
OUR HISTORY, RESTRUCTURING AND OPERATIONAL REFORM

OUR HISTORY

We are the first regional joint stock commercial bank established through the merger and reorganization of city commercial banks and urban credit cooperatives with the approval of the CBRC. According to the Notice of the State Council on Establishing City Cooperatives Banks, with the approvals of Anhui branch of the PBOC, the PBOC, and Anhui Economic Reform Committee, we were established through the merger of 31 urban credit cooperatives in Hefei, Anhui on April 4, 1997 under the name Hefei City United Bank. The shareholders of these 31 urban credit cooperatives, together with ten other investors, including Hefei Municipal Bureau of Finance, are our promoters and founding shareholders. We had a registered capital of RMB268 million upon establishment.

Because city cooperative banks are joint stock banks and not cooperative enterprises, the PBOC and the SAIC jointly issued a circular in 1998 requiring all existing city cooperative banks in the nation that had already started operation to be renamed as “city commercial banks.” Accordingly, we changed our name to Hefei City Commercial Bank Corporation Limited.

In 2003, we issued bonus shares to our then existing shareholders on a basis of 1.5 bonus shares for every ten existing shares. In addition, we issued 191,800,000 new shares at a price of RMB1.18 per share to 15 investors (including Hefei Xingtai Investment Holding Co. Ltd., our then existing shareholder), to replenish our capital and further expand our business scale. We completed the registration of changes with the Industrial and Commerce Bureau in September 2003 and increased our registered capital to RMB500 million.

In 2005, in order to expand the business coverage and asset size of city commercial banks in Anhui province, enhance their core competitiveness and overall risk resistance capability, and provide better financial services for the development of the local economy, SMEs and private company economy, we changed our name to Huishang Bank Corporation Limited and merged with five city commercial banks and seven city credit cooperatives in Anhui Province after obtaining approval from the general office of the CBRC and the CBRC Anhui Office. The aforementioned city commercial banks or city credit cooperatives include Wuhu City Commercial Bank, Ma’anshan City Commercial Bank, Anqing City Commercial Bank, Huaibei City Commercial Bank, Bengbu City Commercial Bank, Lu’an City Credit Cooperative, Huainan City Credit Cooperative, Tongling City Credit Cooperative, Fuyang Yinhe City Credit Cooperative, Fuyang Technology City Credit Cooperative, Fuyang Xinying City Credit Cooperative and Fuyang Jinda City Credit Cooperative. We obtained the changed business license for enterprise legal person on December 28, 2005, and we opened for business on January 1, 2006. After this merger, our registered capital was increased to RMB2.5 billion.

In 2007, we issued bonus shares to our then existing shareholders on the basis of 0.5 bonus share for every ten existing shares and increased our share capital by RMB121 million. In addition, we issued 630 million new shares at a price of RMB1.09 per share through private placement to five investors (including Anhui Energy Group Co. Ltd., our then existing shareholder) to replenish our capital and further expand our business scale. We completed the registration of these changes with the Industrial and Commerce Bureau in July 2008, and increased our registered capital to RMB3.175 billion after deducting RMB 76 million which had been collected from the employees of the Bank but was not approved by the CBRC Anhui Office.

In 2008, in order to replenish our capital and further expand our business scale, and in response to the strategic decision of Anhui Provincial Government to develop the business of the city commercial banks in Anhui Province, we issued 5 billion new shares at a price of RMB1.35 per share

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to 25 investors, including Anhui Energy Group Co. Ltd. and Zhongjing Sihai Industry Co. Ltd. and some other then existing shareholders. We completed the registration of the aforementioned changes with the Industrial and Commerce Bureau in December 2008 and increased our registered capital to RMB8.175 billion.

We have grown rapidly after the aforementioned capital increases. According to the policy of the State Council which allows domestic city commercial banks to open branches in various regions upon obtaining the approval from the CBRC, we expanded our operations to Nanjing, Jiangsu Province in 2009, where we opened our first branch outside Anhui Province. Since then, we have opened five sub-branches in the city. As of June 30, 2013, we have a total of 199 outlets in 16 major cities in Anhui Province and in Nanjing, Jiangsu Province.

Since 2010, we began to optimize our business structure and accelerated our business transformation. While maintaining the success and competitiveness of our traditional business segments, we explored new business segments such as investment banking, trade financing, electronic banking and wealth management, and actively developed our SME business and retail business, and established a capital-efficient model for business development, thus gradually increased the proportion of non-interest income in our operating income.

In September 2011, we submitted an application to the CSRC for the listing of our A shares on the Shanghai Stock Exchange. In September 2013, we made a submission to the CSRC to suspend the application process for the listing of our A shares and the CSRC has approved the suspension in September 2013. In addition, unless otherwise specified in the Articles, we will obtain approval of shareholders (including holders of our H Shares) in a general meeting if the Board considers it appropriate to resume the application process with the CSRC in the future.

In June 2013, we established Jinzhai Huiyin Rural Bank Co. Ltd. as one of seven investors. We invested RMB32.8 million for a 41% equity interest and are the largest shareholder. For information on the other six investors and their respective shareholding, see “—Shareholding Structure Prior to the Global Offering.” Three shareholders of this rural bank, namely, Anhui Kinan Stainless Steel Casting Co. Ltd., Anhui Heyi Food Co. Ltd., and Guan Houlong, which hold in aggregate 29% of its equity interest, have agreed that they will vote in the same way as us in all major decision makings involving the financial and operating policies of this rural bank. Therefore, this rural bank is deemed to be controlled by us and is our subsidiary. The businesses permitted to be operated by this rural bank include but are not limited to accepting deposits from the general public, making loans, providing settlement service within China, bills acceptance and discounting, bank cards business, interbank lending, acting as an agent for issuing, settling and underwriting government bonds, and acting as an agent for payments and receipt of payments and insurance agency business. This rural bank commenced its operation on June 28, 2013.

As of December 31, 2012, we had total assets of RMB324.2 billion, total loans of RMB163.8 billion and total deposits of RMB239.5 billion, each ranking No. 1 among city commercial banks in Central China by total assets, loans and deposits; we were also the No. 4 city commercial bank in China by total loans and total deposits.

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BUSINESS MILESTONES

Our key business milestones include the following:

- 2005 Adhering to our objectives of providing better financial services for the development of SMEs and private company economy in Anhui since our inception in 1997, we set up the small business banking service department to spearhead efforts to expand SME loan business.
- 2007 We officially launched our online banking services.
Our annual trading volume in inter-bank bond market business exceeded RMB 1 trillion.
Our total assets exceeded RMB 100 billion.
- 2008 Our deposit balances exceeded RMB 100 billion.
We were licensed to underwrite debt financing instruments for non-financial enterprises.
- 2009 We developed a comprehensive service network covering major hub cities in Anhui.
We opened Nanjing branch, our first branch outside Anhui Province, which marks a significant breakthrough in our cross-region development.
We established Chery Motor Finance Service Co. Ltd. with Chery Automobile Co., Ltd. We invested RMB 100 million for a 20% equity interest.
We issued our first personal credit card, Huishang Bank Business Card.
- 2010 We invested RMB 40 million for a 40% equity interest in Wuwei Huiyin County Bank Co. Ltd., as a promoter of this company.
Our total assets exceeded RMB 200 billion and loan balances exceeded RMB 100 billion.
- 2011 We issued a 15-year subordinated bond of RMB 4 billion in national inter-bank bond market for the first time.
Our deposit balances exceeded RMB 200 billion.
We obtained approval from the CBRC for issuance of credit cards to the public.
- 2012 We obtained qualifications for conducting derivatives trading business.
We obtained qualifications for providing RMB Cross-border Trading Settlement services.
Our total assets exceeded RMB 300 billion.
Transaction volume via electronic banking exceeded RMB 1 trillion and the number of customers who have signed up to use our electronic banking service surpassed 1.50 million.
- 2013 We issued 3-year financial bonds specialized for SMEs in the amount of RMB 2.8 billion and 5-year financial bonds specialized for SMEs in the amount of RMB 2.2 billion in national inter-bank bond market.
We established Jinzhai Huiyin Rural Bank Co. Ltd. as one of the seven investors. We invested RMB 32.8 million for a 41% equity interests and are its largest shareholder. Three shareholders of this rural bank, namely, Anhui Kinan Stainless Steel Casting Co. Ltd., Anhui Heyi Food Co. Ltd., and Guan Houlong, which hold in aggregate 29% of its equity interest, have agreed to vote in the same way as us in respect of all major decisions involving the financial and operating policies of this rural bank. Therefore, this rural bank is deemed to be controlled by us and is our subsidiary.

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OUR SHAREHOLDING AND GROUP STRUCTURE

As of June 30, 2013, we had 16,324 shareholders, including 321 corporate shareholders holding 97.22% of our shares and 16,003 individual shareholders holding 2.78% of our shares. No single shareholder holds 10% or more of our shares.

The shareholding percentages of our corporate shareholders range from 0.00001% to 9.99%. We are unable to verify the ownership of 95 corporate shareholders holding in aggregate 0.56% of our shares as of June 30, 2013.

As of June 30, 2013, the shareholding percentages of our individual shareholders range from 0.0000003% to 0.006%. We are unable to verify the ownership of 810 individual shareholders holding in aggregate 0.05% of our shares as of June 30, 2013. See “Risk Factors—Risks Relating to Our Business—We have certain shareholders that we have been unable to contact and register as of the Latest Practicable Date, which may lead to potential disputes” for the risks associated with this.

Prior to the Global Offering, our top ten shareholders, all of which are corporate shareholders, hold in aggregate approximately 55.55% of our shares. The following table sets out the shareholding of our top ten shareholders as of June 30, 2013:

<u>Shareholders</u>	<u>Approximately Shareholding held</u>	<u>Nature</u>
1. Anhui Energy Group Company Ltd.	9.99%	State-owned
2. Anhui Credit Guaranty Group Company Ltd.	9.81%	State-owned
3. Anhui Guoyuan Holding (Group) Company Ltd. ⁽¹⁾	8.42%	State-owned
4. Anhui Highway Holding Group Company Ltd.	6.12%	State-owned
5. Zhongjing Sihai Company Ltd.	5.44%	Non state-owned
6. Hefei Xingtai Holding Group Co. Ltd.	4.46%	State-owned
7. Wuhu Construction Investment Co. Ltd.	3.47%	State-owned
8. CCB Trust Co. Ltd.	2.76%	State-owned
9. Tongling Non-ferrous Group Holding Co. Ltd.	2.58%	State-owned
10. Xiuning Xinhua Assets Management Co. Ltd.	2.50%	Non state-owned
Total	55.55%	

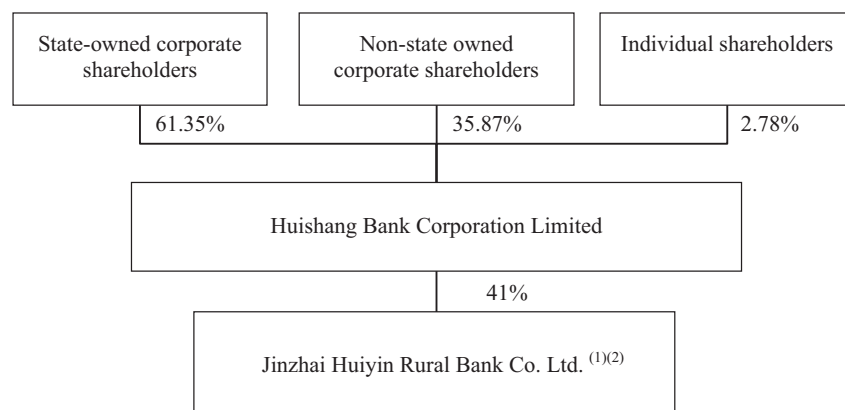
Note:

(1) The shareholding of Anhui Guoyuan Holding (Group) Company Ltd. does not take into account the shares of the Bank held by Anhui Guoyuan Ma’anshan Asset Management Company Ltd., Anhui Guoyuan Trust Company Ltd., and Guoyuan Securities Company Ltd., representing 0.0043%, 0.42% and 1.42%, respectively, of the total issued shares of the Bank as of June 30, 2013. Anhui Guoyuan Ma’anshan Asset Management Company Ltd., Anhui Guoyuan Trust Company Ltd. and Guoyuan Securities Company Ltd. are the subsidiaries of Anhui Guoyuan Holding (Group) Company Ltd.

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Shareholding Structure Prior to the Global Offering

The following chart sets out our shareholding immediately prior to the Global Offering:



Notes:

(1) The other six shareholders of Jinzhai Huiyin Rural Bank Co. Ltd. and their respective shareholding percentages are as follows:

<u>Shareholders other than us</u>	<u>Shareholding Percentage</u>
Anhui Guoyuan Investment Co. Ltd.	10%
Anhui Jinan Stainless Steel Casting Co. Ltd.	10%
Anhui Heyi Food Co. Ltd.	9%
Shi Chunxia	10%
Zhang Huai'an	10%
Guan Houlong	10%

As of June 30, 2013, none of the shareholders of Jinzhai Huiyin Rural Bank Co., Ltd. above held any of our shares, and other than Anhui Guoyuan Investment Co., Ltd., which is a subsidiary of Anhui Guoyuan Holding (Group) Company Ltd., one of our shareholders, none of the other five shareholders above are related to us other than being shareholders of Jinzhai Huiyin Rural Bank Co. Ltd.

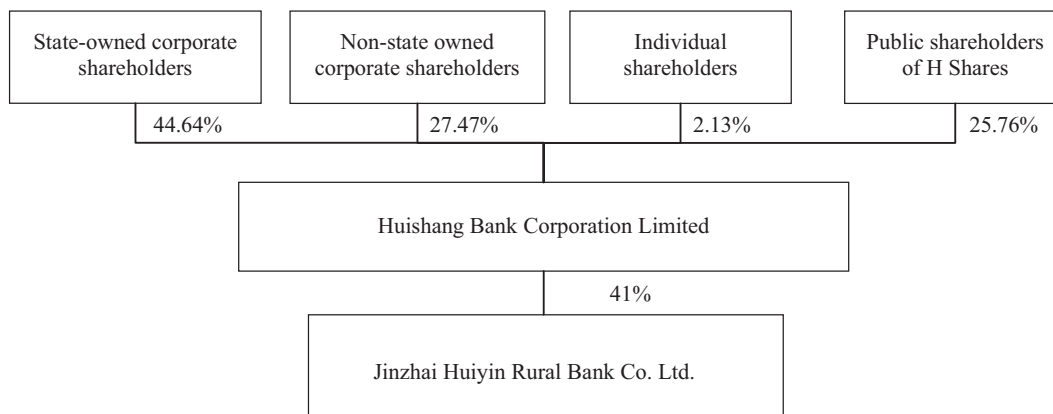
Three shareholders of this rural bank, namely, Anhui Jinan Stainless Steel Casting Co. Ltd., Anhui Heyi Food Co. Ltd., and Guan Houlong, which hold in aggregate 29% of its equity interest, have agreed to vote in the same way as us in respect of all major decision involving the financial and operating policies of this rural bank. Therefore, this rural bank is deemed to be controlled by us and is our subsidiary.

(2) Three shareholders of Jinzhai Huiyin Rural Bank Co. Ltd., namely, Anhui Jinan Stainless Steel Casting Co. Ltd., Anhui Heyi Food Co. Ltd., and Guan Houlong, which hold in aggregate 29% of its equity interest, have agreed to vote in the same way as us in respect of all major decisions involving the financial and operating policies of this rural bank. Therefore, this rural bank is deemed to be controlled by us and our subsidiary.

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Shareholding Structure Immediately Following the Completion of the Global Offering

The following chart sets out our shareholding structure immediately following completion of the Global Offering (assuming no exercise of the Over-allotment Option):



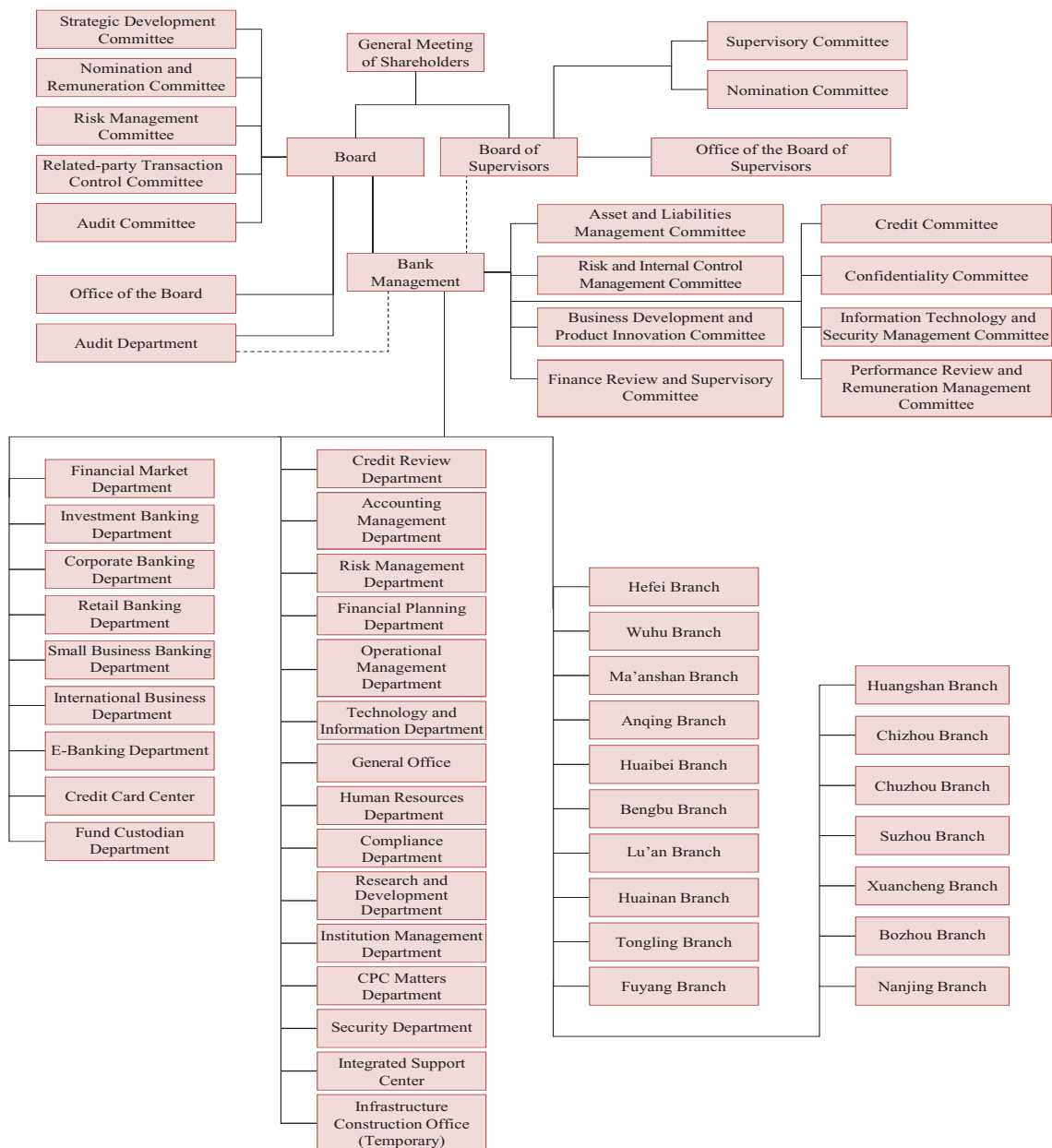
OUR ORGANIZATIONAL AND MANAGEMENT STRUCTURE

We have implemented a series of initiatives to optimize our management workflow and improve our internal control, including:

- establishing a modern corporate governance structure;
- establishing comprehensive risk management and internal control systems;
- channeling operational resources from traditional businesses to strategic businesses, emerging businesses, and fees and commissions businesses;
- implementing a comprehensive reform on capital and financial management;
- enhancing the utilization of information technology;
- promoting the development of integrated one-step banking services; and
- promoting human resources development.

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The following chart sets forth our principal organizational and management structure as at the Latest Practicable Date:



Establishing A Modern Corporate Governance Structure

We have established a modern corporate governance structure in line with the requirements of our Articles of Association, PRC laws and regulations and the Listing Rules. Our Board is accountable to our shareholders in general and is responsible for, among others, determining our business and development strategy, business plans and investment proposals, appointing or removing senior management such as our president, vice president and secretary to the Board, and deciding on matters such as the establishment of our internal management bodies. Our Board has established a number of committees to perform specified functions consisting of the strategic development committee, the nomination and remuneration committee, the risk management committee, the related-party transaction

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control committee and the audit committee. Our Board of Supervisors is accountable to our shareholders in general and has the responsibility and power to supervise our Board and senior management and inspect our financial activities, risk management and internal control.