentioned approvals, market conditions and other factors. As the proposed Issuance of the Convertible Bonds may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the shares.

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

Beijing, PRC
29 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi and Mr. Zheng Wanchun; the non-executive directors of the Company are Mr. Zhang Hongwei, Mr. Lu Zhiqiang, Mr. Liu Yonghao, Mr. Shi Yuzhu, Mr. Wu Di, Mr. Song Chunfeng and Mr. Weng Zhenjie; and the independent non-executive directors of the Company are Mr. Liu Jipeng, Mr. Li Hancheng, Mr. Xie Zhichun, Mr. Peng Xuefeng, Mr. Liu Ningyu and Mr. Tian Suning.

Impacts on Dilution of Current Returns of the Public Issuance of A Share Convertible Corporate Bonds of China Minsheng Banking Corp., Ltd. and the Remedial Measures

In accordance with the Several Opinions of the State Council on Further Promoting the Healthy Development of Capital Market (Guo Fa [2014] No.17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), Opinions of the Office of State Council on Further Strengthening the Protection of Legal Interests of Small and Medium Investors in Capital Market (Guo Ban Fa [2013] No.110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)) and the Guidelines on Matters relating to Impacts of Dilution of Current Returns of Initial Offering and Re-financing and Major Asset Reorganization (CSRC Notice [2015] No.31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)), the Board of the Company shall form a proposal with an analysis on whether the current returns would be diluted by the financing of the Company, remedial measures to be adopted and relevant commitment and submit the resolution for review and approval at the shareholders' meeting. The Company has conducted the analysis of the effects of the public issuance and listing of the Convertible Bonds on ordinary shareholders' equity and current returns, and formulated relevant remedial measures in accordance with actual situation.

I. Analysis on the Impacts of the Dilution of Current Rate of Return of the Issuance of the Convertible Bonds

(I) Assumptions

The impacts of the Issuance of the Convertible Bonds on the Company's key financial figures and financial indicators are measured mainly on basis of the following assumptions:

1. The Company assumes no material negative changes in the macroeconomic environment, industry development trend and the Company's operation in 2019.
2. The Company assumes that the Issuance of the Convertible Bonds will be closed by the end of May 2019 and all Convertible Bonds will be converted to Shares by the end of November 2019. The timing is purely for calculating the impacts of the dilution of the current rate of return resulting from the Issuance of the Convertible Bonds on the key financial figures and financial indicators, subject to the approval of China Securities Regulatory Commission and the actual completion of the Company's Issuance of the Convertible Bonds.
3. The Company assumes that the proceeds from the Company's Issuance of the Convertible Bonds will be no more than RMB50 billion, without regard to the impact of the issuance expenses. The proceeds actually generated from the Issuance of the Convertible Bonds will be determined on basis of such factors as the approval of the regulatory authorities, the subscription of the issuance and the issuance expenses.

4. According to the Plan of Public Issuance and Listing of A Share Convertible Corporate Bonds by China Minsheng Banking Corp., Ltd. (《關於中國民生銀行股份有限公司公開發行A股可轉換公司債券並上市方案》)¹, the Company assumes that the minimum initial Conversion Price of the Convertible Bonds is RMB7.81 per share with 1 March 2018 as the pricing benchmark date, which shall not be lower than the average trading price of the Company's A shares in the 20 trading days prior to the date of the publication of the offering documents and the average trading price of the Company's A shares on the trading day prior to the date of the offering documents, and the lower of the latest audited net asset value per share and the average trading price of the Company's A shares in the five trading days prior to the date of the announcement regarding the resolution of the first extraordinary meeting of the seventh session of the Board of the Company. The Conversion Price aforesaid is only used to calculate the impacts of the dilution of the current rate of return resulting from the Issuance of the Convertible Bonds on the key financial figures and financial indicators, and the final initial Conversion Price shall be determined by the Board of the Company, under the authorization of the shareholders' general meeting, based on the market conditions prior to the offering, possibly with ex-rights, ex-dividend adjustment or downward revisions.
5. The Company assumes that the coupon rate of the Convertible Bonds for the first year is 0.2%. The coupon rate is only derived by simulation and does not constitute any forecast of the numerical value of the effective coupon rate.
6. At the moment, the Company has not considered the impacts of the proceeds generated from the Issuance on the Company's production, operation and financial conditions (e.g. financial expenses, efficiency in the use of capital).
7. The Company completed the issuance of offshore preference shares of US\$1.439 billion on 14 December 2016. The dividend rate of the preference shares is 4.95% and the effective dividend rate is 5.5% after deduction of income tax withheld by the issuer. Assuming that the dividends of preference shares is paid for a full interest-bearing year of 2019, the total dividends shall be RMB551 million, calculated at an exchange rate as at the date of the announcement of the proposed dividend distribution of the preference shares for 2018 (US\$1 in exchange for RMB6.9574).
8. The Company assumes no major changes in the macroeconomic environment, the development of the banking industry and the Company's business environment. While measuring, the Company assumes a growth of 0%, 3% and 6% as compared with 2018, respectively, in the net profit attributable to the Company's shareholders and in the net profit attributable to the Company's shareholders after non-recurring profit and loss in 2019.
9. The Company assumes no other factors (including profit distribution, mandatory conversion of preference shares) which can cause changes to the ordinary share capital other than the conversion of the Convertible Bonds to ordinary shares.

¹ The plan was considered and approved by the annual general meeting for 2016, the second A share class meeting for 2017 and the second H share class meeting for 2017 of the Company.

10. The earnings per share (“EPS”) is calculated according to relevant provision in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Equity and Earnings Per Share.

(II) Impacts on the Company’s key financial indicators

Based on the above assumptions, the impacts of the Issuance of the Convertible Bonds on the Company’s key financial figures and financial indicators are as follows:

1. Scenario 1: 0% year-on-year growth in both the net profit attributable to the Company’s shareholders and the net profit attributable to the Company’s shareholders after non-recurring profit and loss.

Item	For the year of 2018/as at 31 December 2018	For the year of 2019/ as at 31 December 2019	
		Before full conversion to shares	Full conversion to shares
Total ordinary share capital (million shares)	43,782	43,782	50,184
Weighted average ordinary share capital (million shares)	43,782	43,782	44,316
Net profit attributable to the shareholders of the Company (RMB million)	50,327	50,327	50,327
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	50,506	50,506	50,506
Net profit attributable to the ordinary shareholders of the Company (RMB million)	49,776	49,776	49,776
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	49,955	49,955	49,955
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.14	1.12
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.05	1.05
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.14	1.13
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.05	1.05

2. Scenario 2: 3% year-on-year growth in both the net profit attributable to the Company's shareholders and the net profit attributable to the Company's shareholders after non-recurring profit and loss.

Item	For the year of 2019/ For the year as at 31 December 2019		
	For the year of 2018/as at 31 December 2018	Before full conversion to shares	Full conversion to shares
Total ordinary share capital (million shares)	43,782	43,782	50,184
Weighted average ordinary share capital (million shares)	43,782	43,782	44,316
Net profit attributable to the shareholders of the Company (RMB million)	50,327	51,837	51,837
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	50,506	52,021	52,021
Net profit attributable to the ordinary shareholders of the Company (RMB million)	49,776	51,286	51,286
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	49,955	51,471	51,471
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.17	1.16
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.08	1.08
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.18	1.16
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.08	1.08

3. Scenario 3: 6% year-on-year growth in both the net profit attributable to the Company's shareholders and the net profit attributable to the Company's shareholders after non-recurring profit and loss.

Item	For the year of 2019/ For the year as at 31 December 2019		
	For the year of 2018/as at 31 December 2018	Before full conversion to shares	Full conversion to shares
Total ordinary share capital (million shares)	43,782	43,782	50,184
Weighted average ordinary share capital (million shares)	43,782	43,782	44,316
Net profit attributable to the shareholders of the Company (RMB million)	50,327	53,347	53,347
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	50,506	53,536	53,536
Net profit attributable to the ordinary shareholders of the Company (RMB million)	49,776	52,796	52,796
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	49,955	52,986	52,986
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.21	1.19
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.14	1.11	1.11
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.21	1.20
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.14	1.12	1.12

(III) Notes to the measurement

The above assumptions in relation to the impacts of the Issuance of the Convertible Bonds on the Company's key financial figures and financial indicators are not representative of the Company's judgment of the operation and development trend in 2019, and do not constitute the Company's earnings forecasts. Investors shall not rely on this when making decisions on investment. The Company assumes no liability for the losses incurred therefrom.

II. Risks in Relation to the Dilution of Current Rate of Return Due to the Issuance of the Convertible Bonds

After the Issuance of the Convertible Bonds is closed, the number of the Company's all outstanding dilutive potential ordinary shares will increase correspondingly. Without regard to the financial return of the proceeds, the diluted EPS and the diluted EPS after non-recurring profit and loss may both decline in the year when the Issuance of the Convertible Bonds of the Company is closed.

After the Issuance of the Convertible Bonds is closed and before the conversion of the Convertible Bonds, the Company needs to pay interests at the pre-set coupon rate with regard to the Convertible Bonds which are not converted to shares. Since the coupon rate of the Convertible Bonds is generally low, the earnings growth as a result of the Company's use of proceeds will exceed the interest paid to Convertible Bonds investors in normal cases, which will not lead to reduction of the Company's overall income. In extreme cases, the Company may face risk of a decline in its after-tax profit and dilution impacts on the current rate of return of the holders of the Company's ordinary shares, if the earnings growth as a result of the Company's use of proceeds is unable to cover the interests paid to Convertible Bonds investors.

After the Convertible Bonds held by the investors are converted to shares in part or in full, the Company's total share capital will increase correspondingly, which will dilute the shareholding of the existing shareholders, the return on equity and the EPS of the Company.

In addition, Conversion Price and downward revision clause has been provided under the Convertible Bonds. Where the clause is triggered, the Company may apply for downward revision of the Conversion Price, which may expand the share capital as a result of the Convertible Bonds conversion and hence increase the potential dilution of the Convertible Bonds conversion on the existing shareholders of the Company.

III. Necessity and Rationality of the Issuance of the Convertible Bonds

Upon conversion, the Convertible Bonds will further replenish the capital base and improve the capital adequacy ratio of the Company, further strengthen the Company's capability to resist risks, consolidate the capital foundation for the sustainable business development of the Company, and contribute to enhancing the core competitiveness of the Company and achieving its strategic goals.

(I) Improving the capital adequacy ratio to meet the regulatory requirements

With the official implementation of the Basel III and the Rules Governing Capital Management of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), the Company is experiencing more stringent capital regulatory requirements in its process of operation. Pursuant to the Circular of the China Banking Regulatory Commission on Issues Concerning the Arrangement in the Transition Period in Implementing the Rules Governing Capital Management of Commercial Banks (Provisional) (Yin Jian Fa [2012]No.57) (《中國銀監會關於實施〈商業銀行資本管理辦法(試行)〉過渡期安排相關事項的通知》(銀監發[2012]57號)), the core tier-one

capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of the domestic commercial banks shall meet the regulatory requirements of 7.5%, 8.5% and 10.5% by the end of the transition period (end of 2018), while those of systematically important commercial banks shall reach 8.5%, 9.5% and 11.5%, respectively. As of 31 December 2018, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of the Company were 8.93%, 9.16% and 11.75%, respectively. With the Company's continued business development and asset expansion, the capital adequacy levels of the Company are expected to drop.

Therefore, the Company still needs to satisfy the regulatory requirements of capital adequacy on an ongoing basis by replenishing its capital through various channels including the issuance of the Convertible Bonds, in addition to its earnings retention. The public issuance of the Convertible Bonds can effectively replenish the Company's core tier-one capital, helping the Company to improve its capital adequacy and lay a solid capital foundation for the Company's sustainable healthy development.

(II) Satisfying the business needs and strengthening the ability to withstand risks

In recent years, the Company has improved its capital adequacy through various channels including internal accumulation, asset and liability management, and external financing, providing strong supports to the Company's business operation and development. However, the Company needs to further replenish its capital due to the continued rapid business development and credit expansion. The Convertible Bonds offered this time, after being converted to shares, can be used to replenish the Company's core tier-one capital, provide sufficient capital support to the Company's business development, and ensure the smooth implementation of the Company's development strategies, which is important to enhance the Company's competitiveness and maintain stable earnings.

At the current level of capital adequacy, the Company possesses some ability to withstand general risks. As one of the major joint-stock commercial banks in China, however, in order to better respond to uncertainties in future development of macro-economy, the Company shall further improve its strength in serving the development of China's economy in the transition period and reinforce its risk resistance ability in response to the rapid changes in the complex international environment and domestic macro-economy, so as to achieve its goal of prudent operation and to better protect the interests of the depositors and investors. In this sense, it is necessary for the Company to further shore up its capital and capital adequacy ratio.

IV. Relationship between the Investment Project Financed by the Proceeds and the Company's Existing Business, and the Company's Reserves for the Financing and Investment Projects in Terms of Personnel, Technology and Market

(I) Relationship between the Investment Project Financed by the Proceeds and the Company's Existing Business

The proceeds from the Public Issuance of the Convertible Bonds will be used to finance the Company's continued and steady business development, which complies with the capital regulatory requirements and the Company's long-term development strategies, helping enhance the Company's business development momentum and risk resistance ability and improve the competitive edge and earnings, so as to provide sufficient credit supports to the development of the real economy and create reasonable and stable investment return for the Company's shareholders.

(II) The Company's Reserves for the Financing and Investment Projects in Terms of Personnel, Technology and Market

The Company's management team has been engaged in the financial and banking business for a long time. It is a prudent and specialized operation and management team, backed by the extensive financial knowledge and work experiences of its members. The Company strives to improve the input and output efficiency of the human resources, and continues to optimize the mechanism of human resource allocation, to ensure the concentration of human resources on key businesses, and to enhance the incentive and restriction mechanisms and the performance management. Furthermore, the Company actively expands the staff's career path by building a talent bank for reserve cadres and professionals at various levels, and a talent bank for its overseas institutions in response to the "Going Global" strategy. The Company also pushes forward delicacy management to consolidate the foundation for human resource management and meet the Company's needs for talents in its pursuit of sustainable development.

V. The Company's Measures for Replenishing the Rate of Return

(I) Operation conditions and development trend of the Company's existing business segments, major risks and improvement measures

1. Operation conditions and development trend of the Company's existing business segments

In 2019, the Company accurately grasped the economic and financial situations in its response to changes in the external business environment and regulatory policies under the correct leadership of the Board. While putting more efforts to the implementation of the Phoenix Project (鳳凰計劃), the Company also accelerated its business structural optimization and adjustment. According to the three major strategic positionings of becoming "a bank for the NSOEs, a fintech-based bank and a bank of comprehensive services", the Company continued to improve the risk management system, enhanced the asset quality management, and promoted the reform and innovation to boost the sustainable and stable development of the Company's business.

2. *Major risks and improvement measures of the Company*

Major risks that the Company faces in its business operation include credit risk, liquidity risk, market risk, operation risk, country risk and reputation risk. The Company manages risks under the philosophy that “risk management creates value”. By adhering to the coordinated development of quality, efficiency and scale, the Company has actively promoted the implementation of the Basel III and the construction of the comprehensive overall risk management system, which has effectively improved its risk management ability, supported its business development and strategic transition, enhanced the Company’s core competitiveness and protected the long-term interests of its employees and clients. In this way, the shareholders’ value is maximized. In face of the significant change in the financial ecosystem, the Company will push forward its reform and transformation to enhance the awareness of risk management and strengthen comprehensive risk management capability. The Bank will fully leverage on its comprehensive strengths and optimise the asset structure with emphasis on their quality. The Company will grasp business opportunities in the future and ensure a healthy and orderly development of the Bank.

(II) Specific measures for improving the Company’s performance

In response to the changes of external environment and the needs of organic growth, the Company has formulated a mid-to-long term development strategy for the next decade and accelerated the promotion of the “Phoenix Project”. According to its mid-to-long term development strategy, the Company aims to become a benchmark bank with distinctive features, increased value and continuous innovation and under the three strategic positionings, namely a bank for the NSOEs, a fintech-based bank and a bank of comprehensive services. The Company will uphold its four main development objectives of “becoming a bank well known for its continuous innovation, pursuit of excellence, global deployment and win-win cooperation” and establish a new four-wheeled business model of financing with capital, intelligence, commerce and internet in order to further expand to new markets.

Under the new strategies and the Phoenix Project, the Company focused on improving its quality and efficiency. The Company put great efforts in enhancing the performance of its three major businesses of direct banking, small business finance and investment banking, further consolidating its three leading businesses of credit cards, financial service platform for supply chain and asset management and strengthening the five major business segments of corporate banking, retail banking, financial market, internet finance and integrated service, aiming to transform itself into a digitalized, light-weighted and integrated benchmark bank. In particular, the Company established an integrated financial system comprising scenarised transaction bank, a customised investment bank and a convenient online bank providing personalized entrepreneur services and integrated wealth management services, which facilitated the Company to pursue higher efficiency in addition to scale expansion during its development. The Company expanded the personal financing and wealth management business and established three special customer groups, including NSOE ecosystem customer group, small business customer group and private banking entrepreneur customer group. The development of digital, online and scenarised

financial services were accelerated. In respect of interbank business, the Company optimized the management of interbank customers and optimized the interbank liabilities structure. In active response to the new regulations on asset management, the Company progressively transformed the product and business models, such as promoting the comprehensive financial service for custody to support the steady development of custody business. In order to grasp the opportunities of transaction business, the Company also made precise research and analysis on the market trend. By making full use of the emerging financial technology, the Company took the initiatives to explore the new development model of internet finance. The Company continued to establish overseas organisations and network steadily. Capitalising on the overseas business platform, the Company strengthened the cross-selling ability and business synergic effects enhance its cross-border financial services. International competitiveness and influence of the Company have been increasing. Besides, the Company enhanced its comprehensive risk management, and established a risk management system to accommodate, guide, promote and protect its business development. The culture of risk management was reformed through refining the duties of the Internal Control and Compliance Department, Legal Affairs Department and Audit Department. The internal control and compliance framework of the Company was also consolidated in line with the risk management measures supporting the strategic business development. The ability of non-performing assets disposal was enhanced. To optimise the allocation of assets, liabilities and financial resources, the Company formulated effective capital strategies, scientific pricing strategies and prudent liquidity strategies, which contributed to the thorough improvement in the utilisation efficiency of financial resources, refined financial accounting, professional financial management and supporting role of the financial platform.

The Company will pay close attention to the opportunities and challenges arising from the changing business environment. Aiming to accomplish the three major tasks to serve the real economy, prevent and mitigate financial risks and promote financial reform, the Company will endeavor to maintain its sound operation, promote reform and transformation, accelerate restructuring, develop new growth momentum for profits and strengthen risk prevention and control to solidify the management foundation for a sustainable and health development.

VI. Commitments of All Directors and Senior Management Personnel

All Directors and senior management personnel of the Company undertake to perform their duties faithfully and diligently, to safeguard the legitimate rights and interests of the Company and all the shareholders. In accordance with the relevant requirements of the China Securities Regulatory Commission, Directors and senior management of the Company have undertaken the following to ensure the concrete implementation of the measures for replenishing the rate of return:

- (I) They will not harm the Company's interests by tunnelling to other units or individuals free of charge or unfairly or in other manners;
- (II) They will act in a diligent and thrifty way, and restrict the position-related consumption strictly in accordance with the relevant stipulations of the State, local government and the Company, so as to eliminate excessive consumption and extravagance and waste;

- (III) They will not use the Company's assets for investment or consumption that are unrelated with the performance of their duties;
- (IV) They will cause the remuneration policies formulated by the Board or the Remuneration Committee to be linked with the implementation of the Company's replenishment measures; and
- (V) They will cause the conditions for exercising the Company's ownership incentives to be linked with the implementation of the Company's replenishment measures, if the Company sets out ownership incentive plan in future.

Report of the Use of Proceeds from the Previous Issuance of China Minsheng Banking Corp., Ltd.

According to the requirement under the Administrative Measures on the Issuance of Securities of Listed Companies (《上市公司證券發行管理辦法》) by the China Securities Regulatory Commission, the use of proceeds from the previous issuance is as follows:

I. Amount and Availability of Proceeds from the Previous Issuance

According to the approvals of Replies of the CBRC on Private Placement of Preference Shares and the Modification of Articles of Association by Minsheng Bank (Yin Jian Fu [2016] No.168) (《中國銀監會關於民生銀行非公開發行優先股及修改公司章程的批覆》(銀監覆[2016]168號)) issued by former China Banking Regulatory Commission and Replies of the China Securities Regulatory Commission on Approving Overseas Offering of Preference Shares by China Minsheng Banking Corp., Ltd. (Zheng Jian Xu Ke [2016] No.2971) (《關於核准中國民生銀行股份有限公司境外發行優先股的批覆》(證監許可[2016]2971號)), the Company issued 71,950,000 shares of offshore preference shares by private placement on 14 December 2016 (the “**Issuance of Preference Shares**”), of which the face value is RMB100 per share and the issuance price is US\$20. Gross proceeds from the Issuance of Preference Shares were US\$1,439,000,000, or RMB9,933,129,200 at the central parity rate of Renminbi exchange rate published by China Foreign Exchange Trade System on 14 December 2016. On 14 December 2016, the proceeds were remitted to the special account opened at the Hong Kong Branch of the Company with account number of 900002165214. The above-mentioned proceeds actually collected include issuance expenses of RMB41,154,507.57. With the issuance expenses deducted, the net proceeds from the Issuance of Preference Shares were RMB9,891,974,692.43. The availability of the proceeds has been examined by KPMG Huazhen LLP which issued the Report on the Capital Verification of Proceeds from Offshore Issuance of Preference Shares by China Minsheng Banking Corp., Ltd. (KPMG Huazhen Yan Zi No. 1700283) (《中國民生銀行股份有限公司境外發行優先股募集資金驗證報告》(畢馬威華振驗字第1700283號)) for purposes of verification and confirmation.

II. Actual Use of Proceeds from the Previous Issuance

Pursuant to the offering circular on the Issuance of Preference Shares, proceeds from the Issuance of Preference Shares, after deducting the issuance expenses, shall be used to replenish other tier-one capital of the Company, subject to the requirements under applicable laws and regulations and approvals from the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and other regulatory bodies. With the proceeds from the Issuance of Preference Shares available, the Company used the net proceeds of RMB9,891,974,692.43 (after deduction of the issuance expenses of RMB41,154,507.57) in the special account to replenish the other tier-one capital. As of 31 December 2018, the use of proceeds from the Issuance of Preference Shares was consistent with that as disclosed in the offering circular. The actual use of the proceeds from the previous issuance can be seen in the “Comparison of the Use of Proceeds from the Previous Issuance” below.

Comparison of the Use of Proceeds from the Previous Issuance

Unit: RMB

Total net proceeds: 9,891,974,692.43
Total proceeds with changes in the use: None
Proportion of the proceeds with changes in the use: None

Proceeds accumulatively used: 9,891,974,692.43
Total proceeds used in the corresponding year/period:
2016: 9,891,974,692.43
2017: —
2018: —

Investment projects	Total investment with the proceeds		Cumulative investment with the proceeds as of the cut-off date						Proportion of actual investment to post-money commitments	Completion of the project by the cut-off date
No.	Investment project committed	Actual investment project	Pre-money commitment	Post-money commitment	Actual investment	Pre-money commitment	Post-money commitment	Actual investment		
1	Replenish other tier-one capital	Replenish other tier-one capital	9,891,974,692.43	9,891,974,692.43	9,891,974,692.43	9,891,974,692.43	9,891,974,692.43	9,891,974,692.43	—	N/A

III. Conclusions

This report has been compiled according to the Rules on the Report of the Use of Previous Proceeds (Zheng Jian Fa Xing Zi [2007] No.500)(《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) issued by the China Securities Regulatory Commission. The Company has compared one by one the actual use of proceeds with that as disclosed in the related regular reports and other disclosure documents published since December 2016. The actual use of proceeds is consistent with the disclosure.

Due to the specialty of the banking business, the proceeds of the Company, once available, was fully used to replenish other tier-one capital of the Company, while the benefits realized cannot be independently accounted. The utilized proceeds has replenished the capital and improved the capital adequacy ratio of the Company.