
OUR HISTORY AND OPERATIONAL REFORM

OUR HISTORY

At an inauguration meeting held on 16 January 1997, our Bank was promoted and established jointly by the shareholders of Harbin Urban Credit Cooperatives Union (哈爾濱城市信用合作社聯社), 53 urban credit cooperatives in Harbin and Harbin Economic Development. Harbin Economic Development contributed RMB60,000,000 in cash and other promoters contributed certain net assets. Our registered capital was RMB221,932,900. Upon our establishment, Harbin Economic Development, 153 corporate shareholders and 4,756 individual shareholders of the 53 former urban credit cooperatives and the former Harbin Urban Credit Cooperatives Union held 27%, 49% and 24% equity interests in our Bank, respectively. In February 1997, our Bank was issued its financial licence by the PBOC to engage in financial business. On 25 July 1997, our Bank obtained its business licence as an incorporated entity. On establishment, our Bank was named as Harbin Urban Cooperative Bank (哈爾濱城市合作銀行), and was subsequently renamed Harbin Commercial Bank Co., Ltd. (哈爾濱市商業銀行股份有限公司) on 30 April 1998 and then renamed Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司) on 18 December 2007.

From 2000 to 2001, our Bank merged with a credit cooperative, received capital contributions from seven corporate investors, acquired the share capital of the securities trading outlet of another credit cooperative and carried out capital verification and share conversions in respect of the assets which were contributed. Since then, the registered capital of our Bank has been increased as a result of various capital contributions from new investors, capitalisation of undistributed profits and capitalisation of surplus reserve. Our registered capital has been increased to RMB8,246,899,553 from RMB221,932,900 upon establishment. As of the Latest Practicable Date, our Bank had issued a total of 8,246,899,553 shares with a nominal value of RMB1.00 each. The changes in our registered capital and our shareholders are summarised below:

2000-2001 Our registered capital was increased by RMB126,008,800 through the merger with a credit cooperative, the capital contribution from seven corporate shareholders and acquisition of the share capital of a securities trading outlet of another credit cooperative and was subsequently decreased by RMB3,116,400 as a result of a share clearance and revocation of a sub-branch.

Our registered capital was decreased by RMB136,601,900 as a result of share conversion.

Our registered capital was RMB208,223,400 after the abovementioned changes to our registered capital.

2003 Our registered capital was increased to RMB225,137,400 due to a capital injection by Harbin Economic Development using business tax paid by our Bank as refunded and approved by Harbin Municipal Finance Bureau.

Our registered capital was increased to RMB550,341,700 due to an additional capital injection from eight corporate shareholders for a total amount of RMB325,204,300.

2005 Our registered capital was increased to RMB572,321,945 due to a capitalisation of surplus reserves in the amount of RMB21,980,245.

2007 Harbin Economic Development together with six other corporate and institutional shareholders increased their capital contributions by RMB1,043,318,800. As a result, our registered capital was increased to RMB1,615,640,745.

2009 Our registered capital was increased to RMB2,100,333,042 due to a capitalisation of undistributed profits of RMB484,692,297.

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- 2011 Our registered capital was increased to RMB5,187,822,991 due to a capitalisation of undistributed profits of RMB1,890,299,916 and a placing of new shares of RMB1,197,190,033 to then existing shareholders of our Bank.
- Our registered capital was increased by RMB1,000,000,000 to RMB6,187,822,991 due to a placing of new shares to then existing shareholders of our Bank.
- 2012 Our registered capital was increased to RMB7,560,198,243 due to a capital injection of RMB980,000,000 by ten corporate shareholders and a capitalisation of undistributed profits of RMB392,375,252.
- 2013 Our registered capital was increased to RMB8,246,899,553 due to a capitalisation of undistributed profits of RMB686,701,310.

KEY MILESTONES IN OUR BUSINESS

From our establishment to 31 January 2014, our Bank had established 15 branches across Harbin, Shuangyashan, Dalian, Tianjin, Jixi, Chengdu, Hegang, Shenyang, Suihua, Daqing, Chongqing, Mudanjiang, Qitaihe, Jiamusi and Qiqihar, under which there are 245 sub-branches. From 2009 to 31 January 2014, our Bank had initiated the establishment of 24 Village and Township Banks in Heilongjiang, Gansu, Beijing, Jilin, Guangdong, Chongqing, Sichuan, Henan, Jiangxi, Hunan, Jiangsu, Hubei, Hainan and Hebei. Key milestones in our business development are set out below:

- 1997 Obtained our financial licence.
- 2000 Launched our “Smart Card (一卡通)” service.
- 2001 Launched our microcredit business.⁽¹⁾
- 2002 Launched our foreign exchange business.
- 2003 Became a primary dealer in the PBOC open market.
- 2005 Launched a rural financial service.
- 2007 Launched a Ruble cash exchange business.
- 2008 Launched a credit card business.
- 2010 Launched a nationwide customer service hotline, 95537.
- Became a market maker of Renminbi-Ruble trades.
- Launched our investment banking business.
- 2011 Began to export microcredit know-how and technology to other banking institutions.
- 2012 Launched the cross-border transportation of Ruble cash.
- Launched our financial derivatives trading business.
- 2014 Obtained CBRC’s approval for the setting up of a financial leasing company

Note:

- (1) At that time, we only classified small amount secured loans as our microcredit business.

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MILESTONES IN BOND ISSUANCE AND EXTERNAL INVESTMENT OF OUR BANK

Since our establishment, we have carried out several bond issuance and several rounds of external investment in order to maintain a relatively high capital adequacy ratio, to optimise our capital structure and to establish a capital replenishment mechanism for business development and to further expand our business scope. The relevant key milestones are set out below:

- 2009 Following receipt of consents from the CBRC and the PBOC, our Bank issued ten-year subordinated bonds with an aggregate principal amount of RMB1 billion in the interbank bond market with a callable option at the end of the fifth year since issuance. The issuance further improved our capital adequacy ratio.
- 2011 Following the approval from the CBRC, we subscribed for 800,000,000 new shares in Guangdong Huaxing Bank Co., Ltd. (廣東華興銀行股份有限公司) as a strategic investor at a price of RMB1.25 per share, representing 16% of its then issued shares. Guangdong Huaxing Bank Co., Ltd. is a joint stock commercial bank with a registered capital of RMB5 billion and was reorganised from Shantou Commercial Bank Co., Ltd. Its registered address is in the Shantou Special Economic Zone and its operational headquarters is located in Guangzhou. As a result of the subscription, our Bank indirectly expanded into the Pearl River Delta, a developed region in China in terms of the scale of its private economy, so as to broaden our development horizon and enhance our influence in the market.
- 2012 Following receipt of approvals from the CBRC and the PBOC, we issued five-year financial bonds with an aggregate principal amount of RMB2.5 billion in the interbank bond market. The proceeds from this issuance were used specifically for extending loans to small and micro enterprises. The issuance of such financial bonds facilitated the development of our credit business for Small Enterprise Customers.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding Structure

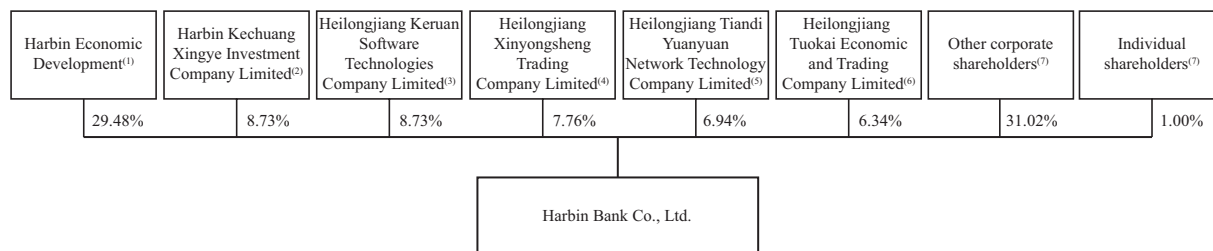
As of the Latest Practicable Date, we had 89 corporate shareholders and 3,581 individual shareholders who in aggregate held approximately 99.00% and 1.00% of our shares, respectively. Harbin Economic Development (100% of the equity interests of which are held by Harbin Municipal Finance Bureau) is our largest single Shareholder, holding 29.48% of our Shares immediately prior to the Global Offering. The aggregate shareholding of our top 20 shareholders, all being corporate shareholders, amounts to approximately 96.35%. These 20 shareholders are independent of each other and our Bank, except that the 17th and 18th shareholders were controlled by the same beneficial owner (who is an independent third party). The aggregate shareholding of these two shareholders is approximately 2.17%.

As of the Latest Practicable Date, of the 3,670 shareholders of our Bank, we have been unable to contact 5 corporate shareholders and 75 individual shareholders, who in aggregate hold less than 0.02% of our Shares. The Shares of such Shareholders whom we have been unable to contact have been put under the custody of Harbin Equity Trusteeship Centre. The existence of the Shareholders whom we are unable to contact does not affect our Bank's ability to carry out corporate activities including holding shareholders' general meetings and paying dividends.

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Immediately Before the Global Offering

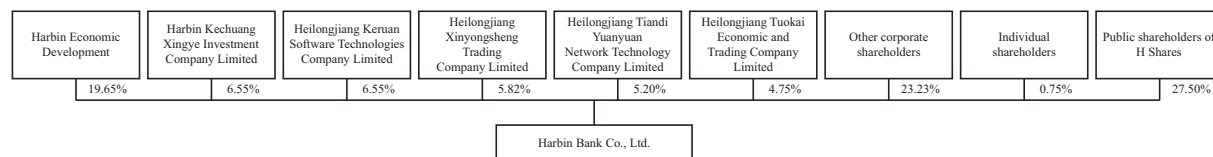
The diagram below sets out our shareholding structure and our shareholders individually holding 5% or more of our total issued shares immediately before the Global Offering:



As confirmed by our Directors and pursuant to our Articles of Association, there is no corporate shareholder holding special rights that are superior to our other shareholders' rights. As far as our Directors are aware, the six corporate shareholders with individual shareholding exceeding 5% of our total issued shares as shown in the above diagram are independent from each other.

Immediately After the Completion of the Global Offering

The diagram below sets out our shareholding structure and our shareholders individually interested in 5% or more of each class of our total issued shares immediately after the completion of the Global Offering, assuming no exercise of the Over-allotment Option and no change in shareholding by each of the Shareholders listed below after the Latest Practicable Date:



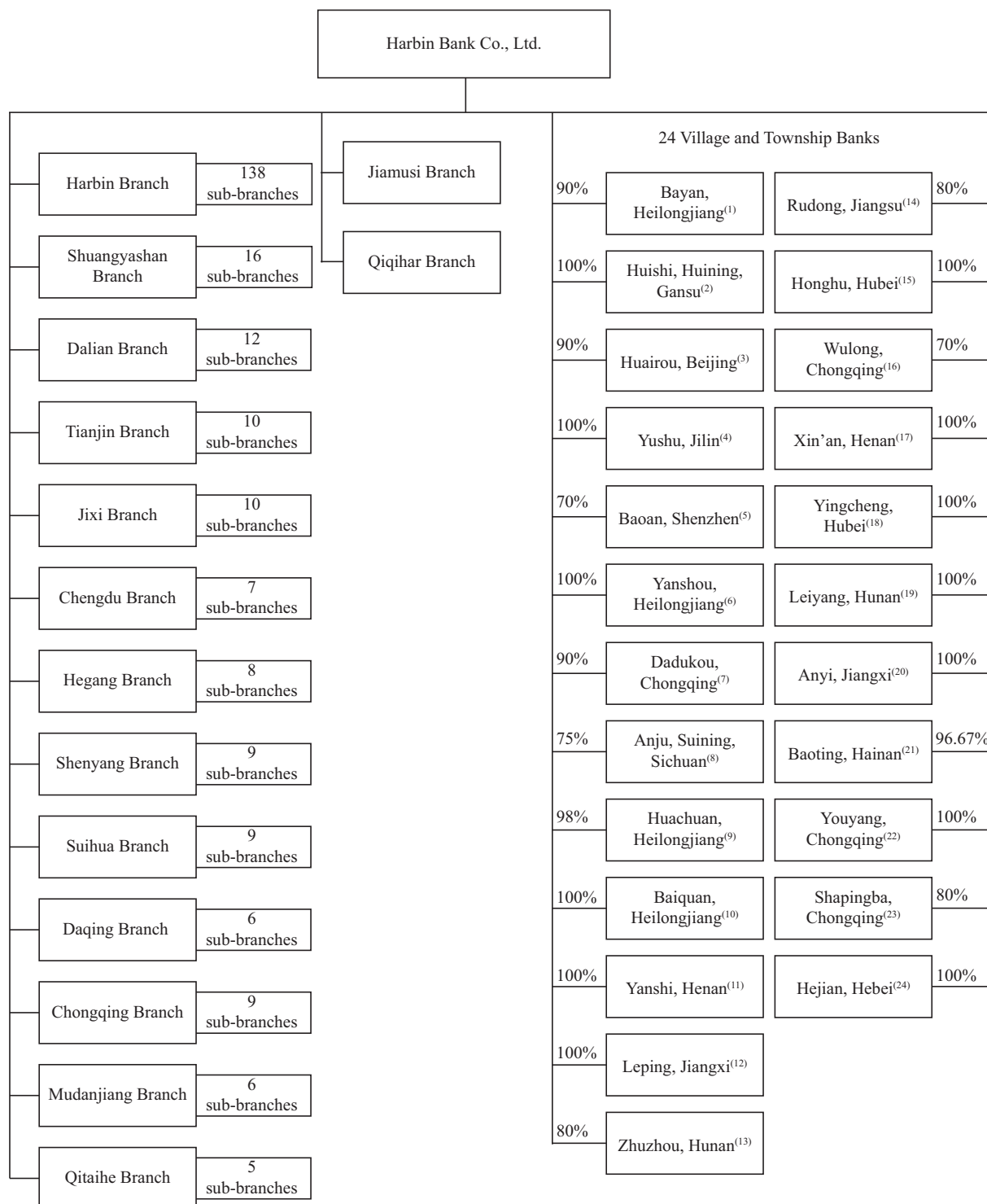
Notes:

- (1) Harbin Economic Development is wholly owned by Harbin Municipal Finance Bureau and is our only substantial shareholder (as defined under the Hong Kong Listing Rules).
- (2) Harbin Kechuang Xingye Investment Company Limited is owned as to 93.92% by Tianjin Wenhua Tianhai Industrial Company Limited (天津文華天海實業有限公司), which is owned as to 50% and 47.3% by Batou Ronghui Trading Company Limited (包頭市榮慧貿易有限責任公司) and Hangzhou Jiela Trading Company Limited (杭州杰拉貿易有限公司), respectively. Baotou Ronghui Trading Company Limited (包頭市榮慧貿易有限責任公司) is owned as to 98.22% by Jinan Kangze Commercial and Trading Company Limited (濟南康澤商貿有限公司), which is in turn owned as to 62.5% and 37.5% by two individuals, Tan Ran (譚然) and Zhang Yanyong (張衍勇), respectively.
- (3) Heilongjiang Keruan Software Technologies Company Limited is owned as to 95.83% by Dalian Yujiixin Technology Company Limited (大連宇嘉信科技有限公司), which in turn is owned as to 60% and 40% by two individuals, Liang Yifeng (梁乙峰) and Diao Xiaoxi (刁小熙), respectively.
- (4) Heilongjiang Xinyongsheng Trading Company Limited is owned as to 95.4% by Beijing Chengxinfenghui Technology and Trading Company Limited (北京誠信豐滙科貿有限公司), which in turn is owned as to 60% and 40% by two individuals, Liu Kun (劉坤) and Zhao Yonghe (趙永和), respectively.
- (5) Heilongjiang Tiandi Yuanyuan Network Technology Company Limited is owned as to 93.61% by Beijing Huifutong International Investment Company Limited (北京滙富通國際投資有限公司), which in turn is owned as to 80% by an individual, Dong Yan (董雁).
- (6) Heilongjiang Tuokai Economic and Trading Company Limited is owned as to 95.27% by Beijing Tailonghuasheng Technology Company Limited (北京泰隆華勝科技有限公司), which in turn is owned as to 87.5% by Beijing Jieshengtiancheng Trading Company Limited (北京杰勝天成貿易有限公司). Beijing Jieshengtiancheng Trading Company Limited (北京杰勝天成貿易有限公司) is owned as to 70% and 30% by two individuals, Guan Wu (管武) and Han Yong (韓永), respectively.
- (7) Other 83 corporate shareholders in aggregate held 31.02% of our total issued shares. We have in aggregate 89 corporate shareholders, with the top 20 shareholders, who are all corporate shareholders, holding in aggregate 96.35% of our total issued shares immediately before the Global Offering. The remaining 69 corporate shareholders, in aggregate, hold approximately 2.65% of our total issued shares, with the remaining 1.00% being held by 3,581 individual shareholders.

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Corporate Structure

The diagram below sets out our corporate structure as of 31 January 2014:



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Notes:

- (1) Heilongjiang Bayan Rongxing was established on 6 January 2009. Its registered address is Bayan Town, Bayan County, Heilongjiang Province. Its registered capital is RMB50 million, 90% and 10% of which are contributed by our Bank and International Finance Corporation (“IFC”), respectively. IFC is an independent third party of our Bank. The business scope of this Village and Township Bank includes: taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.

This Village and Township Bank has two sub-branches, namely Bayan Rongxing Xinglong sub-branch and Bayan Rongxing Sucheng sub-branch.

- (2) Gansu Huining Huishi was established on 19 May 2009. Its registered address is Huishi Town, Huining County, Gansu Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC (subject to licensing requirements).

- (3) Beijing Huairou Rongxing was established on 4 January 2010. Its registered address is Huairou District, Beijing. Its registered capital is RMB100 million, 90% and 10% of which are contributed by our Bank and Beijing Yuntong Boshi Automobile Sales & Service Co., Ltd. (北京運通博世汽車銷售服務有限公司), respectively. Beijing Yuntong Boshi Automobile Sales & Service Co., Ltd. is an independent third party of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.

This Village and Township Bank has two sub-branches, namely Beijing Huairou Rongxing Tangzikou sub-branch and Beijing Huairou Rongxing Qiaozi sub-branch.

- (4) Jilin Yushu Rongxing was established on 21 January 2010. Its registered address is Yushu, Jilin Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.

This Village and Township Bank has one sub-branch, namely Jilin Yushu Rongxing Jiankang Road sub-branch.

- (5) Shenzhen Baoan Rongxing was established on 11 June 2010. Its registered address is Baoan District, Shenzhen. Its registered capital is RMB200 million. Our Bank, Huilian Asset Management Co., Ltd. (匯聯資產管理有限公司), China Baoan Group Co., Ltd. (中國寶安集團股份有限公司) and Shenzhen Ningjia Investment and Development Co., Ltd. (深圳市寧佳投資發展有限公司) contributed 70%, 10%, 10% and 10% of its registered share capital, respectively. Huilian Asset Management Co., Ltd., China Baoan Group Co., Ltd. and Shenzhen Ningjia Investment and Development Co., Ltd. are all independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; acting as the issuance agent, the cashing agent or the underwriter of government bonds; engaging in interbank lending; engaging in bank card business; collecting and making payment as agent; and engaging in other businesses approved by the banking regulatory authorities (subject to licensing requirements) in the PRC.

This Village and Township Bank has three sub-branches, namely Shenzhen Baoan Rongxing Chegongmiao sub-branch, Shenzhen Baoan Rongxing Guanlan sub-branch, and Shenzhen Baoan Rongxing Longgang sub-branch.

- (6) Heilongjiang Yanshou Rongxing was established on 10 August 2010. Its registered address is Yanshou Town, Yanshou County, Heilongjiang Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes undertaking financial business subject to the scope permitted by the financial licence.

This Village and Township Bank has one sub-branch, namely Heilongjiang Yanshou Rongxing Jisheng sub-branch.

- (7) Chongqing Dadukou Rongxing was established on 15 December 2010. Its registered address is Dadukou District, Chongqing. Its registered capital is RMB60 million. Our Bank and Chongqing Tiantai Green Agriculture Development (Group) Co., Ltd. (重慶天泰綠色農業開發(集團)有限公司) contributed 90% and 10% of its registered share capital, respectively. Chongqing Tiantai Green Agricultural Development (Group) Co., Ltd. is an independent third party of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.

This Village and Township Bank has two sub-branches, namely Chongqing Dadukou Rongxing Jiansheng sub-branch and Chongqing Dadukou Rongxing Ganghualu sub-branch.

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- (8) Sichuan Suining Anju Rongxing was established on 22 December 2010. Its registered address is Anju District, Suining. Its registered capital is RMB80 million. Our Bank, Suining Rougang Investment Co., Ltd. (遂寧柔剛投資有限責任公司), Sichuan Zhuotong Industrial Co., Ltd. (四川卓筒實業有限公司), Sichuan Xinghe Real Estate Development Co., Ltd. (四川興和房地產開發有限公司) and Suining Kaiming Food Co., Ltd. (遂寧市開明食品有限公司) contributed 75%, 10%, 5%, 5% and 5% of its registered share capital, respectively. Suining Rougang Investment Co., Ltd., Sichuan Zhuotong Industrial Co., Ltd., Sichuan Xinghe Real Estate Development Co., Ltd. and Suining Kaiming Food Co., Ltd. are all independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; acting as the issuance agent, the cashing agent or the underwriter of government bonds; engaging in interbank lending; engaging in bank card business; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has two sub-branches, namely Sichuan Suining Anju Rongxing Qiongzhang sub-branch and Sichuan Suining Anju Rongxing Wuliugang sub-branch.
- (9) Heilongjiang Huachuan Rongxing was established on 27 January 2011. Its registered address is Yuelai Town, Huachuan County, Jiamusi, Heilongjiang Province. Its registered capital is RMB50 million. Our Bank and Huachuan Xinying City Construction Investment Co., Ltd. (樺川縣信贏城市建設投資有限公司) contributed 98% and 2% of its registered capital, respectively. Huachuan Xinying City Construction Investment Co., Ltd. is an independent third party of our Bank. The business scope of this Village and Township Bank includes businesses approved by the CBRC in accordance with applicable laws and regulations and those listed in the relevant approval documents.
- (10) Heilongjiang Baiquan Rongxing was established on 7 April 2011. Its registered address is Baiquan Town, Baiquan County, Heilongjiang Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- (11) Henan Yanshi Rongxing was established on 19 April 2011. Its registered address is Chengguan Town, Yanshi County, Henan Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Henan Yanshi Rongxing Gaolong sub-branch.
- (12) Jiangxi Leping Rongxing was established on 25 April 2011. Its registered address is Leping County, Jiangxi Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- (13) Hunan Zhuzhou County Rongxing was established on 4 May 2011. Its registered address is Lukou Town, Zhuzhou County, Hunan Province. Its registered capital is RMB50 million. Our Bank, Zhuzhou Hongda Electronics Co., Ltd. (株洲宏達電子有限公司) and Zhuzhou Huachen Real Estate Development Co., Ltd. (株洲華晨房地產開發有限責任公司) contributed 80%, 10% and 10% of its registered capital, respectively. Zhuzhou Hongda Electronics Co., Ltd. and Zhuzhou Huachen Real Estate Development Co., Ltd. are independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Hunan Zhuzhou County Rongxing Litang sub-branch.
- (14) Jiangsu Rudong Rongxing was established on 9 May 2011. Its registered address is Rudong County, Jiangsu Province. Its registered capital is RMB100 million. Our Bank, Rudong Textile Rubber Co., Ltd. (如東紡織橡膠有限公司) and Nantong Xiangfeng Electronics Co., Ltd. (南通祥峰電子有限公司) contributed 80%, 10% and 10% of its registered capital, respectively. Rudong Textile Rubber Co., Ltd. and Nantong Xiangfeng Electronics Co., Ltd. are independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in debit card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities. It is not subject to a general operating licensing requirement.
- (15) Hubei Honghu Rongxing was established on 16 May 2011. Its registered address is Honghu, Hubei Province. Its registered capital is RMB30 million. Its business scope includes taking deposits from the public; making short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; and acting as the issuance agent, the cashing agent or the underwriter of government bonds.

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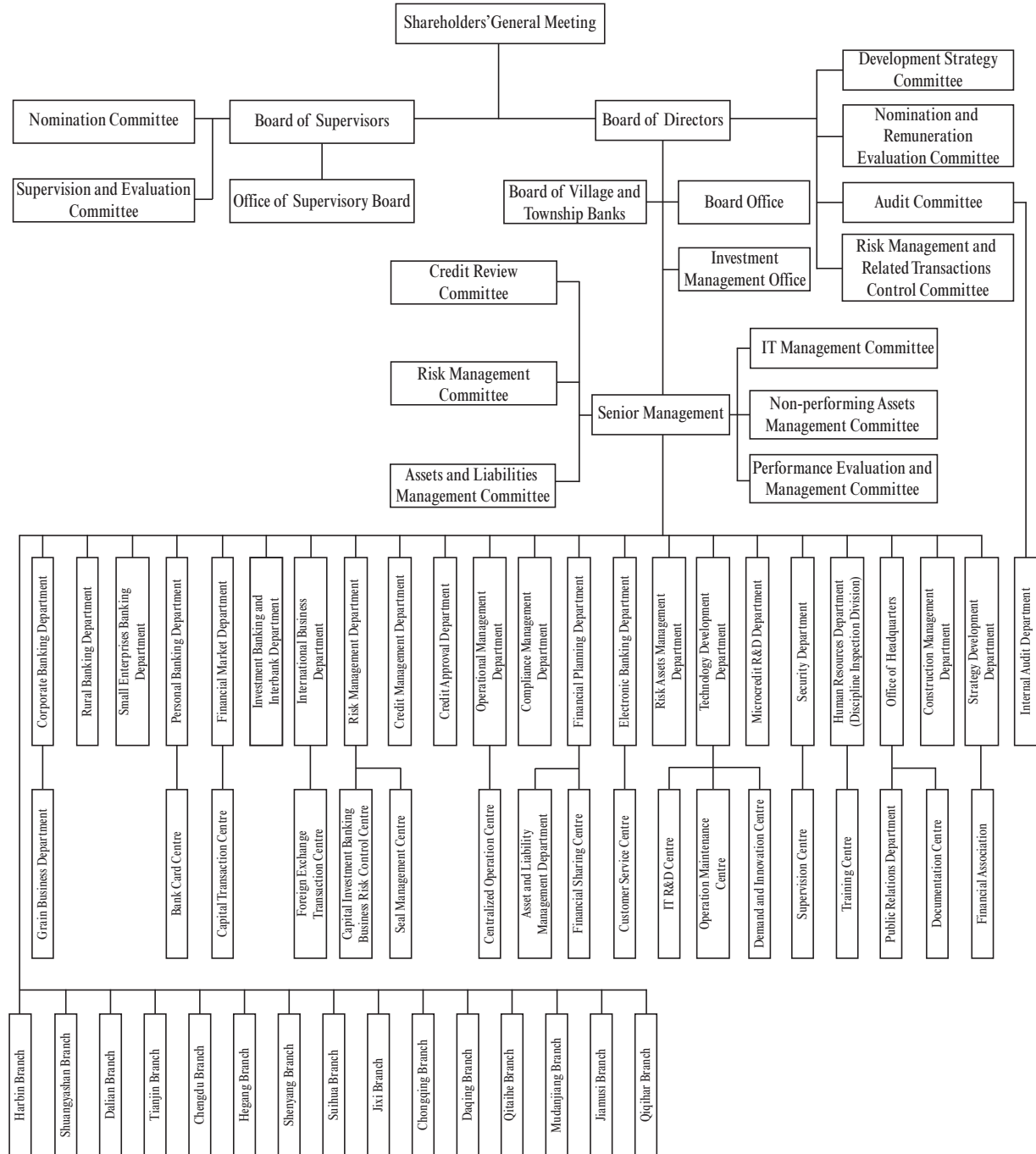
- (16) Chongqing Wulong Rongxing was established on 1 June 2011. Its registered address is Wulong County, Chongqing. Its registered capital is RMB50 million. Our Bank, Chongqing Wulong Water Co., Ltd. (重慶市武隆縣自來水有限責任公司), Chongqing Sanxing Industrial Company (重慶三興實業公司), Pengshui Shengda Hydropower Co., Ltd. (彭水縣盛達水電有限責任公司) and Chongqing Tianlu Concrete Co., Ltd. (重慶天祿混凝土有限公司) contributed 70%, 10%, 10%, 5% and 5% of its registered capital, respectively. Chongqing Wulong Water Co., Ltd., Chongqing Sanxing Industrial Company, Pengshui Shengda Hydropower Co., Ltd. and Chongqing Tianlu Concrete Co., Ltd. are all independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Chongqing Wulong Rongxing Longcheng sub-branch.
- (17) Henan Xin'an Rongxing was established on 8 June 2011. Its registered address is Xin'an County, Henan Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Henan Xin'an Rongxing Luoxin sub-branch.
- (18) Hubei Yingcheng Rongxing was established on 16 June 2011. Its registered address is Yingcheng County, Hubei Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Hubei Yingcheng Rongxing Hanyi sub-branch.
- (19) Hunan Leiyang Rongxing was established on 20 June 2011. Its registered address is Leiyang County, Hunan Province. Its registered capital is RMB50 million. The business scope of this Village and Township Bank includes undertaking financial business subject to the scope permitted by its financial licence.
- (20) Jiangxi Anyi Rongxing was established on 20 June 2011. Its registered address is Anyi County, Jiangxi Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; acting as the issuance agent, the cashing agent or the underwriter of government bonds; engaging in interbank lending; engaging in bank card business; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- (21) Hainan Baoting Rongxing was established on 6 July 2011. Its registered address is Baoting County, Hainan Province. Its registered capital is RMB30 million. Our Bank and HNA Property Holdings (Group) Co., Ltd. (海航置業控股(集團)有限公司) contributed 96.67% and 3.33% of its registered capital, respectively. HNA Property Holdings (Group) Co., Ltd. is an independent third party of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities.
- (22) Chongqing Youyang Rongxing was established on 24 May 2012. Its registered address is Youyang County, Chongqing. Its registered capital is RMB60 million. The business scope of this Village and Township Bank includes undertaking financial business subject to the scope permitted by its financial licence.
- (23) Chongqing Shapingba Rongxing was established on 28 May 2012. Its registered address is Shapingba District, Chongqing. Its registered capital is RMB100 million. Our Bank, Chongqing Caizhi Business Management Co., Ltd. (重慶財智商業經營管理有限公司) and Chongqing Aksis Hospitality Investment & Management Co., Ltd. (重慶阿卡斯酒店投資管理有限公司) contributed 80%, 10% and 10% of its registered capital, respectively. Chongqing Caizhi Business Management Co., Ltd. and Chongqing Aksis Hospitality Investment & Management Co., Ltd. are independent third parties of our Bank. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in debit card business; acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent and acting as insurance agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Chongqing Shapingba Rongxing Huilongba sub-branch.
- (24) Hebei Hejian Ronghui was established on 25 June 2012. Its registered address is Hejian, Hebei Province. Its registered capital is RMB30 million. The business scope of this Village and Township Bank includes taking deposits from the public; extending short-term, medium-term and long-term loans; effecting domestic payment settlements; accepting and discounting instruments; engaging in interbank lending; engaging in bank card business (debit card); acting as the issuance agent, the cashing agent or the underwriter of government bonds; collecting and making payment as agent; and engaging in other businesses approved by the banking regulatory authorities in the PRC.
- This Village and Township Bank has one sub-branch, namely Hebei Hejian Ronghui Migezhuang sub-branch.

OUR HISTORY AND OPERATIONAL REFORM

ORGANISATIONAL STRUCTURE AND OPERATIONAL REFORM

The diagram below sets out the existing principal organisational and management structure of our Bank as of the Latest Practicable Date:

Organisation Chart of Harbin Bank



OUR HISTORY AND OPERATIONAL REFORM

GOVERNANCE STRUCTURE

We have set up a corporate governance structure, mainly comprising the shareholders' general meeting, the Board, the Board of Supervisors and the senior management.

The Board

The Board is the decision making body of our Bank. There are four special committees under the Board, including the Audit Committee, the Risk Management and Related Transactions Control Committee, the Nomination and Remuneration Evaluation Committee and the Development Strategy Committee. Each special committee reports to the Board.

There is also a Board of Village and Township Banks under the Board, which provides services and support to the Village and Township Banks promoted by our Bank.

The Board of Supervisors

The Board of Supervisors is responsible for supervising our compliance with laws and regulations, supervising the performance of the duties of the Board and the senior management as well as investigating and supervising the risk management and internal control risk of our Bank. Two special committees have been established under the Board of Supervisors, including the Nomination Committee and the Supervision and Evaluation Committee. Each special committee reports to the Board of Supervisors.

Senior Management

The senior management holds the highest executive authority of our Bank. The senior management has established various special committees, including the Risk Management Committee, the Credit Review Committee, the Assets and Liabilities Management Committee, the Non-performing Assets Management Committee, the IT Management Committee and the Performance Evaluation and Management Committee, so as to enhance the business management of our Bank. Our Bank has also appointed a chief risk officer, chief credit approval officer, chief financial officer and chief information officer. The Internal Audit Department of our Bank is independent from the departments being audited.

RISK MANAGEMENT AND INTERNAL CONTROL REFORM

We are devoted to the establishment of our risk management structure and system as well as to refining our internal control system, in each case, so as to enhance our risk control and our ability to prevent risks. A summary of the key reform measures in relation to our risk management and internal control taken since 2004 is set out below:

2004	We established a risk management department responsible for the overall risk management of our Bank.
2006	We established an operational risk supervision and management committee, adjusted the responsibilities of the risk management department to be responsible specifically for analysing, monitoring and reporting the various risks faced by our Bank. Our credit approval department was also established for approving credit, so as to achieve the separation of credit approving and granting.
2010	We reformed the mechanism of internal audit and established a vertical management model, which consisted of the Audit Committee of the Board composing of an Internal Audit Department and regional audit divisions.
2011	We appointed a chief risk officer who was responsible for the implementation of the risk management strategies of our Bank and the formulation of comprehensive risk management policies and systems.

OUR HISTORY AND OPERATIONAL REFORM

We commenced comprehensive risk management planning, including consultation projects for the establishment of an internal control system as well as the implementation of the Basel Accords, so as to assess the internal control system for identifying and managing the risks of our Bank, refine our risk management and internal control systems and formulate key risk management policies and systems.

2012 We established a compliance management department. A risk control centre for capital investment banking business and a seal management centre were also established under the risk management department. Mechanisms for risk-based credit granting and centralised credit approval were also set up.

Our loan migration model was developed and an integrated risk monitoring indicator system was set up.

2013 We introduced a centralised risk management and control model implemented Basel III and constructed an information system for internal control. A group of projects in relation to the Basel Accords were carried out based on our overall risk management planning.

IT MANAGEMENT AND OPERATION REFORM

The overall strategic target of our IT work is to “develop our business with the assistance of science and technology”. We continue to invest in technological advancements so as to support the growth of our businesses. Our Bank has established a sound technology management structure and procedures and has developed its research and development capabilities. A summary of the key measures in relation to our IT management and operational reform since 2008 is set out below:

2008 We engaged BearingPoint Inc., a management consulting firm, to formulate our IT strategic plan, setting the development direction of our three-year IT technology strategy.

We established two disaster recovery centres in Harbin and Shuangyashan for remote data backup and recovery to ensure business continuity in the event of disasters.

2010 We established an IT research and development centre in Beijing and set up a comprehensive IT research and development management system covering design, development and testing with reference to CMMI standards. We also completed various key technology projects.

2011 We cooperated with Deloitte Consulting (Shanghai) Co., Ltd. (“Deloitte (Shanghai)”) in the formulation of new technology strategic plans. An overall implementation blueprint was formed to facilitate our prompt response to market changes and to further enhance our technological capabilities. Our Bank established our IT Management Committee under the direct management of the president which comprises representatives from all business departments and the science and technology development department, for efficient decision-making and implementation.

We entered into a strategic cooperation agreement with Deloitte (Shanghai), whereby experts from Deloitte (Shanghai) were engaged to cooperate with our technical staff to establish an IT planning and implementation office to strengthen the formulation and implementation of our science and technology development strategies.

We commenced the construction project for a whole-process credit system, integrating the management of the pre-approval, loan extension and post-disbursement processes of our credit business. This resulted in the efficiency and risk management capabilities of our credit business being enhanced significantly.

We completed the construction of an applied-level disaster data recovery centre covering our branches in Harbin to ensure the continuous operation of major business systems.

OUR HISTORY AND OPERATIONAL REFORM

- 2012
- We established an organisational structure consisting of one department and three centres staffed with over 200 technicians. In this organisational structure, we have established a science and technology development department with a demand and innovation centre, an IT research and development centre as well as an operation maintenance centre.
- We commenced the construction of a bank-wide database and achieved bank-wide sharing of data, which strengthened our statistical analysis and business decision-making capabilities.
- Our Bank commenced the construction of a new generation online banking platform to further extend our electronic business channels and introduce e-banking business innovations.
- We commenced the construction of Enterprise Customer Information File (ECIF), a unified customer information management system, which strengthened bank-wide customer information sharing and centralised management of customer information. This system was formally launched in 2013.
- 2013
- Our Bank established an IT service management organisation and process system with reference to ISO20000 standards and ITIL best practices, which provides our businesses with high quality and efficient IT services and has enhanced the adaptability, stability and reliability of our operation maintenance management.
- Our Bank is currently preparing for the construction of a new data centre. It is planned that the security level of key areas of the new data centre will reach tier 4, which is the highest standard under the Uptime Tier Classification and TIA942 Telecommunication Infrastructure Standard for Data Centers promulgated by Telecommunications Industry Association.