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中國民生銀行股份有限公司
CHINA MINSHENG BANKING CORP., LTD.

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

(Stock Code: 01988)

(USD Preference Shares Stock Code: 04609)

**CAPITALISATION SHARES AND
PAYMENT OF DIVIDEND
TAXATION**

**DATE OF DESPATCH OF CHEQUES AND
H SHARE CERTIFICATES**

**ISSUE OF CAPITALISATION SHARES
TO OVERSEAS SHAREHOLDERS**

**APPLICATION FOR THE LISTING OF CAPITALISATION
SHARES AND THE DEALINGS DATE**

References are made to the Circular dated 8 May 2018 and the Poll Results Announcement dated 21 June 2018 of the Company.

Pursuant to the Poll Results Announcement, the Company (1) will distribute Cash Dividend to the H Shareholders whose names appeared on the register of members of the Company on 2 July 2018 (the Record Date) in the amount of RMB0.90 (tax inclusive) for every 10 Shares held. The dividend will be denominated and declared in RMB and will be paid in Hong Kong dollars to the H Shareholders. The actual amount of the H Share Cash Dividend distributed in Hong Kong dollars shall be calculated at the benchmark exchange rate (RMB0.82488 to HKD1.00) published by the PBOC on 21 June 2018 (the date of Meeting on which the distribution of Cash Dividend is declared), being HKD0.10910678 per H Share (tax inclusive); and (2) intends to capitalise the capital reserve from the issue of Shares at premium by issuing Shares to A Shareholders and H Shareholders whose names appeared on the registers as at the record dates in a proportion of 2 Shares for every 10 Shares being held. Based on the number of Shares in issue, being 36,485 million Shares, as at 31 December 2017, the total number of Shares to be issued by capitalisation of the capital reserve will be approximately 7,297 million Shares. The actual number of Shares to be issued by way of capitalisation of the capital reserve shall be calculated based on the total number of Shares registered as at the record dates.

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong and has paid the declared Cash Dividend to the Receiving Agent for their onward payment to H Shareholders. For the H Shareholders investing in Southbound Trading, the Cash Dividend will be paid through the depository and clearing system of China Securities Depository and Clearing Corporation Limited. For the H Shareholders who are not investors of Southbound Trading, the dividend will be paid to the relevant Shareholders by the Receiving Agent on or about Friday, 27 July 2018, and the relevant cheques will be dispatched on the same day to H Shareholders who are entitled to receive such dividend by ordinary post while the risk of the delivery shall be borne by the receivers.

The Company proposes to despatch the H share certificates to the H Shareholders on Friday, 27 July 2018 by ordinary post at their own risk.

According to the register of members of the Company, as at the Latest Practicable Date, there are Shareholders whose addresses are in Australia, Canada, China, the United Kingdom, South Korea, Malaysia, the Philippines, Singapore and the United States. The Company may issue the Capitalisation Shares to those Shareholders.

Dealings in the Capitalisation H Shares are now expected to commence on 30 July 2018.

INTRODUCTION

References are made to the circular of China Minsheng Banking Corp., Ltd. (the “**Company**”) dated 8 May 2018 (the “**Circular**”) and the announcement dated 21 June 2018 of the poll results of the 2017 Annual General Meeting of the Company (the “**Poll Results Announcement**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

Pursuant to the Poll Results Announcement, the Company (1) will distribute Cash Dividend to the H Shareholders whose names appeared on the register of members of the Company on 2 July 2018 (the “**Record Date**”) in the amount of RMB0.90 (tax inclusive) for every 10 Shares held. The dividend will be denominated and declared in RMB and will be paid in Hong Kong dollars to the H Shareholders. The actual amount of the H Share Cash Dividend distributed in Hong Kong dollars shall be calculated at the benchmark exchange rate (RMB0.82488 to HKD1.00) published by the PBOC on 21 June 2018 (the date of Meeting on which the distribution of Cash Dividend is declared), being HKD0.10910678 per H Share (tax inclusive); and (2) intends to capitalise the capital reserve from the issue of Shares at premium by issuing Shares to A Shareholders and H Shareholders whose names appeared on the registers as at the record dates in a proportion of 2 Shares for every 10 Shares being held. Based on the number of Shares in issue, being 36,485 million Shares, as at 31 December 2017, the total number of Shares to be issued by capitalisation of the capital reserve will be approximately 7,297 million Shares. The actual number of Shares to be issued by way of capitalisation of the capital reserve shall be calculated based on the total number of Shares registered as at the record dates.

The Capitalisation H Shares will be issued on a pro rata basis and any fractional Shares (if any) will be rounded down to the nearest whole number. The fractional Shares to be issued under the Capitalisation Issue will not be allotted to the Shareholders, but will be aggregated and sold for the benefits of the Company.

TAXATION

Distribution of Cash Dividend

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the “**EIT Law**”), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations and entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company’s H Share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited, the Company’s H Share registrar, in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No.045 Document (關於國稅發 (1993) 045 號文件廢止後有關個人所得稅徵管問題的通知) (the “**Notice**”) issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H Share register of members of the Company on the Record Date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

Profit Distribution to Investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Company listed on the SSE (the “**Northbound Trading**”), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the competent tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded. The record date of Shares and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the A Shareholders.

Profit Distribution to Investors of Southbound Trading

For investors of the SSE and the Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the “**Southbound Trading**”), the cash dividends will be distributed in RMB. The record date of Shares and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders. Tax Policies are listed below:

- **Shanghai-Hong Kong Stock Connect:** Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No.81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H Shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H Shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.
- **Shenzhen-Hong Kong Stock Connect:** Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shenzhen - Hong Kong Stock Connect, the company of such H Shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for

individual investors. The company of such H Shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shareholders are recommended to consult their tax advisors with respect to the tax impacts in China, Hong Kong and other countries (regions) for holding and dealing with Shares of the Company.

Conversion of Capital Reserve into Share Capital of 2017

Pursuant to the Notice of State Administration of Taxation in relation to the Capitalisation of Capital Reserve and the Levy of Individual Income Tax regarding the Distribution of Bonus Shares of Joint-Stock Enterprises (Guoshuifa [1997] No. 198) (《國家稅務總局關於股份制企業轉增股本和派發紅股徵免個人所得稅的通知》(國稅發[1997]198號)), the increase of share capital of joint-stock enterprises by way of capitalisation of capital reserve does not belong to the distribution of dividends and bonuses. The Shares obtained by individuals from the capitalisation of capital reserve are not treated as individual income, and are exempted from individual income tax. As a result, there will be no levy of PRC taxation in respect of the issue of New H Shares under the Conversion of Capital Reserve into Shares and no relevant taxation will be withheld and paid.

Dealings in the New H Shares will be subject to the payment of stamp duty, the Hong Kong Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong.

Investors and potential investors of the H Shares are recommended by the Company to consult professional tax advisors if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the New H Shares. The Company assumes no responsibility whatsoever for any tax implication or liabilities of the H Shareholders.

DESPATCH OF CHEQUES

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the “**Receiving Agent**”) and has paid the declared Cash Dividend to the Receiving Agent for their onward payment to H Shareholders. For the H Shareholders investing in Southbound Trading, the Cash Dividend will be paid through the depository and clearing system of China Securities Depository and Clearing Corporation Limited. For the H Shareholders who are not investors of Southbound Trading, the dividend will be paid to the relevant Shareholders by the Receiving Agent on or about Friday, 27 July 2018, and the relevant cheques will be dispatched on the same day to H Shareholders who are entitled to receive such dividends by ordinary post while the risk of the delivery shall be borne by the receivers.

DESPATCH OF H SHARE CERTIFICATES

The Board proposes to despatch the share certificates for the H Shares to the H Shareholders on Friday, 27 July 2018 by ordinary post at their own risk. In case of joint shareholdings, the certificates for the H Shares will be posted to the address of the first-named person on the register of members of H Shares in respect of such shares.

CAPITALISATION SHARES ISSUE TO OVERSEAS SHAREHOLDERS

If on the Record Date, the register of members of the Company for H Shares reveals there are overseas Shareholders, an enquiry will be made by the Company regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange. Upon the enquiry, if the Board is of the view that for overseas Shareholders who will not be entitled to the Capitalisation Shares because of the legal restrictions under the laws or statutory regulations of their jurisdiction or the requirements of the stock exchange in that jurisdiction, arrangements will be made for the Capitalisation Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant overseas Shareholders, by ordinary post at their own risk, unless the amount failing to be distributed to any such person is less than HK\$100. In that case, it will be retained for the benefit of the Company.

According to the register of members of the Company, as at the Latest Practicable Date, there are Shareholders whose addresses are in Australia, Canada, China, the United Kingdom, South Korea, Malaysia, the Philippines, Singapore and the United States. The Company may issue the Capitalisation Shares to those Shareholders.

APPLICATION FOR THE LISTING OF CAPITALISATION SHARES AND THE DEALINGS DATE

All necessary arrangements have been made for the Capitalisation H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The Capitalisation A Shares will be listed on the SSE.

Dealings in the Capitalisation H Shares are now expected to commence on 30 July 2018.

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

Beijing, PRC
20 July 2018

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi, Mr. Liang Yutang 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.