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China Minsheng Financial Holding Corporation Limited

中國民生金融控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION: PURCHASE OF BOND-LINKED NOTES

Reference is made to the announcement (the “**Announcement**”) of China Minsheng Financial Holding Corporation Limited (the “**Company**”) dated 21 January 2020 regarding the purchase of bond-linked notes to be issued by the Notes Issuer in the aggregate nominal amount of US\$22,500,000 linked to the Reference Bond issued by the Reference Bond Issuer for a consideration of US\$22,500,000 constituting a discloseable transaction of the Company.

Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Announcement.

This announcement is made to provide supplemental information on the Notes Purchase, among others, including the reasons for the Notes Purchase, the interest amount of the Notes, the Collateral and background and financial standing of the Notes Issuer.

PRINCIPAL TERMS OF THE NOTES

Interest amount

Regarding one of the components to determine the Residual Interest Amount of each Note, “such Specified Denomination’s pro rata share of the relevant interest amount(s) of the Reference Bond Principal Amount that is actually received by or on behalf of the Notes Issuer on the corresponding interest payment date of the Reference Bond” refers to the coupon rate of the Reference Bond (i.e. 7.73% per annum) multiplied by US\$1,000.

If there is no default payment of interests of the Reference Bond, the Series 2020–1 Notes and the Series 2020–2 Notes, (i) the Company is expected to earn an interest rate higher than the coupon rate of the Reference Bond; and (ii) the lowest effective interest rate that the Noteholder will earn is approximately 10.5% per annum.

Comparison between the major terms of the Series 2020-1 Notes and the Series 2020-2 Notes

Save as disclosed in the Announcement, differences in major terms of the Series 2020-1 Notes and the Series 2020-2 Notes are summarised as follows:

Major Terms	Series 2020-1 Notes	the Series 2020-2 Notes (including the Notes)
Interest rates per annum <i>(Assuming there is no default payment of interests in respect of the Reference Bond, the Series 2020-1 Notes and the Series 2020-2 Notes)</i>	Approximately 4.6362% per annum	Approximately 10.5% per annum
Rights of the holders	The holders of the Series 2020-1 Notes may direct the Notes Issuer to exercise any right in respect of the Reference Bond, including, (i) exercising the put right to early redeem the Reference Bond Principal Amount of the Reference Bond upon the occurrence of certain early redemption events, (ii) accelerating payment of the Reference Bond Principal Amount of the Reference Bond following an event of default and making a demand pursuant to the relevant deed of guarantee, and provided that the requisite majority of the holders of the Reference Bond for the exercise of such right is reached, (iii) consenting to amendments to the terms of the Reference Bond and (iv) waiving compliance with undertakings or obligations of the Reference Bond Issuer or the Reference Bond Guarantor.	No such sanction may be given by an extraordinary resolution of the holder of the Series 2020-2 Notes.

COLLATERAL

Pursuant to the terms and conditions of the Series 2020-2 Notes and the Series 2020-1 Notes, (i) the Notes Issuer's obligations in respect of the aggregate amount of the Series 2020-2 Notes (with total issue of aggregated principal amount of US\$80,000,000) and the Series 2020-1 Notes (with total issue of aggregated principal amount of US\$80,000,000) are secured upon the same Collateral (including the Reference Bond Principal Amount); and (ii) as confirmed by PACAM, the Collateral is not applied to secure any other obligations of the Notes Issuer (other than the Series 2020-1 Notes and the Series 2020-2 Notes).

Operating mechanism of the Collateral

Citicorp International Limited is the trustee (the “**Trustee**”) and Citibank, N.A., Hong Kong Branch (organized under the laws of the U.S.A. with limited liability) is the custodian (the “**Custodian**”) of the Notes Issuer in relation to the issue of the Series 2020-1 Notes and Series 2020-2 Notes, in which the Custodian shall agree to hold the Collateral on behalf of and for the benefit of the Notes Issuer.

Pursuant to the terms and conditions of the Notes, (i) at any time after the Trustee is notified in writing of the occurrence of an enforcement event, it may, and among others, if so requested in writing by holders of at least 20% in nominal amount of the Series 2020-1 Notes and the Series 2020-2 Notes then outstanding enforce the Collateral; (ii) in the enforcement of the Collateral, among others, the Trustee may sell, call in, collect and convert the Collateral into money in such manner and on such terms as it shall think fit, and the Trustee may, at its discretion, take possession of all or part of the Collateral over which the Collateral shall have become enforceable; and (iii) upon the Trustee giving an enforcement notice to the Calculation Agent following the occurrence of an enforcement event, the Calculation Agent shall cease to effect any further liquidation of any Collateral and shall take no further action to liquidate any Collateral, save that any transaction entered into in connection with the liquidation on or prior to the effective date of any such enforcement notice shall be settled and the Calculation Agent shall take any steps and actions necessary to settle such transaction and/or which is incidental thereto.

In view of above arrangement, the Company considers the Company's interests in the Notes can be safeguarded.

Purpose of setting up the Bank Account and its operating mechanism

The purpose of setting up the Bank Account is for partial payment of the interests for the benefit of the holders of Series 2020-2 Notes, including the Noteholder.

As of the date of this announcement, US\$438,000 was deducted from the issue price paid by the holders of the Series 2020-2 Notes and maintained in the Bank Account operated by the Custodian. According to PACAM, the deposit in the Bank Account would only be withdrawn for the payment of interests to the holders of Series 2020-2 Notes and in addition, pursuant to the terms and conditions of the Series 2020-2 Notes, the deposit in the Bank Account would be applied in the liquidation of the Collateral.

INFORMATION OF THE NOTES ISSUER, PACAM AND THE REFERENCE BOND ISSUER

The Notes Issuer is held by Walkers Fiduciary Limited, which is a share trustee company. The Notes Issuer is a special purpose company and its sole business is the raising of money by issuing notes or entering into any obligations for the purposes of purchasing assets and entering into related derivatives and other contracts.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) the ultimate beneficial owner of PACAM is Ping An Insurance (Group) Company of China, Ltd. (2318.HK) (“**Ping An**”); and (ii) the ultimate beneficial owner of the Reference Bond Issuer is Mr. Yu Kin Wah, Patrick.

REASONS AND BENEFITS OF THE NOTES PURCHASE

The reasons of not directly invested the Reference Bond by the Noteholder are mainly attributable to (i) the higher potential return upon redemption of the Notes, with interest rate of approximately 10.5% per annum, compared with interest rate of approximately 7.73% per annum of the Reference Bond; and (ii) unavailability of the Reference Bond as it was issued in November 2019.

Similarly, the reason of not directly invested the Series 2020-1 Notes by the Noteholder is mainly attributable to the higher potential return upon redemption of the Notes, with interest rate of approximately 10.5% per annum, compared with interest rate of approximately 4.6362% per annum of the Series 2020-1 Notes.

In assessing the financial standing and credit risk of the Notes Issuer, the Company has considered, inter alia, (i) the historical transaction of the Notes Issuer; (ii) in case of the Notes Issuer defaults in its payment obligations under the Notes, the Company is expected to recover partial or all of its purchase price of the Notes through the enforcement of the Collateral; and (iii) the financial standing of the Reference Bond Guarantor as disclosed in the Announcement. Although the Notes Issuer is a special purpose vehicle without proven financial track record, having considered the above, the Company is of the view that the Notes Purchase is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

By order of the Board
China Minsheng Financial Holding Corporation Limited
Tomohiko Watanabe
Chairman

Hong Kong, 14 February 2020

As at the date of this announcement, the Board comprises (1) Mr. Tomohiko Watanabe, Mr. Ni Xinguang and Ms. Li Wei as executive Directors; (2) Mr. Wang Dongzhi as non-executive Director; and (3) Mr. Wang Yongli, Ms. Zhou Hui and Mr. Dong Hao as independent non-executive Directors.