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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)**

**PROPOSED EXTENSION OF THE VALIDITY PERIOD  
OF THE RESOLUTIONS ON  
THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS,  
THE AUTHORISATION PERIOD TO THE BOARD  
AND ITS AUTHORISED 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 Authorisation to the Board of Directors of the Company (the “**Board**”) and its Authorised 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 Authorisation Period to the Board and its Authorised 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 2018 annual general meeting, the second A share class meeting for 2019 and the second H share class meeting for 2019 of the Company held on 21 June 2019 (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 of the annual general meeting dated 25 May 2017 and 30 April 2019, respectively, of the Company. Unless the context otherwise requires, capitalised 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 AUTHORISATION PERIOD TO THE BOARD AND ITS AUTHORISED 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 authorisation period to the Board and its authorised 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 20th meeting of the seventh session 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 authorisation period to the Board and its authorised persons to exercise full power to deal with matters relating to the Issuance of the Convertible Bonds for twelve months. Details of the resolution are 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’ meeting.

## **2. Authorisation for the Issuance of the Convertible Bonds**

The Board proposes to the Shareholders’ meeting to authorise 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 authorisation shall be twelve months from the date on which the resolution of the Shareholders’ meeting takes effect. Before the expiry of the authorisation, the Board will propose to the Shareholders’ meeting of the Company for approval of a new authorisation, taking into account the actual situation of the Issuance of the Convertible Bonds. The specific terms and scope of the authorisation 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 to the Articles of Association and changes of 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 engagement of intermediary institutions for the Issuance, and, in accordance with the requirements of the regulatory authorities, handling of matters related to the reporting of the Issuance; producing, preparing, modifying, perfecting, signing and submission of all the documents related to the Issuance and the listing; and signing, modifying, supplementing, execution and suspension of 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 engagement of intermediary institutions, etc.), and handling of 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, to take all necessary actions to determine/handle other matters related to the Issuance.

The Board also proposes to the Shareholders' meeting to authorise 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 authorise 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 authorise 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 to 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 to 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 2019, the first A share class meeting for 2020 and the first H share class meeting for 2020 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 authorisation period to the Board and its authorised 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  
30 March 2020

*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.*

# **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 Reorganisation (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 2020.
2. The Company assumes that the Issuance of the Convertible Bonds will be completed by the end of November 2020 and the proceeds of the Issuance will be received in full by then. The timing is chosen 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 time of completion of the Issuance of the Convertible Bonds by the Company.
3. The Company assumes that the proceeds from the Company's Issuance of the Convertible Bonds will be no more than RMB50 billion, without consideration of the impact of the issuance expenses. The proceeds actually generated from the Issuance of the Convertible Bonds will be determined on basis of factors including 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》)<sup>1</sup>, the Company assumes that the minimum initial Conversion Price of the Convertible Bonds is RMB7.81 per Share with 1 March 2020 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 authorisation 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 each of the six years are 0.2%, 0.5%, 1.0%, 1.5%, 1.8% and 2.0%, respectively. The coupon rate is only derived by simulation and does not constitute any forecast of the numerical value of the effective coupon rate. It is assumed that coupon rate of non-convertible bonds in the market is 3.71%.
6. At the moment, the Company has not taken into account 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 2020, the total dividends shall be RMB559 million, calculated at an exchange rate as at the date of the announcement of the proposed dividend distribution of the offshore preference shares for 2019 (US\$1 in exchange for RMB7.0582).

The Company completed the issuance of domestic preference shares of RMB20 billion on 21 October 2019. The dividend rate of the preference shares is 4.38%. Assuming that the dividends of domestic preference shares is paid for a full interest-bearing year of 2020, the total dividends shall be RMB876 million.

<sup>1</sup> 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.

The Company completed the issuance of undated capital bonds of RMB40 billion on 4 June 2019. The coupon rate of the bonds is 4.85%. Assuming that the interest of the capital bonds is paid for a full interest-bearing year of 2020, the total interest of the undated capital bonds shall be RMB1,940 million, without consideration of impacts of policies relating to income tax.

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 2019, 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 2020.
9. The Company assumes no other factors (including profit distribution, mandatory conversion of preference shares) which may cause changes to the ordinary share capital, other than the conversion of the Convertible Bonds to ordinary shares.
10. The earnings per share (the "**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 2019/as at 31 December 2019	For the year of 2019/ as at 31 December 2020	
		Before the issuance of Convertible Bonds	After the issuance of Convertible Bonds
Total ordinary share capital (million shares)	43,782	43,782	43,782
Weighted average ordinary share capital (million shares)	43,782	43,782	43,782
Net profit attributable to the shareholders of the Company (RMB million)	53,819	53,819	53,719
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	53,720	53,720	53,620
Net profit attributable to the ordinary shareholders of the Company (RMB million)	53,261	50,444	50,344
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	53,162	50,345	50,245
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.15	1.15
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.15	1.14
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.15	1.15
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.15	1.14

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/as at 31 December 2019	For the year of 2019/ as at 31 December 2020	
		Before the issuance of Convertible Bonds	After the issuance of Convertible Bonds
Total ordinary share capital (million shares)	43,782	43,782	43,782
Weighted average ordinary share capital (million shares)	43,782	43,782	43,782
Net profit attributable to the shareholders of the Company (RMB million)	53,819	55,434	55,333
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	53,720	55,332	55,232
Net profit attributable to the ordinary shareholders of the Company (RMB million)	53,261	52,059	51,959
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	53,162	51,957	51,857
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.19	1.19
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.19	1.17
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.19	1.18
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.19	1.17

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/as at 31 December 2019	For the year of 2020/ as at 31 December 2020	
		Before the issuance of Convertible Bonds	After the issuance of Convertible Bonds
Total ordinary share capital (million shares)	43,782	43,782	43,782
Weighted average ordinary share capital (million shares)	43,782	43,782	43,782
Net profit attributable to the shareholders of the Company (RMB million)	53,819	57,048	56,948
Net profit attributable to the shareholders of the Company, after non-recurring profit and loss (RMB million)	53,720	56,943	56,843
Net profit attributable to the ordinary shareholders of the Company (RMB million)	53,261	53,674	53,573
Net profit attributable to the ordinary shareholders of the Company, after non-recurring profit and loss (RMB million)	53,162	53,569	53,468
Basic EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.23	1.22
Diluted EPS attributable to the ordinary shareholders of the parent company (RMB)	1.22	1.23	1.21
Basic EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.22	1.22
Diluted EPS attributable to the ordinary shareholders of the parent company, after non-recurring profit and loss (RMB)	1.21	1.22	1.21

### (III) Notes to the measurement

The above assumptions and measurement 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 2020, 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 completed, the number of all the Company's 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 completed.

After the Issuance of the Convertible Bonds is completed 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, the clause of Conversion Price and downward revision 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 for its operation. The core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of local commercial banks in China shall meet the regulatory requirements of 7.5%, 8.5% and 10.5%, respectively, while those of systematically important commercial banks shall reach 8.5%, 9.5% and 11.5%, respectively. As of 31 December 2019, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of the Company were 8.89%, 10.28% and 13.17%, respectively.

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 to be issued this time, after 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 engaged in the financial and banking business for a long time. It is a prudent and specialised 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 optimise 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 nation's "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 2020, the Company accurately grasped the economic and financial situations under the correct leadership of the Board to further improve its corporate governance, organisation, efficiency for reformation. The Company further promoted reform and transformation, accelerated the modification of its business model and put more efforts in operation adjustment. The Company promoted the application of technologies and scalable innovation for higher quality of development and efficiency. The Company actively promoted the three major strategic positionings of becoming "a bank for the non-state-owned enterprises (NSOEs), a fintech-based bank and a bank of comprehensive services". The Company further evolved to become a digitalised, light-capital and comprehensive business benchmark bank for higher quality, yield and efficiency.

#### ***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, reputation risk and country risk. The Company manages risks under the philosophy of "risk management creates value". The Company enhances its risk management through the establishment and improvement of six risk management systems. The Company strengthens the system for risk management of money laundering to safeguard our business development and reformation. Our internal control system will be further improved for better operation of the Internal Control Committee. The joint management of audit, risk management and internal compliance functions was modified to regulate the daily management of audit, risk management and internal compliance. The Company establishes a specific

system for the management of troubled assets to improve the collection and disposal of troubled assets. The internal compliance of subsidiaries is under stringent control to ensure the continuation of compliance.

Facing new opportunities and challenges, the Company will insist on putting risk prevention and control as the top priority. The Company will further enhance its overall comprehensive risk management and promote healthy and orderly development of business from the perspectives of philosophy, mechanism, culture, teams and techniques.

## **(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 continues to implement the Overall Implementation Scheme for Reform and Transformation and the Three-year Development Plan of China Minsheng Bank (2018–2020)(《中國民生銀行改革轉型暨三年發展規劃整體實施方案(2018–2020)》) and the three strategic positioning. The Company will focus on ten major events and 25 important initiatives of reform and transformation to promote changes in business models and management systems. The Company will strengthen the comprehensive and specified management for general improvement in risk management and continuous growth in its corporate value.

During the process of implementation of reform and transformation, the Company adhere to its general overall operation strategies of stabilising growth, increasing efficiency, promoting innovation, enhancing coordination and preventing risks. In order to strengthen its assets business and to expand our liabilities business as well as to improve its intermediary business, the Company further consolidated and strengthened its leading position in direct bank, small business finance, investment banking, credit card, supply chain finance, asset management and other strategic businesses. The Company will evolved into a benchmark bank with unique features focusing on value growth and continuous innovation. In particular, the Company will further explore business opportunities from existing customer base and focus on strategic and ecological medium and small and micro private enterprises. The Company will accelerate its establishment of service system for strategic private enterprises to meet their demands. We will enrich our differentiated customised financial solutions comprising transaction banking, investment banking and financial market agency services. The Company will continue the implementation of the Minsheng project for small and medium enterprises to enhance its comprehensive services through improvement of system platform, service process and introduction of efficient fist products in the areas of settlement, financing and asset management for medium and small enterprises. The Company will further improve its services for small and micro enterprises through business structural adjustment, product innovation, service channel improvement and acceleration of migration of service channel to online platform. The Company will speed up the application of fintech according to the core value and quality to enable the business development of the Bank by new technology. Through the application of fintech, the Company will introduce more customer services and revise its product design process and enhance the provision of financial products and customer service channels. The Company will improve the marketing management and control of sales based on big data through the establishment of online ecosystem and open banking system so that online

marketing and service provision will be more precise. The application of technology can provide strong support to operational reform in retail customer base. We adhere to the operation philosophy of customer-centric (以客戶為中心) to focus on the demands of target customers through the provision of comprehensive products and streamlined service process. The internal management will be streamlined to support the “One Minsheng” Strategy for cross selling and the establishment of a collaboration system.

In the future, the Company will pay close attention to the opportunities and challenges arising from the changing business environment. Aiming to accomplish the three major strategic positioning, the Company will focus on serving the industries involved in supply-side reformation and serving our core customers. The Company will stay firm to the prevention of financial risks by complying with the rules and regulations. Various measures will be adopted to promote the development of the Company in terms of quality, efficiency and growth momentum for better service to the real economy.

## **VI. Commitments of All Directors and Senior Management**

All Directors and senior management 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 followings 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 nation, 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 report of the use of proceeds from the previous issuance is as follows:

### I. Amount and Availability of Proceeds from the Previous Issuance

According to Replies of the China Banking Regulatory Commission 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)) received from the former China Banking Regulatory Commission (the “**former CBRC**”) 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)) received from the China Securities Regulatory Commission (the “**CSRC**”), the Company issued 71,950,000 shares of offshore preference shares by private placement on 14 December 2016 (the “**Issuance of Offshore Preference Shares**”), of which the face value is RMB100 per share and the issuance price is US\$20. Gross proceeds from the Issuance of Offshore 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. With the issuance expenses of RMB41,154,507.57 deducted, the net proceeds from the Issuance of Offshore 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.

According to Replies of the China Banking Regulatory Commission 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)) received from the former CBRC and Replies of the China Securities Regulatory Commission on Approving Non-public Issuance of Preference Shares by China Minsheng Banking Corp. Ltd. (Zheng Jian Xu Ke [2019] No. 1158) (《關於核准中國民生銀行股份有限公司非公開發行優先股的批覆》(證監許可[2019]1158號)) received from the CSRC, the Company issued 200,000,000 shares of domestic preference shares by non-public issuance on 21 October 2019 (the “**Issuance of Domestic Preference Shares**”), of which the face value is RMB100 per share and issued at par value. Gross proceeds from the Issuance of Domestic Preference Shares were RMB20,000,000,000. With the issuance expenses of RMB26,550,000.00 deducted, the net proceeds from the Issuance of Domestic Preference Shares were RMB19,973,450,000.00 in total. The net proceeds and the input tax

amount of VAT of RMB1,502,830.20, which can be used to deduct various expenses from the non-public issuance of Domestic Preference Shares, amounted to RMB19,974,952,830.20, which is recorded in other equity. The availability of the proceeds has been examined by KPMG Huazhen LLP which issued the Report on the Capital Verification of Proceeds from Non-public Issuance of Preference Shares by China Minsheng Banking Corp. Ltd. (KPMG Huazhen Yan Zi No. 1900491) (《中國民生銀行股份有限公司非公開發行優先股募集資金實收情況驗證報告》(畢馬威華振驗字第1900491號)) for purposes of verification and confirmation.

## **II. Actual Use of Proceeds from the Previous Issuance**

Pursuant to the Company's offering circular on the Issuance of Offshore Preference Shares, proceeds from the Company's previous Private Placement of the Issuance of Offshore 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 former CBRC, the CSRC and other regulatory bodies. With the proceeds from the Issuance of Offshore 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 of the Company. As of 31 December 2019, the use of proceeds from the Issuance of Offshore Preference Shares was consistent with that as disclosed in the offering circular. The actual use of proceeds from the previous Private Placement of the Issuance of Offshore Preference Shares can be seen in the "Comparison of the Use of Proceeds from the Previous Issuance" below.

Pursuant to the Company's offering approval on the Issuance of Domestic Preference Shares, proceeds from the Company's previous non-public issuance of the Issuance of Domestic 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 former CBRC, the CSRC and other regulatory bodies. The Company used the proceeds from the Issuance of Domestic Preference Shares of RMB19,974,952,830.20 in total (after deduction of fees payable to sponsors and underwriters and other issuance expenses of RMB26,550,000.00 in total and adding the deductible input tax amount of VAT of RMB1,502,830.20) to replenish the other tier-one capital of the Company. As of 31 December 2019, the use of proceeds from the Issuance of Domestic Preference Shares was consistent with that as undertook during the Issuance of Domestic Preference Shares. The actual use of the proceeds from the previous non-public issuance of the Issuance of Domestic Preference Shares 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

### Comparison of the use of proceeds from non-public issuance of Offshore Preference Shares in 2016

As of 31 December 2019, the use of proceeds from the previous issuance (non-public issuance of Offshore Preference Shares) of the Company is as follows:

*Unit: RMB*

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

Total proceeds accumulatively used: 9,891,974,692.43  
Total proceeds used in the corresponding year/period:  
2016: 9,891,974,692.43  
2017: —  
2018: —  
2019: —

No.	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
	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	—	100%

Note: The total amount of proceeds from the Offshore Preference Shares refers to the net proceeds from the issuance of proceeds actually collected after deducting the issuance expenses

### Comparison of the use of proceeds from non-public issuance of Domestic Preference Shares in 2019

As of 31 December 2019, the use of proceeds from the previous issuance (non-public issuance of Domestic Preference Shares) of the Company is as follows:

*Unit: RMB*

Total proceeds: 19,974,952,830.20  
Total proceeds with changes in the use: None  
Proportion of the proceeds with changes in the use: None

Total proceeds accumulatively used: 19,974,952,830.20  
Total proceeds used in the corresponding year/period:  
2019: 19,974,952,830.20

No.	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
	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	19,974,952,830.20	19,974,952,830.20	19,974,952,830.20	19,974,952,830.20	19,974,952,830.20	19,974,952,830.20	—	100%

Note: The total amount of proceeds from the Domestic Preference Shares refers to the net proceeds from the issuance of proceeds actually collected after deducting the issuance expenses (including VAT) and adding the input tax amount of VAT, which can be used to deducted various expenses from the non-public issuance of Domestic Preference Shares

### III. Conclusions

This report has been compiled according to the Rules of the China Securities Regulatory Commission 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)). 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, once available, were fully used to replenish other tier-one capital, while the benefits realised cannot be independently accounted. The proceeds, once available, have replenished the capital and improved the capital adequacy ratio.