ANNOUNCEMENT ON IMPACTS ON DILUTION OF CURRENT RETURNS OF THE PROPOSED NON-PUBLIC ISSUANCE OF PREFERENCE SHARES AND RELEVANT REMEDIAL MEASURES (REVISED)

References are made to the announcement of China Minsheng Banking Corp., Ltd. (the "Company") with respect to the impacts on dilution of current returns of the proposed non-public issuance of preference shares and relevant remedial measures dated 11 December 2015, the circular regarding the first extraordinary general meeting ("EGM") for 2016 of the Company, the first A share class meeting ("A Share Class Meeting") for 2016 of the Company and the first H share class meeting ("H Share Class Meeting") for 2016 of the Company dated 8 January 2016 and the announcement on relevant poll results dated 1 February 2016. At the 12th extraordinary meeting of the sixth session of the Board of Directors of the Company convened on 11 December 2015, the EGM, A Share Class Meeting and H Share Class Meeting, the Resolution regarding the Impacts on Dilution of Current Returns of the Proposed Non-public Issuance of Preference Shares and Relevant Remedial Measures of China Minsheng Banking Corp., Ltd. was considered and approved. In view of the *Guidelines on the Impacts on Dilution of Current Returns of the Initial Offering and Refinancing and Major Asset Reorganization* issued by China Securities Regulatory Commission on 30 December 2015 (CSRC Notice [2015] No. 31), according to the new regulatory requirements, the Board of Directors of the Company considered and approved the *Proposal regarding the Impacts on Dilution of Current Returns of the Proposed Non-public Issuance of Preference Shares and relevant Remedial Measures (Revised)* of China Minsheng Banking Corp., Ltd. on 29 August 2016. The revised *Impacts on Dilution of Current Returns of the Proposed Non-public Issuance of Preference Shares and relevant Remedial Measures of China Minsheng Banking Corp., Ltd.* is as follows:

In accordance with the *Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market* (Guobanfa [2013] No. 110), *Certain Opinions of the*

General Office of the State Council on Further Promoting the Healthy Development of the Capital Market (Guofa [2014] No. 17) and the *Guidelines on the Impacts on Dilution of Current Returns of the Initial Offering and Refinancing and Major Asset Reorganization* (CSRC Notice [2015] No. 31), in order to protect the interests of small and medium investors, the Company analyzed the impacts on dilution of current returns of such proposed non-public issuance of preference shares and proposed the relevant remedial measures based on the actual circumstances.

I. Analysis on the Impacts on Dilution of Current Returns of such Proposed Non-public Issuance of Preference Shares

Proceeds from such proposed non-public issuance of preference shares will be used for supporting the Company's business development in the future. Upon the receipt, proceeds will be used to replenish the other tier-1 capital of the Company in accordance with the relevant regulatory requirements.

(1) Major Assumptions

1. It is assumed that there is no material and adverse change in the general economic situation, industrial development trend and the Company's operation in 2016.

2. In 2015, the net profit attributable to equity shareholders of the Company was RMB46.111 billion. It is assumed that the net profit attributable to equity shareholders of the Company will be RMB43.805 billion, RMB46.111 billion and RMB48.417 billion, respectively, in 2016. In addition, it is assumed that the non-recurring gains and losses affecting the net profit attributable to equity shareholders of the Company in 2016 will remain unchanged as compared to that of 2015. As such, the net profit attributable to equity shareholders of the Company (after deducting the non-recurring gains and losses) will be RMB43.542 billion, RMB45.848 billion and RMB48.154 billion, respectively, in 2016. The assumption does not constitute a profit forecast of the Company and the investors shall not make any investment decisions based thereon. The Company shall not be responsible for any losses caused from the investment decision so made.

3. It is assumed that the total proceeds from such proposed domestic and overseas non-public issuance of preference shares will be the maximum amount approved by

the *Approval of China Banking Regulatory Commission on Non-public Issuance of Preference Shares and Amendments on the Articles of Association by China Minsheng Banking Corp., Ltd.* (Yin Jian Fu [2016] No.168), i.e. RMB30 billion (without taking account of the effect of listing expenses).

4. It is assumed that the effect on the operating and financial position of the Company from the receipt of proceeds from such proposed non-public issuance of preference shares will not be taken into account.

5. It is assumed that such preference shares will be in issue in the beginning of 2016 and dividends will be paid in full in respect of the full year of 2016 with a dividend rate of 7% (for illustration only and not representing the expected dividend rate of such preference shares of the Company).

6. The anticipated total share capital of the Company is based on the total share capital of 36.485 billion shares immediately before the proposed non-public issuance of preference shares (without taking account of changes resulting from any other factors).

(2) Effects on Major Financial Indicators

In view of the above assumptions, the Company has predicted the effects of the proposed non-public issuance of preference shares on the major financial indicators of the Company, details of which are as follows:

			For the year of 2016/as at 31 December 2016
Item	For the year of 2015/as at 31 December 2015	Immediately before the issuance	Immediately after the issuance
Ordinary share capital (in billion shares)	36.485	36.485	36.485

Preference share capital (in billion shares)	—	—	0.3
Assumption 1: The net profit attributable to equity shareholders of the Company will be RMB43.805 billion in 2016.			
Net profit attributable to equity shareholders of the Company (after deducting the non-recurring gains and losses) (in RMB billion)	45.848	43.542	43.542
Net profit attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses) (in RMB billion)	45.848	43.542	41.442
Basic earnings per share attributable to ordinary equity shareholders	1.29	1.19	1.14

of the Company (after deducting the non-recurring gains and 1.29losses) (RMB/share)			
Diluted earnings per share attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses) (RMB/share)	1.26	1.19	1.14
			For the year of 2016/as at 31 December 2016
Item	For the year of 2015/as at 31 December 2015	Immediately before the issuance	Immediately after the issuance
Assumption 2: The net profit attributable to equity shareholders of the Company will be RMB46.111 billion in 2016.			

Net profit attributable to equity shareholders of the Company (after deducting the non-recurring gains and losses) (in RMB billion)	45.848	45.848	45.848
Net profit attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses)	45.848	45.848	43.748

(in RMB billion)			

Basic earnings per share attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses) (RMB/share)	1.29	1.26	1.20
Diluted earnings per share attributable to ordinary equity shareholders of the Company	1.26	1.26	1.20

(after deducting the non- recurring gains and losses) (RMB/share)			
Assumption 3: The net profit attributable to equity shareholders of the Company will be RMB48.417 billion in 2016.			

Net profit attributable to equity shareholders of the Company (after deducting the non-recurring gains and losses) (in RMB billion)	45.848	48.154	48.154
Net profit attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses)	45.848	48.154	46.054

(in RMB billion)			

Basic earnings per share attributable to ordinary equity shareholders of the Company (after deducting the non- recurring gains and losses)(RMB/share)	1.29	1.32	1.26
Diluted earnings per share attributable to ordinary equity shareholders of the Company	1.26	1.32	1.26

(after deducting the non- recurring gains and losses)(RMB/share)			

Notes:

1. Net profit attributable to ordinary equity shareholders of the Company (after deducting the non-recurring gains and losses) = Net profit attributable to equity shareholders of the Company (after deducting the non-recurring gains and losses) – dividends paid in respect of preference shares for the current period;

2. Basic and diluted earnings per share were calculated in accordance with Rules on Disclosure and Reporting of Information of Public Listing Companies No. 9 – Calculation and Disclosure of ROE and Earnings per Share.

Taking account of the characteristics of the business model of commercial banks, the proceeds from such issuance, if received, will be used in conjunction with the existing capital. As a result, its contribution on the Company's income cannot be measured separately. Based on the above assumptions, it is anticipated that upon the completion of such proposed non-public issuance of preference shares and the increase in the share capital of the Company, the basic earnings per share of the Company in 2016 may decrease as compared with that of 2015.

II. Necessity and Rationality of such Financing

(1) Supporting the effective implementation of the Company's strategies

In face of the new economic normal such as liberalization of interest rate, financial disintermediation and internet finance, and to adopt to the deeply changing financial environment, the Company has accelerated the strategic transformation and reform in addition to adjusting structures of its businesses and incomes. On 8 February 2015, the Company launched the "Phoenix Project". By learning from international leading practices and advanced designs and further focusing on strategies, the Company has reformed and optimized its business model and management system, enhanced its professional and specified management capability and systemically formulated its reform plan and direction.

The Company plans to complete the customer-oriented transformation, promoting its overall growth and the reform of its corporate governance in three years. By strengthening its core competiveness, a brand new Minsheng Bank will be established. The successful implementation of its strategies will be subject to a quality financing.

(2) Supporting a sustainable business development and continuously enhancing the competiveness

Recently, the business scale and revenue of the Company have increased significantly. As of 31 December 2015, the total assets, gross balance of loans and advances (including discounted bills) and total balance of deposits from customers of the Company amounted to RMB4,520,688 million, RMB2,048,048 million and RMB2,732,262 million, respectively, representing a compound annual growth rate of 18.37%, 14.06% and 12.82%, respectively, during the period between 2013 and 2015. From 2013 to 2015, the net profit attributable to equity shareholders of the Company amounted to RMB42.278 billion, RMB44.546 billion and RMB46.111 billion, respectively, representing a compound annual growth rate of 4.43% during the period between 2013 and 2015.

In order to maintain the favourable momentum of a rapid growth, the Company has regarded the capital replenishing plan as a key component in its overall development strategy. By aligning the objectives of its capital management and strategic development and the growth of its assets and capital, a long term and sustainable development of business will be secured.

(3) Complying to more stringent regulatory requirements on capital adequacy

for banking industry

In order to enhance commercial banks' ability to deal with impacts brought by the financial crisis and to increase the risk management, corporate governance and the transparency of disclosure of information, the Basel Accords issued Basel III in December 2010, which tightened the requirements on minimum capital adequacy for the banking industry. In response to the changes in global regulatory trend, China Banking Regulatory Commission tightened the regulatory requirements for the banking industry in the PRC in a timely manner by promulgating the Measures for Administration of Capital of Commercial Banks (Trial Implementation) ("Measures of Administration of Capital") which became effective on 1 January 2013.

The above policy aimed to enhance commercial banks' ability of prudent operating, but also increased the pressure on the capital adequacy of the banking industry in the PRC. The Company was required to meet the requirements on capital adequacy by replenishing its capital.

(4) The non-public issuance of preference shares in line with the capital management plan of the Company

The Company's business scale increased significantly in recent years. However, under strict regulation on capital adequacy, the Company has also faced pressure on its capital adequacy. As at 31 December 2015, the combined capital adequacy ratio and tier-1 capital adequacy ratio of the Company was 11.49% and 9.19%, respectively, and the other tier-1 capital amounted to RMB487 million.

In order to meet the regulatory requirements of Basel III and Measures of Administration of Capital, to optimize the capital structure of the Company and to better serve the real economy, the Company plans to issue preference shares to replenish its tier-1 capital in addition to enhancing its internal capital replenishment. Proceeds from such non-public issuance of preference shares will not exceed RMB30 billion, which will be in line with the capital management plan of the Company.

III. Relationship Between Investments Made by Using Proceeds from such Issuance and the Existing Businesses of the Company, and Employees,

Technologies and Markets Involved in Investments Made by Using Proceeds from such Issuance

The total proceeds raised from such proposed domestic and overseas non-public issuance of preference shares will not exceed RMB30 billion and will be used to replenish the other tier-1 capital of the Company and enhance its capital adequacy in accordance with the applicable laws and regulations and the approval of regulatory authorities such as China Banking Regulatory Commission and China Securities Regulatory Commission. Proceeds raised from such proposed non-public issuance of preference shares can meet the capital requirements of the sustainable and stable development of Company’s businesses and assets, and expand the financing channel of the Company.

The Company highly emphasized on employee training. Trainings of the Company aim to accelerate business innovation and transformation through development based on actual needs. Focusing on professional development of employees, the Company established the “1+3+4” training and management system consisting of 3 training programs and 4 sets of guidelines matching the career development of employees. The system connected the trainings with performance assessment, promotion and annual examination of professional qualifications, and broadened the application of new technologies and systems in training management to promote digitalization and streamline procedures of training management. Cost-efficiency of the Company’s trainings was enhanced significantly.

The Company highly emphasized on the supporting function of information technology on the business development and established a new generation of banking system which is customer-oriented and service targeted. Based on this, the Company has continued to improve its technology and innovation capacities, increased its investments and use of advanced technologies such as cloud computing and big data, optimized the technology management system, strengthened the infrastructures, persisted on safe production, enhanced risk control, focused on key strategic areas, established the intelligence real-time data analyzing capability and actively explored the technological innovation such as block chain and robots. Information technology can not only reduce costs but also become a strategy of promoting the business development of the Company.

The channel network of the Company basically covered all provinces, autonomous regions and municipalities in China. The Company facilitated the transformation of branch development from scale expansion to structure optimization. In line with the customer-oriented operation mode, the Company accelerated transformation of sub-branches, formulated a new manual for the division of outlet functions, and reformed the transaction handling model to promote self-service by customers. The Company further confirmed the development mode of community finance and accelerated the progress for license application of community sub-branches. The Company continued to refine the network of community outlets by conducting classification management based on the types of licenses, and enhanced marketing to increase capacity of the community outlets.

IV. Risk Warning on the Impacts on Dilution of Current Returns of the Proposed Non-public Issuance of Preference Shares

As the holders of preference shares are entitled to receive their profit distribution of the Company prior to the ordinary equity holders at an agreed dividend rate, without taking into account of any return generated from the proceeds raised, the completion of the issuance of preference shares will dilute the net profit attributable to ordinary equity holders of the Company, which will result in a decrease in the earnings per share attributable to the ordinary equity holders of the Company and a risk of dilution of earnings per share. However, upon the receipt of proceeds of such issuance, the capital adequacy of the Company will be further enhanced. Without prejudice to the existing capital management efficiency, the operating income and net profit of the Company will increase, which will have a positive effect on the net profit and earnings per share attributable to ordinary equity holders of the Company.

It is emphasized that investors should be aware of the impacts on dilution of current returns of the proposed non-public issuance of preference shares and should be noted that the measures on recovering immediate dilution to current returns of the Company does not represent a guarantee of the Company in respect of the future earnings. The

Company will continue to disclose the progress of the implementation of the measures on recovering dilution to current returns and the relevant undertakings in periodic reports.

V. Relevant Measures on Recovering Dilution to Returns of the Company

The Company plans to secure the effective use of proceeds from the proposed non-public issuance of preference shares, facilitate the healthy and sound business development of the Company, fully protect the interests of the shareholders, in particular minority shareholders, of the Company, enhance the sustainable growth of the Company, expand the business scale and operational effectiveness, minimize the impact of the immediate dilution of current returns and improve the medium-to-long term returns of shareholders by implementing the following measures:

1. Further strengthen capital management and optimize resources allocation

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

2. Grasp opportunities to support business development

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

3. Deepen management reform and innovation

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

4. Continuously enhance comprehensive risk control

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

VI. Undertakings of the Company's Directors and Senior Management on the Implementation of Relevant Measures on Recovering Dilution to Current Returns of the Company

In order to secure the implementation of the measures on recovering dilution to returns of the Company, the Directors and senior management of the Company signed letters of undertakings and made the following undertakings:

"1. I undertake that I will not transfer any benefits to other entities or persons unconditionally or unfairly nor otherwise make any actions with prejudice to the interests of the Company;

2. I undertake that my expenditures during performing my duties shall be regulated;

3. I undertake that I will not use any assets of the Company for any investment or expenditure which is unrelated to the performance of my duties;

4. I undertake that the remuneration policy formulated by the Board of Directors or the Compensation and Remuneration Committee shall be linked with the implementation of the measures on recovering dilution to returns of the Company;

5. I undertake that the conditions of any proposed share incentive plan of the Company shall be linked with the implementation of the measures on recovering dilution to returns of the Company if the Company carries out subsequently;

6. I undertake that I will make any supplemental undertakings in accordance with the requirements of China Securities Regulatory Commission if the above undertakings are not able to meet any specific requirements of China Securities Regulatory Commission issued in respect of the measures on recovering dilution to returns and related undertakings after the issue date of these undertakings and before the

completion of the non-public issuance of preference shares;

7. I undertake to implement the measures on recovering dilution to returns formulated by the Company and to perform my undertakings made in respect of the measures on recovering dilution to returns. If I violate the above undertakings or refuse to perform such undertakings, I shall perform the corresponding obligations such as making an explanation or apology in accordance with the requirements of the Guidelines on the Impacts on Dilution of Current Returns of the Initial Offering and Refinancing and Major Asset Reorganization, and agree to accept any regulatory actions made by China Securities Regulatory Commission and Shanghai Stock Exchange in accordance with the laws. I undertake to indemnify the Company or investors in respect of any losses incurred in accordance with the laws."

The Board of Directors

China Minsheng Banking Corp., Ltd.

August 29, 2016