

Announcement on Changes in Accounting Policies

29 March 2018

Important notice:

- The accounting policies for non-current assets held for sale, disposal groups and discontinued operations became effective on 28 May, 2017, which has no material impacts on the current and previous profit or loss, total assets and net assets of the Company.
- The changes in the accounting policy for government grants became effective on 12 June, 2017, which has no material impacts on the current and previous profit or loss, total assets and net assets of the Company.
- The Company prepared the financial statements for 2017 in accordance with the new requirements on the format of financial statements, and adjusted the presentation of its comparative financial statements by applying retrospective application method, which has no material impacts on the current and previous profit or loss, total assets and net assets of the Company.

1. Summary of Changes in Accounting Policies

In 2017, the Ministry of Finance of the People's Republic of China (the "MOF") issued the "Accounting Standard for Business Enterprises No.42 — Non-Current Assets Held for Sale, Disposal Groups and Discontinued Operations" and the "Notice on the Changes in Format of Financial Statements of General Business Enterprises" (Cai Kuai [2017] No.30) and revised the "Accounting Standard for Business Enterprises No.16 — Government Grants". The Company adopted the above-mentioned standards and requirements for the preparation of its financial statements for 2017. The above-mentioned changes in accounting policies and their impacts are disclosed in Note 4.30 - Major Changes in Accounting Policy of the 2017 financial statements of the Company.

The Proposal of the Changes in Accounting Policies in 2017 was considered and approved at the 7th Meeting of the 7th Session of the Board of Directors of the Company and the 6th Meeting of the 7th Session of the Supervisory Board of the Company on 29 March 2018, respectively, pursuant to which the changes in accounting policies in accordance with the above-mentioned standards were approved. The changes in accounting policies are not subject to the consideration at shareholders' general meeting of the Company.

2. Details of the Changes in Accounting Policies and its Impacts on the Company

(1) Adoption of accounting standard of non-current assets held for sale, disposal groups and discontinued operations

In April 2017, the MOF issued the “Accounting Standard for Business Enterprises No.42 — Non-Current Assets Held for Sale, Disposal Groups and Discontinued Operations” to specify the classification, measurement and recognition of non-current assets held for sale and disposal groups and the recognition of discontinued operations. The standard became effective on 28 May 2017 and are subject to prospective application method. Adoption of the standard has no material impacts on the current and previous profit or loss, total assets and net assets of the Company.

(2) Changes in accounting policies in respect of government grants

In May 2017, the MOF revised the “Accounting Standard for Business Enterprises No.16 — Government Grants” and stipulated that government grants related to assets can offset the carrying amount of such assets; for government grants related to income, those related to the daily activities of enterprises can be included in other income or offset relevant cost based on the nature of business. The standard became effective on 12 June 2017. According to the provisions for the transitional period, enterprises’ government grants existed on 1 January 2017 are subject to prospective application method and the new government grants received between 1 January 2017 and the date of implementation will be adjusted pursuant to this standard. The changes in this standard has no material impacts on the current and previous profit or loss, total assets and net assets of the Company.

(3) Changes in format of financial statements

In December 2017, the MOF issued the “Notice on the Changes in Format of Financial Statements of General Business Enterprises” (Cai Kuai [2017] No.30) and financial institutions are required to make adjustment accordingly. The Company has adopted the requirements in such notice for the preparation of its financial statements for 2017, and has adjusted the presentation of its comparative financial statements by applying retrospective application method. The requirements of the “Notice on the Changes in Format of Financial Statements of General Business Enterprises” have no material impacts on the current and previous profit or loss, total assets and net assets of the Company.

3. Conclusion of Independent Directors, Supervisory Board and Accounting Firm

The Independent Directors and the Supervisory Board of the Company have agreed the changes in accounting policies of the Company and are of the view that the changes are reasonably made based on the relevant documents stipulated by the MOF. The changes conform to the relevant requirements of the MOF, China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory authorities, reflecting the Company’s financial conditions and operating results in an objective and fair manner and in line with the interests of the Company and its shareholders. The procedures for the consideration of the changes in

accounting policies are in compliance with the relevant laws and regulations and the Articles of Association of the Company. The accounting firm issued a special report on the changes in accounting policies.

4. Documents for Reference

- (I) Resolutions of the 7th Meeting of the 7th Session of Board of Directors of the Company
- (II) Resolutions of the 6th Meeting of the 7th Session of Supervisory Board of the Company
- (III) Independent Directors' Opinions
- (IV) Specific Report on the Changes in Accounting Policies issued by the accounting firms

Board of Directors
China Minsheng Banking Corporation Limited