

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 Shares Stock Code: 04609)

ANNOUNCEMENT REGARDING COMPLETION OF NON-PUBLIC ISSUANCE OF DOMESTIC PREFERENCE SHARES

References are made to the announcement of China Minsheng Banking Corp., Ltd. (the “**Company**”) dated 11 December 2015 in relation to proposed non-public issuance of domestic preference shares, proposed non-public issuance of offshore preference shares and proposed authorization to the Board and its authorized persons to exercise full power to deal with matters relating to the issuance of preference shares and the subsequent announcements in relation to extension of the validity period of the resolutions of the shareholders’ general meeting on the non-public issuance of domestic preference shares of the Company and authorization to the board of directors of the Company (the “**Board**”) and its authorized persons to exercise full power to deal with matters relating to the issuance of preference shares (the “**Announcements**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board is pleased to announce that as of the date of this announcement, the Company has received the proceeds of RMB20,000,000,000 (before deduction of issuance expenses of RMB26,550,000) in total from the subscription of the non-public issuance of domestic preference shares (the “**Issuance of Preference Shares**” or the “**Issuance**”). The related verification authority has issued a verification report in respect of the above proceeds.

I. PLACEEES

The placees of the Issuance of Preference Shares were 16 qualified investors in compliance with the requirements of the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》), the Administrative Measures on Appropriateness of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》) and other laws and regulations. The subscription amount of each placee ranged from RMB100,000,000 to RMB5,000,000,000.

II. TYPE AND MAJOR TERMS OF THE ISSUANCE OF PREFERENCE SHARES

Particular of the proposed Issuance					
1	Nominal value	RMB100 per share	2	Issue price	At par
3	Number of securities issued	200 million shares	4	Scale of issuance	RMB20 billion
5	Was there any accumulation?	No	6	Was there any participation of distribution?	No
7	Was there any adjustment of interest?	Yes	8	Maturity	Perpetual
9	Method of issuance	All preference shares are issued through private placement. The preference shares were issued in one tranche pursuant to the approvals of the banking regulatory authorities under the State Council of the People's Republic of China (the " State Council "), China Securities Regulatory Commission (" CSRC ") and other regulatory authorities and in accordance with the relevant procedures.			
10	Basis of coupon rates determination	<p>The dividend yield of the preference shares under the Issuance shall be adjustable by stage and shall be adjusted every five years. During the interval period, dividend will be paid at a fixed rate. The dividend yield of the preference shares for the first coupon rates adjustment period is determined at 4.38% through book-building process. The coupon rate of the preference shares under the Issuance shall not exceed the annual average of the weighted average return on equity of the Company for the latest two most financial years.</p> <p>The coupon rate contains a base rate plus a fixed premium. The base rate of the first coupon rates adjustment period shall be the average of the yields of five-year PRC treasury bonds for the 20 trading days immediately before the issue day of preference shares (i.e. 15 October 2019) quoted by China Bonds Market News (www.chinabond.com.cn) or other websites approved by China Central Depository & Clearing Co., Ltd. (i.e. 3.00%, rounded off to the nearest 0.01%). The fixed premium is the difference between the dividend yield of 4.38% and the base rate at the time of the issue of 3.00%, i.e. 1.38%. The fixed premium is not adjustable once determined.</p>			

		<p>The base rate will be adjusted at the fifth anniversary of the payment due date of the preference shares (“Re-pricing Date”). The adjusted base rate shall be the mean of the yields of five-year PRC treasury bonds for the 20 trading days immediately before the Re-pricing Date quoted by China Bonds Market News (www.chinabond.com.cn) or other websites approved by China Central Depository & Clearing Co., Ltd. and shall be rounded off to the nearest 0.01%. The new coupon rate after adjustment shall be the adjusted base rate plus the fixed premium. If the yield of five-year PRC treasury bonds is not available at the Re-pricing Date, the Company and the preference shareholders of the Company (the “Preference Shareholders”) shall negotiate the new benchmark rate or the basis of pricing in accordance with the requirements of the regulatory authorities.</p>
11	Conditions of dividend distribution	<p>(1) Prior to the distribution of dividends to holders of ordinary shares of the Company (the “Ordinary Shareholders”), the Company shall distribute dividends to the Preference Shareholders if there are distributable profits after tax after making good losses and the contribution to statutory surplus fund and general provision according to laws, subject to satisfaction of the regulatory requirement regarding capital adequacy.</p> <p>(2) In order to satisfy the regulatory requirements regarding the eligibility criteria of additional tier-1 capital instruments, the Company has the right to cancel the distribution of part or all of the dividends on preference shares. Such cancellation shall not constitute a breach of agreement. The Company shall make its best effort to protect the interests of the Preference Shareholders in respect of dividend distribution.</p> <p>(3) The distribution of dividends shall be neither linked to the Company’s rating, nor be adjusted pursuant to any change thereof.</p> <p>(4) Unless the Company resolves to distribute all of the dividends on preference shares for the current dividend period, the Company shall not distribute any dividends to its Ordinary Shareholders over the same period.</p>

		<p>(5) Decisions on the declaration and payment of all of the dividends on preference shares shall be made by the Board in accordance with the authorization of the shareholders' general meeting. The cancellation of the distribution of part or all of the dividends on preference shares shall be considered and approved by the shareholders' general meeting. Where the Company resolves to cancel the distribution of part or all of the dividends on preference shares, the Company shall inform the Preference Shareholders at least 10 business days prior to dividend payment date in accordance with the requirement of the relevant authorities.</p>
12	Method of dividend payment	<p>Dividends on the preference shares under the Issuance shall be paid in cash annually. The dividends shall start to accrue on the last day for payment of subscription money (18 October 2019). The dividend distribution date shall be the anniversary date of the last day for payment of subscription money. If any dividend distribution date falls on a statutory holiday or day off of China, it shall be postponed to the next trading day and the payable dividends shall bear no interest for such postponement period.</p> <p>Any tax payable on the dividends of preference shares shall be borne by the Preference Shareholders in accordance with the relevant laws and regulations.</p>
13	Transferability	<p>When the conditions for mandatory conversion are met, the outstanding preference shares under the Issuance, subject to regulatory approvals, shall be wholly or partially converted into A ordinary shares.</p> <p>1. Conditions for mandatory conversion</p> <p>(1) If the core equity tier-1 (“CET 1”) capital adequacy ratio of the Company decreases to 5.125% or below, the preference shares under the Issuance shall be wholly or partially converted into A ordinary shares to restore the Company's CET 1 capital adequacy ratio to above 5.125%. In the case of partial conversion, all preference shares under the Issuance shall be converted on a pro rata basis on the same conditions.</p>

		<p>(2) All preference shares under the Issuance shall be converted into A ordinary shares upon the occurrence of the earlier of the following two situations: (i) the banking regulatory authorities under the State Council are of the view that the Company can no longer be viable if the preference shares are not converted; (ii) the relevant authorities are of the view that the Company can no longer be viable without capital injections from the public sector or any support to the same effect.</p> <p>When the above conditions of mandatory conversion are met, the Company shall report the conversion of the preference shares under the Issuance to ordinary shares to the banking regulatory authorities under the State Council for approval, and shall perform disclosure obligations in accordance with the Securities Law of the People’s Republic of China and relevant provisions of the CSRC through preliminary reports, announcements and other channels.</p> <p>2. Basis of conversion amount</p> <p>The number of ordinary shares converted from the preference shares shall be calculated by using the formula: $Q = V/P$.</p> <p>“V” is the aggregate nominal value of the preference shares to be converted; and “P” is the conversion price.</p> <p>If there is a fraction of ordinary share after conversion of the preference shares held by a holder by using the above formula, it shall be dealt with in accordance with the requirements of relevant regulatory authorities.</p> <p>3. Conversion price and adjustment mechanisms</p> <p>(1) Initial conversion price</p> <p>The initial conversion price of the preference shares under the Issuance shall be the average trading price of the A ordinary shares of the Company in 20 trading days preceding the date of the Board resolution announcement on the Issuance of Preference Shares (i.e. RMB8.79 per share).</p>
--	--	--

(2) Adjustment mechanisms of conversion price

Upon the date of the Board's approval of the Issuance of the Preference Shares, whenever the capital of the Company is changed due to the issue of bonus shares, capitalization, issue of new shares at a price lower than the market price or rights issue (other than the issue of new shares upon conversion of convertible instruments issued by the Company), the Company shall adjust the conversion price according to the sequence of occurrence of the above events by using the following formulas:

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

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

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

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

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

		<p>The mandatory conversion price of the preference shares will not be adjusted for the distribution of cash dividends on ordinary shares by the Company.</p> <p>According to the resolutions approved by the annual general meeting for 2017, the second A share class meeting for 2018 and the second H share class meeting for 2018 of the Company, the Company has completed the implementation of the plan of capital reserve capitalization for 2017 in July 2018 in a proportion of two Shares for every 10 shares being held. Based on the aforementioned formulas for adjustments, upon the capital reserve capitalization, the mandatory conversion price of domestic preference shares shall be adjusted to RMB7.33 per share.</p> <p>4. Attribution of dividends on ordinary shares in the year of mandatory conversion</p> <p>Any additional A ordinary shares of the Company resulting from the mandatory conversion of the preference shares under the Issuance shall rank pari passu with the Company's existing A ordinary shares. All Ordinary Shareholders (including any holders of A ordinary shares converted from the preference shares under the Issuance) registered on the share register of the Company on the dividend record date shall be entitled to dividend distributions on ordinary shares for the period and shall equally enjoy all the interests of Ordinary Shareholders.</p>
14	Conditional redemption terms	<p>1. Subject of the right of redemption</p> <p>The Issuance of the Preference Shares provides conditional redemption by the Company but investors are not allowed to sell back their preference shares. Preference Shareholders do not have the right to demand redemption of their preference shares by the Company.</p>

		<p>2. Conditions and timing of redemption</p> <p>The Company is entitled to exercise its redemption right in the following circumstances with prior approval of the banking regulatory authorities under the State Council:</p> <p>(1) Replacing the redeemed preference shares with capital instruments of equal or higher quality while maintaining the Company's profitability;</p> <p>(2) Ensuring a capital level significantly higher than the regulatory capital requirements by the banking regulatory authorities under the State Council following the redemption.</p> <p>Upon the fifth anniversary of the issuance date, being 15 October 2019, the Company may redeem all or part of the preference shares under the Issuance on any dividend distribution dates until all the preference shares have been converted or redeemed. In case of partial redemption, all of the preference shares under the Issuance shall be redeemed on a pro rata basis on the same conditions. The arrangement for the redemption shall be determined by the Board in accordance with the authorization of the shareholders' general meeting.</p> <p>3. Redemption price</p> <p>The preference shares under the Issuance shall be redeemed in cash. The redemption price shall be the nominal value plus any declared but unpaid dividends for the then period.</p>
15	Rating	Pursuant to the Credit Rating Report on the Non-public Issuance of Preference Shares of 2019 of China Minsheng Banking Corp., Ltd. issued by Dagong Global Credit Rating Co., Ltd., the credit rating of the preference shares under the Issuance is AA+, the Company's issuer credit rating is AAA and the Company's rating outlook is "stable".
16	Guarantee	There is no guarantee arrangement in relation to the preference shares under the Issuance.
17	Transferability	The preference shares under the Issuance are not subject to any lock-up period and shall be transferable through the designated trading platform of the Shanghai Stock Exchange.

18	Restriction on and restoration of voting rights	<p>1. Restriction on voting rights</p> <p>Preference Shareholders shall not be entitled to attend shareholders' general meetings and the preference shares held by them shall have no voting rights. However, in the event of any of the following circumstances, the Preference Shareholders shall have the right to attend shareholders' general meetings and to vote, as a different class of shares, on the following matters. Each preference share shall have one voting right provided that the preference shares held by the Company shall have no voting rights:</p> <ul style="list-style-type: none"> (1) amendment to the provisions of the Articles of Association of the Company in relation to the preference shares; (2) decrease in registered capital of the Company by more than 10% on one occasion or otherwise; (3) merger, division, dissolution or change in form of incorporation of the Company; (4) issuance of the preference shares by the Company; (5) other circumstances specified by laws, administrative regulations, departmental rules, any securities regulatory authorities of the listing places of the Company or the Articles of Association of the Company. <p>Any resolutions on the foregoing matters shall be adopted by more than two thirds (2/3) of the voting rights of the Ordinary Shareholders present at the meeting (including the Preference Shareholders whose voting rights have been restored) and by more than two thirds (2/3) of the voting rights of the Preference Shareholders present at the meeting (excluding the Preference Shareholders whose voting rights have been restored).</p>
----	---	--

		<p>2. Restoration of voting rights</p> <p>If there are outstanding preference shares under the Issuance and the Company fails to pay dividends on preference shares for a total of three financial years or for two consecutive financial years, the Preference Shareholders shall have the right to attend shareholders' general meetings and vote with Ordinary Shareholders from the day following the date on which the shareholders' general meeting resolves not to distribute the agreed dividends on preference shares for that year.</p> <p>(1) Restoration of voting rights</p> <p>The number of voting rights to be restored from preference shares shall be calculated by using the following formula: $Q = V/P$. The number of voting rights shall be rounded down to the nearest integer.</p> <p>“V” is the total nominal value of the preference shares for which the voting rights shall be restored; “P” is the average trading price of the A ordinary shares of the Company for the 20 trading days preceding the date of the Board resolution announcement on the Issuance of Preference Shares (i.e. RMB8.79 per share).</p> <p>(2) Adjustment on the implied conversion price upon restoration of voting rights</p> <p>After the Board has resolved to the Issuance of Preference Shares, whenever the capital of the Company is changed due to the issue of bonus shares, capitalization, issue of new shares at a price lower than the market price or rights issue (other than the issue of new shares upon conversion of convertible instruments issued by the Company), the Company shall adjust the implied conversion price upon restoration of voting rights according to the sequence of occurrence of the above events by using the following formulas:</p> <p>For issue of bonus shares or capitalization: $P1 = P0 \times N / (N+n)$;</p> <p>For issue of new shares at a price lower than the market price or rights issue: $P1 = P0 \times (N+k) / (N+n)$; $k = n \times A / M$;</p>
--	--	--

		<p>Where: “P0” is the conversion price effective before adjustment; “N” is the total ordinary share capital of the Company before the issue of bonus shares, capitalization issue, issue of new shares or rights issue; “n” is the number of shares created under the issue of bonus shares, capitalization issue, issue of new shares or rights issue; “A” is the issue price of new shares or rights issue; “M” is the closing price of A ordinary shares on the trading day preceding the date of the announcement (announcement of the terms of valid and irrevocable issue of new shares or rights issue) of the issue of new shares or rights issue; “P1” is the mandatory conversion price effective after adjustment.</p> <p>When the above changes in the Company’s ordinary shares occur, the Company will adjust the implied conversion price upon restoration of voting rights and disclose the relevant information in accordance with the relevant requirements.</p> <p>If there are changes in the share or the interests of holders of shares of the Company that may affect the interests of the Preference Shareholders due to share repurchase, merger, division or other transactions, the Company shall, for the purpose of anti-dilution, adjust the implied conversion price upon restoration of voting rights based on the actual circumstances and in accordance with the principles of fairness, justice, equity and balance of interests of the holders of preference shares under the Issuance and ordinary shares. The adjustment to the implied conversion price and measures shall be determined in accordance with the laws and relevant regulatory requirements.</p> <p>The implied conversion price of the preference shares upon restoration of voting rights will not be adjusted according to the Company’s distribution of cash dividends on ordinary shares.</p> <p>According to the resolutions approved by the annual general meeting for 2017, the second A share class meeting for 2018 and the second H share class meeting for 2018 of the Company, the Company has completed the implementation of the plan of capital reserve capitalization for 2017 in July 2018 in a proportion of two Shares for every 10 shares being held. Based on the aforementioned formulas for adjustments, upon the capital reserve capitalization, the implied conversion price of domestic preference shares shall be adjusted to RMB7.33 per share.</p>
--	--	---

		<p>3. Cancellation of restoration of voting rights</p> <p>The voting rights shall be restored until the date on which all dividends for the preference shares due for the current year are paid.</p>
19	Use of proceeds	Total proceeds from the Issuance amounted to RMB20 billion. In accordance with applicable laws and regulations and the approval by regulatory authorities, including the banking regulatory authorities under the State Council and the CSRC, the proceeds from the Issuance after deduction of issuance expenses, are fully used for replenishment of the additional tier 1 capital of the Company.
20	Explanations on other special terms	Nil

III. COMPLIANCE OF THE PROCESS OF THE ISSUANCE OF PREFERENCE SHARES AND THE PLACEEES

Grandall Law Firm (Beijing), the legal advisor of the Company, is of the view that: the Issuance of the Company has obtained the necessary internal approvals and authorization from the Company and has obtained the approvals from the former China Banking Regulatory Commission and CSRC; the legal documents (including the Subscription Invitations and the Application and Quotation Sheets) prepared and signed in respect of the Issuance are legal and valid; the process of the Issuance has been in compliance with Implementation Rules for the Non-public Issuance of Stocks by Listed Companies (《上市公司非公開發行股票實施細則》) and other applicable requirements and the process of the issuance has been fair and just; and the offering results, including the placees, the coupon rates, the number of preference shares being issued, the allotment results for all placees, are determined by the process of the issuance in a fair and just manner and in compliance with Administrative Measures on the Pilot Program of Preference Shares (《優先股試點管理辦法》). Dealing in the preference shares under the Issuance on the Shanghai Stock Exchange shall be subject to the approval of the Shanghai Stock Exchange.

IV.COMMITMENT BY THE BOARD REGARDING REMEDIAL MEASURES OF THE ISSUANCE

(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 will continue to enhance its innovative management model and expand the coverage and types of application of the strategic management tools. The Company will also promote the development of information technology systems by exploring business models to integrate information technologies, such as internet and big data, into the financial services so as to improve the Company's refined management system.

(4) Continuously enhance comprehensive risk control

The Company will improve 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.

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

Beijing, PRC
25 October 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 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 are Mr. Liu Jipeng, Mr. Li Hancheng, Mr. Xie Zhichun, Mr. Peng Xuefeng, Mr. Liu Ningyu and Mr. Tian Suning.