

Hong Kong Exchange 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.



華融國際金融控股有限公司

HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION FOR OFFSHORE PREFERENCE SHARES

On 7 December 2016, the Subscriber placed the Order to subscribe for the Offshore Preference Shares, and it was confirmed that the Subscriber has been allocated with the Offshore Preference Shares in the total subscription amount of US\$87,000,000.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF OFFSHORE PREFERENCE SHARES

Date: 7 December 2016

Parties:

1. China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) (as the Issuer)
2. The Subscriber, an indirectly wholly-owned subsidiary of the Company

The Subscription

On 7 December 2016, the Subscriber placed the Order to subscribe for the Offshore Preference Shares, and it was confirmed that the Subscriber has been allocated with the Offshore Preference Shares in the total subscription amount of US\$87,000,000. The Group has funded the total subscription monies under the Subscription from its internal resources.

Principal terms of the Offshore Preference Shares

Issuer:	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) (stock code: 1988)
Category:	Additional Tier 1 Capital non-cumulative perpetual offshore preference shares
Liquidation Preference:	Each Offshore Preference Share will be issued and fully paid in US dollars and is denoted with a paid up value of US\$20.
Maturity:	The Offshore Preference Shares have no maturity date. The Issuer shall not have any obligation to redeem the Offshore Preference Shares and no holder of the Offshore Preference Shares has the right to require the Issuer to redeem such Offshore Preference Shares.
Aggregate issue amount:	An aggregate amount of not more than RMB10 billion, representing an aggregate of not more than 100 million Offshore Preference Shares with a par value of RMB100 each.
Issue price:	100%
Dividend rate:	The dividend rate applicable to the Offshore Preference Shares shall be: <ol style="list-style-type: none">1. in respect of the period from, and including, the Issue Date to, the First Reset Date, 4.95 per cent. per annum; and2. from, and including, each Reset Date falling on and after the First Reset Date, to, but excluding, the immediately following Reset Date, the applicable Reset Dividend Rate, provided that such dividend rate shall not exceed 18.70 per cent. per annum, being the annual average of the Issuer's weighted average return on equity for the two most recent financial years prior to the Issue Date.
Lock-up period:	There will be no lock-up period for the Offshore Preference Shares.

- Ranking of Offshore Preference Shares: The claims of holders of the Offshore Preference Shares upon a liquidation of the Issuer on the assets of the Issuer rank:
1. junior to (a) the Issuer's obligations to depositors, general creditors, holders of subordinated bonds, holders of convertible bonds, holders of tier 2 capital bonds and holders of other tier 2 capital instruments and (b) obligations issued or guaranteed by the Issuer which rank, or are expressed to rank, senior to the Offshore Preference Shares;
 2. pari passu in all respects with other Offshore Preference Shares and with the holders of Parity Obligations; and
 3. in priority to the claims of the holders of the Ordinary Shares.
- Dividend accrual: Each Offshore Preference Share will cease to confer the right to receive any dividend from any due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, dividends will continue to accrue at the applicable dividend rate (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of any Offshore Preference Share are received by or on behalf of the relevant holder and (ii) the day which is seven days after the fiscal agent has notified the holders of the Offshore Preference Shares that it has received all sums due in respect of the Offshore Preference Shares up to such seventh day.
- Conversion: If an Additional Tier 1 Capital Instrument Trigger Event or a Non-viability Trigger Event occurs, the Issuer shall:
1. cancel any dividend in respect of the relevant Loss Absorption Amount that is declared, uncanceled and unpaid; and
 2. irrevocably and compulsorily convert with effect from the Conversion Date all or some only of the Offshore Preference Shares into such number of H Shares as is equal to the relevant Loss Absorption Amount divided by the effective conversion price rounded down to the nearest whole number of H Shares, and any fractional share less than one H Share resulting from the conversions will not be issued and no cash payment or other adjustment will be made in lieu thereof.

Conversion Price: Initially at HK\$7.56 per Offshore Preference Share, to be adjusted under specified situations. Based on the initial conversion price of HK\$7.56 per Offshore Preference Share, the Offshore Preference Shares to be subscribed by the Subscriber is convertible into approximately 89.3 million H Shares.

Governing Law: PRC Law

Listing: Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Offshore Preference Shares.

INFORMATION OF THE ISSUER

The Issuer, is a joint stock company incorporated in the PRC with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1988), and is principally engaged in providing a broad range of corporate and retail banking products and services. It also operates a treasury business.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are independent of and not connected with the Company or any connected persons of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in brokerage and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment holding, provision of management and consultancy services.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The main reasons and benefits for entering into the Subscription are as follows: (i) the Subscription will be complementary to the Group's development strategy; (ii) the Subscription will allow the Group to optimize its investment portfolio and diversify its investment risks; and (iii) the Subscription will generate stable income for the Group.

The Directors consider that the terms of the Subscription are on normal commercial terms which are fair and reasonable and the Subscription is in the best interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Additional Tier 1 Capital”	has the meaning given to it in the Capital Management Rules
“Additional Tier 1 Capital Instrument Trigger Event”	if at any time, the Core Tier 1 Capital Adequacy Ratio of the Issuer has fallen to 5.125% or below
“Board”	the board of Directors
“Capital Management Rules”	the Rules Governing Capital Management of Commercial Banks (Provisional) issued by the CBRC on 7 June 2012, effective on 1 January 2013, as amended from time to time
“CBRC”	China Banking Regulatory Commission
“Company”	Huarong International Financial Holdings Limited (華融國際金融控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 993)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Date”	the day immediately following the Additional Tier 1 Capital Instrument Trigger Event effective date or the Non-viability Trigger Event effective date, as the case may be
“Core Tier 1 Capital Adequacy Ratio”	as at any date has the meaning given to Core Tier 1 Capital Adequacy Ratio (or any equivalent or successor term) in the Capital Management Rules
“Director(s)”	directors of the Company
“Domestic Shares”	the domestic shares of the Issuer
“First Reset Date”	14 December 2021
“Group”	the Company and its subsidiaries
“H Shares”	the ordinary shares of par value RMB1.00 each of the Issuer listed on the Stock Exchange (stock code: 1988) or shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer

“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	7 December 2016
“Issuer”	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a limited liability company incorporated in the PRC, the issued shares of which are listed on the Stock Exchange (stock code: 1988)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loss Absorption Amount”	the aggregate liquidation preference of the Offshore Preference Shares to be converted
“Non-viability Trigger Event”	means the earlier of: (i) the CBRC having decided that without a conversion or write-off of the Issuer’s capital the Issuer would become non-viable; and (ii) the relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
“Offshore Preference Shares”	the non-cumulative perpetual offshore preference shares to be issued by the Issuer
“Order”	the order placed by the Subscriber on 7 December 2016 to the Issuer in relation to the Subscription
“Ordinary Shares”	the H Shares and the Domestic Shares and any other class of ordinary shares of the Issuer from time to time
“Parity Obligations”	any other class of preference shares in the capital of the Issuer from time to time and any other obligations that rank, or are expressed to rank equally, with the Offshore Preference Shares, whether issued in or outside the PRC
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Reset Date”	the First Reset Date and each date that falls five, or a multiple of five, years following the First Reset Date

“Reset Dividend Rate”	in respect of any Reset Period will be the dividend rate per annum (expressed as a percentage) representing the sum of the 5-year U.S. treasury rate in relation to that Reset Period and 3.147 per cent. per annum, as determined by the calculation agent
“Reset Period”	means the period from and including the First Reset Date to but excluding the next succeeding Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beyond Steady Limited (堅越有限公司), company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company
“Subscription”	the subscription for the Offshore Preference Shares by the Subscriber pursuant to the Order
“US\$”	the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, conversion of Hong Kong dollars into US dollars is based on the approximate exchange rate of HKD7.76 to US\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US dollars or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all.

By order of the Board
Huarong International Financial Holdings Limited
Liu Xiaodong
Chairman

Hong Kong, 8 December 2016

As at the date of this announcement, the executive directors of the Company are Mr. Liu Xiaodong, Mr. Huang Rui and Mr. Lai Jinyu, the non-executive director is Mr. Zeng Jianyong, and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Yeung Siu Keung.