
HISTORY AND DEVELOPMENT

THE BANK'S HISTORY

The Bank has over 60 years of operational history. The Bank's immediate predecessor, Jiutai Rural Credit Cooperative (九台市農村信用合作聯社) consisted of various rural credit cooperatives at village and township levels at different times, the first of which was established in 1950. In 1992, the Jiutai Rural Credit Cooperative Union (九台市農村信用合作社聯合社) was established to assume the management of all rural credit cooperatives in Jiutai City. At that time, rural credit cooperatives adopted a two-tier legal entity management model—rural credit cooperatives unions at county and municipal levels were the first-tier legal entities and they administered all rural credit cooperatives at village and township levels in the city. In 2005, a consolidation reform abolished the legal entity qualifications of all rural credit cooperatives at village and township levels while retaining the legal entity qualifications of those at county levels. In the same year, the Jiutai Rural Credit Cooperative Union was restructured and became the Jiutai Rural Credit Cooperative.

On December 15, 2008, upon the approval of the CBRC Jilin Bureau, the Bank was promoted and established as a joint stock commercial bank named "Jilin Jiutai Rural Commercial Bank Corporation Limited" (吉林九台農村商業銀行股份有限公司) by qualified natural person shareholders of the former Jiutai Rural Credit Cooperative, and newly introduced natural person shareholders and legal person shareholders. The legal person shareholders were Jilin Province Trust and Investment Co., Ltd. (吉林省信託投資有限責任公司) (now known as Jilin Province Trust Co., Ltd.) and Jilin Jiapeng Road Construction Co., Ltd. (吉林省嘉鵬公路建設有限責任公司) (now known as Jilin Province Jiapeng Group Co. Ltd.). Jilin Province Trust Co., Ltd., which is owned as to 97.5% by Jilin Province Department of Finance (吉林省財政廳), approximately 0.6% by Jilin Province Energy and Communication Company Limited (吉林省能源交通總公司), approximately 0.6% by Jilin Carbon Co., Ltd. (吉林省炭素集團有限責任公司), approximately 0.6% by Jilin Grain Group Co., Ltd. (吉林糧食集團有限公司) and approximately 0.6% by Jilin Chemical Fiber Group Co., Ltd. (吉林化纖集團有限責任公司), is a non-bank financial institution which is principally engaged in providing trusts services, management of funds, restructuring, mergers and acquisitions, financing services and financial advisory services and Jilin Jiapeng Group Co., Ltd. (吉林省嘉鵬集團有限公司) is principally engaged in road and bridge construction services. On December 16, 2008, the Bank was officially incorporated.

MAJOR MILESTONES

Since the Bank's establishment, the Bank has greatly expanded the scope and scale of the products and services. The following table sets forth major milestones in the Bank's corporate development:

Year	Milestones
2008	The Bank was incorporated and became the first rural commercial bank in Northeast China
2010	Shuangcheng Huimin Village and Township Bank (雙城惠民村鎮銀行), the Group's first village and township bank, commenced operations, thus commencing the strategic national network expansion of the Bank's village and township banks The Bank established six village and township banks in total
2011	The Bank completed the acquisition of Changbai Mountain Rural Credit Cooperative (長白山保護開發區農村信用合作聯社) to establish Changbai Mountain Rural Commercial Bank (長白山農村商業銀行), which was the Group's first strategically acquired rural commercial bank in China The Bank established seven village and township banks in total

HISTORY AND DEVELOPMENT

Year	Milestones
	Heilongjiang Bin County sub-branch, the Bank's first sub-branch outside Jilin province commenced operations
2012	<p>The Bank completed the acquisition of Liaoyuan Rural Credit Cooperative (遼源市郊區農村信用合作聯社) to establish Liaoyuan Rural Commercial Bank (遼源農村商業銀行)</p> <p>The Bank established one village and township bank</p> <p>The Bank's small enterprise service center and micro-credit center commenced their operations</p>
2013	<p>The Bank completed the acquisition of Dehui Rural Credit Cooperative (德惠市農村信用合作聯社) to establish Jilin Dehui Rural Commercial Bank (吉林德惠農村商業銀行)</p> <p>The Bank established five village and township banks in total</p>
2014	<p>The Bank established six village and township banks in Guangdong province and the Binhai New District, Tianjin to further expand the Group's network to the Pearl River Delta and Bohai regions</p> <p>The Bank became a core member of the market interest rates and pricing self-discipline mechanism, and the Group received qualification to issue interbank deposits and was the first to issue interbank deposits among legal financial institutions in Jilin province</p> <p>The Bank was the first case among the rural commercial banks in Northeast China to successfully issue the first tranche of asset-backed securities, and the second case among rural commercial banks in the PRC</p>
2015	<p>The Bank completed the acquisition of the Jilin Gongzhuling Rural Cooperative Bank (吉林公主嶺農村合作銀行) and three rural credit cooperatives and established Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行) and Jilin Chuncheng Rural Commercial Bank (吉林春城農村商業銀行). The number of the Bank's subsidiary rural commercial banks increased to five</p> <p>The Bank received approval to establish four village and township banks and completed the acquisition of one village and township bank</p> <p>The Bank completed the establishment of an online credit platform, "Jiutai Easy online Financing" (九商網融 E)</p>
2016	<p>The Bank established one village and township bank and three branches</p> <p>The Bank completed the acquisition of a village and township bank</p> <p>The Bank ranked second in the Gyroscope Variation System on Stable Development of Commercial Banks (Rural Commercial Banks) of 2016 by the China Banking Association</p>

HISTORY AND DEVELOPMENT

CHANGES IN REGISTERED CAPITAL

The Bank's registered share capital upon establishment was approximately RMB300,000,000. The changes in the Bank's registered capital after its establishment are summarized as follows:

- 2010: The Bank issued new Shares to its then existing shareholders in proportion to their then shareholding including bonus issue in the amount of approximately RMB36,000,000 and new issue of RMB200,000,000. The Bank's registered capital was increased to approximately RMB536,000,000.
- 2011: The Bank issued new Shares by way of capitalization to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB64,320,000. The Bank also issued bonus Shares to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB60,384,000. The Bank also issued 200,000,000 new Shares to eight investors including 6 new shareholders. The Bank's registered capital was increased to approximately RMB860,704,000.
- 2012: The Bank issued new Shares by way of capitalization to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB103,284,300. The Bank also issued bonus shares to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB116,655,500. The Bank also issued 303,340,000 new Shares to fourteen investors including nine new Shareholders. The Bank's registered capital was increased to approximately RMB1,383,983,800.
- 2013: The Bank issued new Shares by way of capitalization to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB166,078,100. The Bank also issued 400,000,000 new Shares to twelve investors including seven new shareholders. The Bank's registered capital was increased to approximately RMB1,950,061,900.
- 2014: The Bank issued new Shares by way of capitalization to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB234,007,500. The Bank also issued 222,000,000 new Shares to nine investors including two new shareholders. The Bank's registered capital was increased to approximately RMB2,406,069,400.
- 2015: The Bank issued new Shares by way of capitalization to its then existing shareholders in proportion to their then shareholding in the amount of approximately RMB288,728,300. The Bank also issued 400,000,000 new Shares to sixteen investors including six new shareholders. The Bank's registered capital was increased to approximately RMB3,094,797,700. The Bank also issued 200,000,000 new Shares to three investors including one new shareholder. The Bank's registered capital was increased to RMB3,294,797,692.

King & Wood Mallesons, the Bank's PRC legal adviser, has confirmed that all of the above changes in the Bank's registered capital obtained approvals from banking regulatory authorities. For details of the changes in the Bank's share capital, see "Appendix VII—Statutory and General Information—A. Further Information about the Bank—2. Changes in Share Capital".

HISTORY AND DEVELOPMENT

THE BANK'S SUBSIDIARIES

The table below sets forth the 37 subsidiary banks that the Bank established or acquired as of June 30, 2016:

<i>Subsidiary banks that the Bank acquired</i>	<i>Time of acquisition</i>
Changbai Mountain Rural Commercial Bank	December 2011
Liaoyuan Rural Commercial Bank	November 2012
Jilin Dehui Rural Commercial Bank	December 2013
Jilin Gongzhuling Rural Commercial Bank	October 2015
Jilin Chuncheng Rural Commercial Bank	October 2015
Lingshui Dasheng Village and Township Bank	December 2015
Sanya Phoenix Village and Township Bank	June 2016
<i>Subsidiary banks that the Bank established</i>	<i>Time of establishment</i>
Shuangcheng Huimin Village and Township Bank	January 2010
Wuchang Huimin Village and Township Bank	November 2010
Hanshan Huimin Village and Township Bank	December 2010
Qingdao Pingdu Huimin Village and Township Bank	December 2010
Qianan Huimin Village and Township Bank	December 2010
Lujiang Huimin Village and Township Bank	December 2010
Songyuan Ningjiang Huimin Village and Township Bank	January 2011
Changchun Nangan Huimin Village and Township Bank	January 2011
Da'an Huimin Village and Township Bank	January 2011
Gaomi Huimin Village and Township Bank	May 2011
Anci District Huimin Village and Township Bank	December 2011
Jingmen Dongbao Huimin Village and Township Bank	December 2011
Wenan County Huimin Village and Township Bank	December 2011
Tongcheng Huimin Village and Township Bank	September 2012
Changchun Gaoxin Huimin Village and Township Bank	September 2013
Huadian Huimin Village and Township Bank	October 2013
Jilin Fengman Huimin Village and Township Bank	December 2013
Heyang Huimin Village and Township Bank	December 2013
Anping Huimin Village and Township Bank	December 2013
Wuhua Huimin Village and Township Bank	January 2014
Yun'an Huimin Village and Township Bank	January 2014
Qingyuan Qingxin Huimin Village and Township Bank	January 2014
Guangzhou Huangpu Huimin Village and Township Bank	February 2014
Tianjin Binhai Huimin Village and Township Bank	June 2014
Huidong Huimin Village and Township Bank	November 2014
Leizhou Huimin Village and Township Bank	March 2015
Baicheng Taobei Huimin Village and Township Bank	November 2015
Fuyu Huimin Village and Township Bank	December 2015
Taonan Huimin Village and Township Bank	December 2015
Jilin Chuanying Huimin Village and Township Bank	January 2016

HISTORY AND DEVELOPMENT

THE GROUP'S MAJOR SUBSIDIARIES

The Group has expanded its business in both urban and rural areas. See “Business—Competitive Strengths”. As of the Latest Practicable Date, it has five subsidiary rural commercial banks, and thirty-two subsidiary village and township banks in ten provinces and cities, including Jilin, Heilongjiang, Shandong, Anhui, Hubei, Shaanxi, Guangdong, Tianjin, Hebei and Hainan, forming an extensive network across China. The major subsidiaries that had material influence on the Group during the Track Record Period are set out below.

Rural Commercial Banks

Changbai Mountain Rural Commercial Bank (長白山農村商業銀行)

Changbai Mountain Rural Commercial Bank was formerly Changbai Mountain Rural Credit Cooperative (長白山保護開發區農村信用合作聯社) prior to its restructuring into a joint stock company with limited liability. It was formally established and commenced operation on December 14, 2011. As of the Latest Practicable Date, it had a registered capital of RMB250 million. Its principal business activities include accepting public deposits, providing loans, trading government and financial bonds, participating in the currency market, providing safety deposit box services and brokering financial products. As of the Latest Practicable Date, the Bank held 38.8% equity interest in Changbai Mountain Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”.

Liaoyuan Rural Commercial Bank (遼源農村商業銀行)

Liaoyuan Rural Commercial Bank was formerly Liaoyuan Rural Credit Cooperative (遼源市郊區農村信用合作聯社) prior to its restructuring into a limited liability company. It was formally established and commenced operation on November 15, 2012. As of the Latest Practicable Date, it had a registered capital of RMB150 million. Its principal business activities include the business approved by CBRC according to relevant laws, the administrative law and other requirements. As of the Latest Practicable Date, the Bank held the entire equity interest in Liaoyuan Rural Commercial Bank.

Jilin Dehui Rural Commercial Bank (吉林德惠農村商業銀行)

Jilin Dehui Rural Commercial Bank was formerly Dehui Rural Credit Cooperative (德惠市農村信用合作聯社) prior to its restructuring into a joint stock company with limited liability. It was formally established and commenced operation on December 30, 2013. As of the Latest Practicable Date, it had a registered capital of RMB500 million. Its principal business activities include accepting public deposits, providing loans, trading government and financial bonds, participating in the currency market, providing safety deposit box services and brokering financial products. As of the Latest Practicable Date, the Bank held 45% equity interest in Jilin Dehui Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”.

Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行)

Jilin Gongzhuling Rural Commercial Bank was formerly Jilin Gongzhuling Rural Cooperative Bank (吉林公主嶺農村合作銀行) prior to its restructuring into a joint stock company with limited liability. It was formally established and commenced operation on October 12, 2015. As of the Latest

HISTORY AND DEVELOPMENT

Practicable Date, it had a registered capital of RMB500 million. Its principal business activities include accepting public deposits, providing loans, trading government and financial bonds, participating in the currency market, providing safety deposit box services and brokering financial products. As of the Latest Practicable Date, the Bank held 30% equity interest in Jilin Gongzhuling Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”.

Jilin Chuncheng Rural Commercial Bank (吉林春城農村商業銀行)

Jilin Chuncheng Rural Commercial Bank was established from the consolidation of Siping Jincheng Rural Credit Cooperative (四平市金誠農村信用合作社), Siping Jinghua Rural Credit Cooperative (四平市京華農村信用合作社) and Siping Jinhe Rural Credit Cooperative (四平市金合農村信用合作社) into a joint stock company with limited liability. It was formally established and commenced operation on October 12, 2015. As of the Latest Practicable Date, it had a registered capital of RMB512.9 million. Its principal business activities include accepting public deposits, providing loans, trading government and financial bonds, participating in the currency market and providing safety deposit box services. As of the Latest Practicable Date, the Bank held 30% equity interest in Jilin Chuncheng Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”.

Village and Township Banks

Shuangcheng Huimin Village and Township Bank (雙城惠民村鎮銀行)

Shuangcheng Huimin Village and Township Bank was the first village and township bank the Bank established to engage in the principal business activities within the business scope approved by the “PRC Finance Permit” (中華人民共和國金融許可證). It was established and commenced operation on January 25, 2010. As of the Latest Practicable Date, it had a registered capital of RMB40 million. As of the Latest Practicable Date, the Bank held 75% equity interest in Shuangcheng Huimin Village and Township Bank.

Jilin Fengman Huimin Village and Township Bank (吉林豐滿惠民村鎮銀行)

Jilin Fengman Huimin Village and Township Bank is one of the village and township banks with a greater amount of registered capital, a better geographic location and the largest amount of deposits from customers as of June 30, 2016 among the Bank's village and township banks. Its principal business activities include accepting public deposits, providing loans, conducting bank card business and underwriting government bonds as agents. It was established and commenced operation on December 16, 2013. As of the Latest Practicable Date, it had a registered capital of RMB200 million. As of the Latest Practicable Date, the Bank held 51% equity interest in Jilin Fengman Huimin Village and Township Bank.

STRATEGIC INVESTMENTS, ACQUISITIONS AND DISPOSALS

As of June 30, 2016, through strategic investments and acquisitions, the Bank controlled and consolidated 5 rural commercial banks that were restructured from rural credit cooperatives and a rural cooperative bank the Bank acquired and 32 village and township banks that the Bank established and acquired.

HISTORY AND DEVELOPMENT

Strategic investments prior to the Track Record Period

Changbai Mountain Rural Commercial Bank (長白山農村商業銀行)

In 2011, the Bank invested approximately RMB268.6 million into Changbai Mountain Rural Credit Cooperative (長白山保護開發區農村信用合作聯社) with approximately RMB168.6 million (consideration settled on July 14, 2011) used to purchase its non-performing loans and offset its historical losses, and RMB100 million (consideration settled on November 18, 2011) used to subscribe for 100 million new shares or the entire equity interest in Changbai Mountain Rural Commercial Bank, a newly restructured limited liability company. Changbai Mountain Rural Commercial Bank was formally established on December 14, 2011. The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained.

On January 7, 2013, the Bank disposed 1.5% interest in Changbai Mountain Rural Commercial Bank to each of its shareholders, Jilin Province Valley Spring Fermentation Co., Ltd. (吉林省田野泉釀造有限公司) and Jilin Province Jiapeng Construction Group Co., Ltd. (吉林省嘉鵬建設集團有限公司), for a consideration of RMB4.5 million each, which was settled on April 22, 2013 and May 2, 2013, respectively. After the disposals, the Bank held 97% equity interest in Changbai Mountain Rural Commercial Bank. The disposals complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. In June 2016, Changbai Mountain Rural Commercial Bank increased its registered capital to RMB250 million. As a result of the capital increase and as of the Latest Practicable Date, the Bank held 38.8% equity interest in Changbai Mountain Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”.

Changbai Mountain Rural Commercial Bank was the first rural commercial bank that the Group consolidated and it accounted for 5.0%, 4.7%, 3.8% and 3.0% of the Group's operating income in 2013, 2014 and 2015 and six months ended June 30, 2016, respectively, and 3.6%, 3.2%, 2.0% and 2.8% of the Group's total assets as of December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016, respectively.

Liaoyuan Rural Commercial Bank (遼源農村商業銀行)

In 2012, the Bank invested RMB550 million into Liaoyuan Rural Credit Cooperative (遼源市郊區農村信用合作聯社) with RMB400 million (consideration settled on June 29, 2012) used to purchase its non-performing loans and offset its historical losses, and RMB150 million (consideration settled on November 1, 2012) used to subscribe for 150 million new shares or the entire equity interest in Liaoyuan Rural Commercial Bank, a newly established limited liability company. Liaoyuan Rural Commercial Bank was formally established on November 15, 2012. The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. As of the Latest Practicable Date, the Bank held the entire equity interest in Liaoyuan Rural Commercial Bank. Liaoyuan Rural Commercial Bank accounted for 5.6%, 6.5%, 4.2% and 3.5% of the Group's operating income in 2013, 2014 and 2015 and six months ended June 30, 2016, respectively and 7.7%, 4.6%, 3.0% and 3.5% of the Group's total assets as of December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016, respectively.

HISTORY AND DEVELOPMENT

Shuangcheng Huimin Village and Township Bank (雙城惠民村鎮銀行)

On December 23, 2009, the Bank contributed RMB30 million as the registered capital of Shuangcheng Huimin Village and Township Bank, a newly promoted wholly-owned subsidiary and the consideration was settled on the same day. Shuangcheng Huimin Village and Township Bank was formally established on January 25, 2010 and is the Bank's first subsidiary. The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. As of the Latest Practicable Date, the Bank held 75% equity interest in Shuangcheng Huimin Village and Township Bank. Shuangcheng Huimin Village and Township Bank accounted for 1.1%, 0.6%, 0.6% and 0.6% of the Group's operating income in 2013, 2014, 2015 and six months ended June 30, 2016, respectively and 0.7%, 0.7%, 0.7% and 0.7% of the Group's total assets as of December 31, 2013, December 31, 2014, December 31, 2015 and June 30, 2016, respectively.

Significant investments during the Track Record Period

Jilin Fengman Huimin Village and Township Bank (吉林豐滿惠民村鎮銀行)

On September 7, 2013, the Bank entered into a promoter's agreement with 15 independent third parties, whereby the Bank agreed to invest RMB51 million to subscribe for 51 million shares or 51% interest in Jilin Fengman Huimin Village and Township Bank. The new promoter shareholders paid for the new shares on November 14, 2013 and Jilin Fengman Huimin Village and Township Bank was formally established on December 16, 2013.

On January 14, 2015, the Bank entered into an agreement to invest an additional amount of RMB51 million (consideration settled on February 2, 2015) to subscribe for 51 million shares of the 100 million new shares issued by Jilin Fengman Huimin Village and Township Bank in its capital increase. As of the Latest Practicable Date, the Bank held 51% equity interest in Jilin Fengman Huimin Village and Township Bank.

The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. Jilin Fengman Huimin Village and Township Bank accounted for 1.6%, 2.7% and 4.0% of the Group's operating income in 2014, 2015 and six months ended June 30, 2016, respectively, and 3.5%, 3.9% and 2.5% of the Group's total assets as of December 31, 2014, December 31, 2015 and June 30, 2016, respectively.

Jilin Dehui Rural Commercial Bank (吉林德惠農村商業銀行)

On September 20, 2013, the Bank entered into an agreement with Dehui Rural Credit Cooperative (德惠市農村信用合作聯社) and Establishment Working Group of Jilin Dehui Rural Commercial Bank (德惠農村商業銀行工作小組) and agreed to invest RMB337.5 million (consideration settled on September 22, 2013) used to purchase non-performing assets. On December 20, 2013, the Bank entered into an agreement with its substantial shareholder, Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), its shareholders, Jilin Province Longyuan Agricultural Production Group Co., Ltd. (吉林省隆源農業生產資料集團有限公司) and Jishi Media Co., Ltd. (吉視傳媒股份有限公司) and three other independent third parties, whereby the parties agreed to restructure Dehui Rural Credit Cooperative into a joint stock company, and the Bank agreed to invest RMB225.0 million (consideration settled on December 27, 2013) used to subscribe for 225 million new shares or 45% equity interest in the new joint stock company, Jilin Dehui Rural Commercial Bank, which was formally established on December 30, 2013. The new promoter shareholders paid for the new shares on December 27, 2013 on the basis of RMB1.00 per share. The investment complied with all

HISTORY AND DEVELOPMENT

applicable laws and all requisite approvals, permits and licenses have been obtained. As of the Latest Practicable Date, the Bank held 45% equity interest in Jilin Dehui Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”. Jilin Dehui Rural Commercial Bank accounted for 11.0%, 8.4% and 6.7% of the Group's operating income in 2014, 2015 and six months ended June 30, 2016, respectively, and 9.6%, 6.2% and 7.7% of the Group's total assets as of December 31, 2014, December 31, 2015 and June 30, 2016, respectively.

Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行)

On September 8, 2015, the Bank entered into a promoter's agreement with its substantial shareholder, Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), its shareholder, Jishi Media Co., Ltd. (吉視傳媒股份有限公司), and 11 other independent third parties, whereby the parties agreed to restructure Jilin Gongzhuling Rural Cooperative Bank (吉林公主嶺農村合作銀行) into a joint stock company. The Bank agreed to invest RMB375 million with RMB225 million (consideration settled on September 18, 2015) used to purchase non-performing assets and RMB150 million (consideration settled on September 25, 2015) used to subscribe for 150 million new shares or 30% interest in Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行), which was then formally established on October 12, 2015. The new promoter shareholders paid for the new shares on the basis of RMB1.00 per share on September 26, 2015. The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. As of the Latest Practicable Date, the Bank held 30% of equity interest in Jilin Gongzhuling Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”. Jilin Gongzhuling Rural Commercial Bank accounted for 2.9% and 8.7% of the Group's operating income in 2015 and six month ended June 30, 2016, respectively and 7.4% and 8.1% of the Group's total assets as of December 31, 2015 and June 30, 2016, respectively.

Jilin Chuncheng Rural Commercial Bank (吉林春城農村商業銀行)

On September 8, 2015, the Bank entered into a promoter's agreement with its substantial shareholder, Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), its shareholder, Jishi Media Co., Ltd. (吉視傳媒股份有限公司) and 36 independent third parties, whereby the parties agreed to restructure and merge Siping Jincheng Rural Credit Cooperative (四平市金誠農村信用合作社), Siping Jinghua Rural Credit Cooperative (四平市京華農村信用合作社) and Siping Jinhe Rural Credit Cooperative (四平市金合農村信用合作社) into a joint stock company, Jilin Chuncheng Rural Commercial Bank. The Bank agreed to invest RMB375 million with RMB225 million (consideration settled on September 18, 2015) used to purchase non-performing assets and to replenish capital reserves and RMB150 million (consideration settled on September 25, 2015) used to subscribe for 150 million new shares or 30% interest in Jilin Chuncheng Rural Commercial Bank, which was then formally established on October 12, 2015. The new promoter shareholders paid for the new shares on September 26, 2015 on the basis of RMB1.00 per share. The investment complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. As of the Latest Practicable Date, the Bank held 30% equity interest in Jilin Chuncheng Rural Commercial Bank, which is deemed to be under the Bank's control and to be the Group's subsidiary. See “—Shareholding and Group Structure” and “—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement”. Jilin Chuncheng Rural Commercial Bank accounted for 0.4% and 2.0% of the Group's operating income in 2015 and six month ended June 30, 2016, respectively and 2.1% and 3.3% of the Group's total assets as of December 31, 2015 and June 30, 2016, respectively.

HISTORY AND DEVELOPMENT

Strategic disposals during the Track Record Period

Jilin Shulan Rural Commercial Bank (吉林舒蘭農村商業銀行)

From December 31, 2014 to December 10, 2015, the Bank held 10% equity interest in Jilin Shulan Rural Commercial Bank and it was deemed to be under the Bank's control and subsidiary. See "Financial Information—Critical Accounting Estimates and Judgments—Determination of Consolidation Scope". On December 10, 2015, the Bank disposed its 10% equity interest in Jilin Shulan Rural Commercial Bank to Jilin Jiufu Asset Operation and Management Co., Ltd. (吉林九富資產經營管理有限公司), an independent third party, for a consideration of approximately RMB66.1 million, which was determined based on arm's length negotiation considering factors including Jilin Shulan Rural Commercial Bank's net assets value and share prices of the peer banks within the industry. The consideration was settled on December 10, 2015. The Bank disposed of its entire interest in Jilin Shulan Rural Commercial Bank because its operating performance and prospects did not meet the expectations of the Bank's management. The disposal complied with all applicable laws and all requisite approvals, permits and licenses have been obtained. Jilin Shulan Rural Commercial Bank accounted for 5.6% of the Group's total assets as of December 31, 2014 and 2.6% and 1.7% of the Group's operating income and net profit in 2015, respectively.

Acquisition after the Track Record Period

Jilin Huinan Rural Commercial Bank (吉林輝南農村商業銀行)

On September 22, 2016, Changbai Mountain Rural Commercial Bank agreed to participate in the restructuring of Huinan Rural Credit Cooperative (輝南縣農村信用合作聯社) into Jilin Huinan Rural Commercial Bank Co., Ltd. (吉林輝南農村商業銀行股份有限公司). Each promoter of Huinan Rural Commercial Bank also agreed to purchase an amount of the non-performing loans of Huinan Rural Credit Cooperative in proportion to its proposed shareholding in Huinan Rural Commercial Bank as PRC law requires the non-performing loan ratio of Huinan Rural Credit Cooperative to be below a specified threshold before it is permitted to restructure. In that connection, Changbai Mountain Rural Commercial Bank agreed to subscribe for 9.2% of the total issued share capital of Huinan Rural Commercial Bank to become its fifth largest shareholder, and to purchase non-performing loans of Huinan Rural Credit Cooperative. The Bank expects the investment to be accounted for as available-for-sale financial assets in the consolidated financial statements. On October 10, 2016, the CBRC Jilin Bureau approved the promotion of Huinan Rural Commercial Bank, and Changbai Mountain Rural Commercial Bank's share subscription and purchase of non-performing loans. On October 28, 2016, the CBRC Jilin Bureau approved the commencement of business by Huinan Rural Commercial Bank. The incorporation of Huinan Rural Commercial Bank was completed upon the completion of business and tax registrations in October 2016.

Huinan Rural Credit Cooperative is principally engaged in accepting public deposits, providing loans, trading government and financial bonds, participating in the currency market, providing safety deposit box services, brokering financial products and other business approved by the CBRC according to laws and regulations. Based on the audited financial statements of Huinan Rural Credit Cooperative prepared under PRC GAAP for the two years ended December 31, 2014 and 2015, Huinan Rural Credit Cooperative recorded operating income of RMB77.4 million and RMB127.6 million, profit before tax of RMB17.5 million and RMB30.9 million, and net profit of RMB0.1 million and RMB24.2 million, respectively. To the best knowledge, information and belief of the Bank's directors, having made all reasonable enquiries, each of Huinan Rural Credit Cooperative, the Promoters Committee of

HISTORY AND DEVELOPMENT

Huinan Rural Commercial Bank and their ultimate beneficial owners is independent of the Bank and its connected persons.

Consideration

On September 22, 2016, Changbai Mountain Rural Commercial Bank paid RMB47.84 million to purchase an equivalent amount in proportionated value of the aggregate non-performing loans with basis set out below. On October 11, 2016, Changbai Mountain Rural Commercial Bank further paid RMB36.8 million to subscribe for 36.8 million ordinary shares in Huinan Rural Commercial Bank upon its incorporation.

The purchase of the shares and non-performing loans is funded by Changbai Mountain Rural Commercial Bank's working capital. The purchase price for the shares was agreed after arm's length negotiations between the parties and principally determined based on the book value and appraised value of the net assets of Huinan Rural Credit Cooperative as of March 31, 2016, being RMB118.1 million and negative RMB672.0 million, respectively. The negative appraised value reflects further provision for impairment losses on loans after considering the regulatory non-performing loan ratio that Huinan Rural Credit Cooperative has to meet before it is permitted to restructure. The purchase price for the non-performing loans is principally based on (a) the value of the aggregate non-performing loans purchased by all the promoters with reference to the book value as reviewed by a PRC certified public accountants firm, and (b) the proportion of the shares in Huinan Rural Commercial Bank subscribed by Changbai Mountain Rural Commercial Bank. The Bank's directors believe that purchase of the non-performing loans will not materially impact the quality of the Group's overall loan or investment portfolio because (1) the non-performing loans purchased will not be accounted for as part of the Group's loan portfolio, and (2) the amount purchased is immaterial.

Reasons of the Acquisition

The Bank's directors believe that the transaction will strengthen the Group's competitiveness, bring synergies and profits to the Group's operation in the Changbai Mountain region where Huinan Rural Commercial Bank locates, the Bank's directors also believe that the terms of the transaction are fair and reasonable and in the interests of the Bank's Shareholders as a whole.

Given the immateriality of the transaction, among other things, the Bank has applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Bank a waiver from strict compliance with the requirements of Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules in relation to the transaction. See "Waiver from strict compliance with the Hong Kong Listing Rules—waiver in relation to business acquired after the track record period".

REASONS FOR THE LISTING

The Group intends to continue to expand the scope of its operations, the details of which are set out in the sections headed "Business—Strategies" and "Future Plans and Use of Proceeds". The Bank's directors believe that the Listing will provide the Group with additional capital to expand its domestic business and to increase its brand-awareness.

HISTORY AND DEVELOPMENT

SHAREHOLDING AND GROUP STRUCTURE

As of the Latest Practicable Date, the Bank had 1,611 Shareholders, including 32 corporate Shareholders holding an aggregate of 73.73% of the Shares and 1,579 individual shareholders holding an aggregate of 26.27% of the Shares. Shareholders holding 5% or more of the Shares are Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司) and Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司), holding 13.26%, 9.96% and 5.37% of the Shares, respectively. After having made due enquiries, these shareholders holding 5% or more of the Shares are independent of each other.

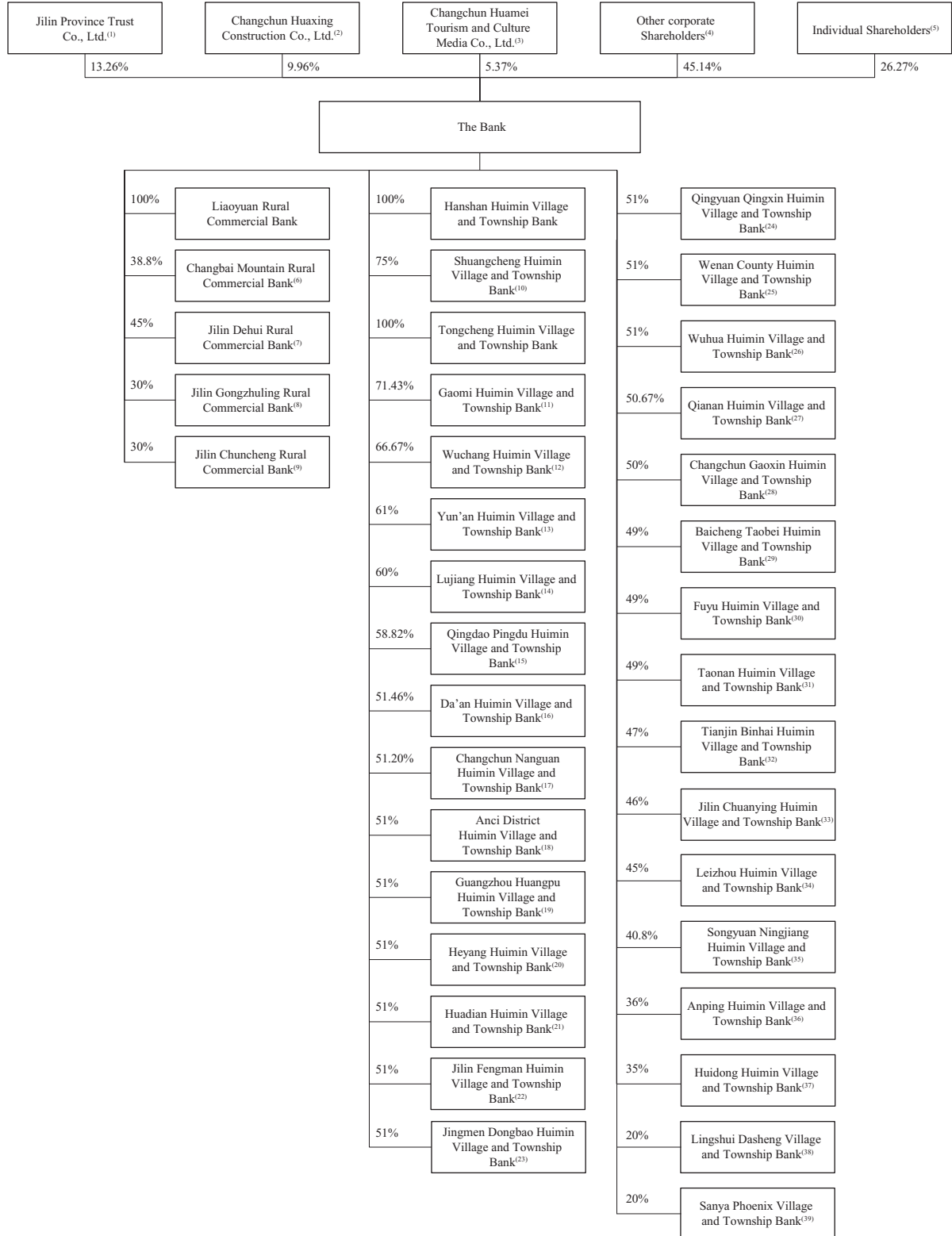
The following table sets out the shareholding of the Shareholders holding 5% or more of the Shares as of the Latest Practicable Date:

<u>Shareholders</u>	<u>Number of Shares held</u>	<u>Approximate shareholding percentage</u>
1. Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	436,934,351	13.26
2. Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	328,056,320	9.96
3. Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	177,047,788	5.37

HISTORY AND DEVELOPMENT

SHAREHOLDING STRUCTURE PRIOR TO THE GLOBAL OFFERING

The following chart sets out the Group's shareholding structure immediately prior to the Global Offering:



HISTORY AND DEVELOPMENT

Notes:

- (1) Jilin Province Department of Finance (吉林省財政廳), Jilin Province Energy and Communication Company Limited (吉林省能源交通總公司), Jilin Carbon Co., Ltd. (吉林省炭素集團有限責任公司), Jilin Grain Group Co., Ltd. (吉林糧食集團有限公司) and Jilin Chemical Fiber Group Co., Ltd. (吉林化纖集團有限責任公司) holds 97.5%, 0.6%, 0.6%, 0.6% and 0.6% of the total issued share capital in Jilin Province Trust Co., Ltd., respectively.
- (2) Mr. Zhang Zhigang (張志剛), Ms. Han Shufen (韓淑芬) and Mr. Zhang Yusheng (張玉生) hold 24.0%, 16.0% and 60.0% of the total issued share capital in Changchun Huaxing Construction Co., Ltd, respectively. Mr. Zhang Yusheng is a non-executive director of the Bank. Changchun Huaxing Construction Co., Ltd. is an associate of Mr. Zhang Yusheng and therefore, a connected person of the Group. Mr. Zhang Zhigang and Ms. Han Shufen are independent of the Group.
- (3) Jilin Jiuying Investment Management Group Co., Ltd (吉林省九盈投資管理集團股份有限公司) and Mr. Wu Changhe (吳長河) hold 92.2% and 7.8% of the total issued share capital in Changchun Huamei Tourism and Culture Media Co., Ltd, respectively. Both Jilin Jiuying Investment Management Group Co., Ltd. and Mr. Wu Changhe are independent of the Group.
- (4) The Bank's two other state-owned Shareholders, Jishi Media Co., Ltd. (吉視傳媒股份有限公司) and Jilin Province Technology Investment Fund Co., Ltd. (吉林省科技投資基金有限公司), hold 3.04% and 0.65% interest, respectively immediately prior to the Global Offering, and hold 2.29% and 0.49% interest, respectively immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option). The 27 other non-state owned legal person Shareholders in aggregate hold approximately 41.45% interest immediately prior to the Global Offering, and in aggregate hold approximately 35.06% interest immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option). The shareholding percentages of these corporate Shareholders in the Bank range from 0.19% to 4.86% immediately prior to the Global Offering, and range from 0.16% to 4.11% immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option).
- (5) Among the 1,579 individual Shareholders, 120 are the Group's employees, 1,459 are other individual Shareholders.
- (6) The remaining 61.2% interest of Changbai Mountain Rural Commercial Bank (長白山農村商業銀行) is held as to 0.6% by Jilin Province Jiapeng Construction Group Co. Ltd. (吉林省嘉鵬建設集團有限公司), 0.6% by Jilin Province Valley Spring Fermentation Co., Ltd. (吉林省田野泉釀造有限公司), 10% by Jishi Media Co., Ltd. (吉視傳媒股份有限公司) and 9.9% by Huadian City Huaneng Market Investment and Development Co., Ltd. (樺甸市華能市場投資發展有限公司), the Bank's Shareholders and as to 40.1% by five other corporate shareholders and 12 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 8%. Changbai Mountain Rural Commercial Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (7) The remaining 55% interest of Jilin Dehui Rural Commercial Bank (吉林德惠農村商業銀行) is held as to 10% by the Bank's substantial shareholder, Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), 10% by each of the Bank's Shareholders, Jilin Province Longyuan Agricultural Production Group Co., Ltd. (吉林省隆源農業生產資料集團有限公司) and Jishi Media Co., Ltd., 10% by each of the Bank's connected persons, United Venture Group Co., Ltd. (聯合創業集團有限公司) and Changchun Zhongdong Tianbao Co., Ltd. (長春中東天寶股份有限公司), and as to 5% by one other corporate investor, who is independent of the Group. Jilin Dehui Rural Commercial Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (8) The remaining 70% interest of Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行) is held as to 10% by Jilin Province Trust Co., Ltd., the Bank's substantial shareholder, 10% by Jishi Media Co., Ltd., the Bank's shareholder and 50% by 10 other corporate investors and 41 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Jilin Gongzhuling Rural Commercial Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (9) The remaining 70% interest of Jilin Chuncheng Rural Commercial Bank (吉林春城農村商業銀行) is held as to 10% by Jilin Province Trust Co., Ltd., the Bank's substantial shareholder, 10% by Jishi Media Co., Ltd., the Bank's shareholder and 50% by three other corporate investors and 33 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Jilin Chuncheng Rural Commercial Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (10) The remaining 25% interest of Shuangcheng Huimin Village and Township Bank (雙城惠民村鎮銀行) is held by one corporate investor and 25 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 2.38%.
- (11) The remaining 28.57% interest of Gaomi Huimin Village and Township Bank (高密惠民村鎮銀行) is held by five other corporate investors and 30 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 5.71%.
- (12) The remaining 33.33% interest of Wuchang Huimin Village and Township Bank (五常惠民村鎮銀行) is held by 25 other individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 3.33%.
- (13) The remaining 39% interest of Yun'an Huimin Village and Township Bank (雲安惠民村鎮銀行) is held by four other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (14) The remaining 40% interest of Lujiang Huimin Village and Township Bank (廬江惠民村鎮銀行) is held by three other corporate investors and 46 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 4.9%.
- (15) The remaining 41.18% interest of Qingdao Pingdu Huimin Village and Township Bank (青島平度惠民村鎮銀行) is held by two other corporate investors and 92 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9%.
- (16) The remaining 48.54% interest of Da'an Huimin Village and Township Bank (大安惠民村鎮銀行) is held by another corporate investor and 11 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (17) The remaining 48.80% interest of Changchun Nanguan Huimin Village and Township Bank (長春南關惠民村鎮銀行) is held by two other corporate investors and 33 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 4.47%.

HISTORY AND DEVELOPMENT

- (18) The remaining 49% interest of Anci District Huimin Village and Township Bank (安次區惠民村鎮銀行) is held as to 2% by Jilin Brother Wood Group Co., Ltd. (吉林兄弟木業集團有限公司), the Bank's shareholder and 47% by three other corporate investors and five individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (19) The remaining 49% interest of Guangzhou Huangpu Huimin Village and Township Bank (廣州黃埔惠民村鎮銀行) (formerly known as Guangzhou Luogang Huimin Village Bank Co., Ltd. (廣州蘿崗惠民村鎮銀行股份有限公司)) is held as to 8% by Jilin Province Longyuan Agricultural Production Group Co., Ltd., the Bank's shareholder and 41% by five other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9%.
- (20) The remaining 49% interest of Heyang Huimin Village and Township Bank (合陽惠民村鎮銀行) is held by five other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (21) The remaining 49% interest of Huadian Huimin Village and Township Bank (樺甸惠民村鎮銀行) is held by three other corporate investors and 10 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 5%.
- (22) The remaining 49% interest of Jilin Fengman Huimin Village and Township Bank (吉林豐滿惠民村鎮銀行) is held by 15 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9.5%.
- (23) The remaining 49% interest of Jingmen Dongbao Huimin Village and Township Bank (荊門東寶惠民村鎮銀行) is held by two other corporate investors and four individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (24) The remaining 49% interest of Qingyuan Qingxin Huimin Village and Township Bank (清遠清新惠民村鎮銀行) is held as to 7% by Jilin Province Longyuan Agricultural Production Group Co., Ltd., the Bank's shareholder, and 42% by five other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9.9%.
- (25) The remaining 49% interest of Wenan County Huimin Village and Township Bank (文安縣惠民村鎮銀行) is held by four other corporate investors and two individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%.
- (26) The remaining 49% interest of Wuhua Huimin Village and Township Bank (五華惠民村鎮銀行) is held as to 9% by Jilin Brother Wood Group Co., Ltd., the Bank's shareholder and 40% by six other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9.9%.
- (27) The remaining 49.33% interest of Qianan Huimin Village and Township Bank (乾安惠民村鎮銀行) is held as to 39.43% by another corporate investor and 19 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 4.9%.
- (28) The remaining 50% interest of Changchun Gaoxin Huimin Village and Township Bank (長春高新惠民村鎮銀行) is held as to 5.15% by Jilin Brother Wood Group Co., Ltd. (吉林兄弟木業集團有限公司), the Bank's shareholder and 44.85% by four other corporate investors and three individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Changchun Gaoxin Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (29) The remaining 51% interest of Baicheng Taobei Huimin Village and Township Bank (白城洮北惠民村鎮銀行) is held by seven other corporate investors and seven individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 6%. Baicheng Taobei Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (30) The remaining 51% interest of Fuyu Huimin Village and Township Bank (扶餘惠民村鎮銀行) is held by two other corporate investors and 13 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Fuyu Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (31) The remaining 51% interest of Taonan Huimin Village and Township Bank (洮南惠民村鎮銀行) is held by four other corporate investors and eight individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Taonan Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (32) The remaining 53% interest of Tianjin Binhai Huimin Village and Township Bank (天津濱海惠民村鎮銀行) is held by 11 other corporate investors, who are independent of the Group and the largest shareholding amongst these shareholders being 5%. Tianjin Binhai Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (33) The remaining 54% interest of Jilin Chuanying Huimin Village and Township Bank (吉林船營惠民村鎮銀行) is held by 26 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 5%. Jilin Chuanying Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (34) The remaining 55% interest of Leizhou Huimin Village and Township Bank (雷州惠民村鎮銀行) is held by four other corporate investors and three individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Leizhou Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (35) The remaining 59.2% interest of Songyuan Ningjiang Huimin Village and Township Bank (松原寧江惠民村鎮銀行) is held by another corporate investor and 54 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Songyuan Ningjiang Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (36) The remaining 64% interest of Anping Huimin Village and Township Bank (安平惠民村鎮銀行) is held by seven other corporate investors and 23 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Anping Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".

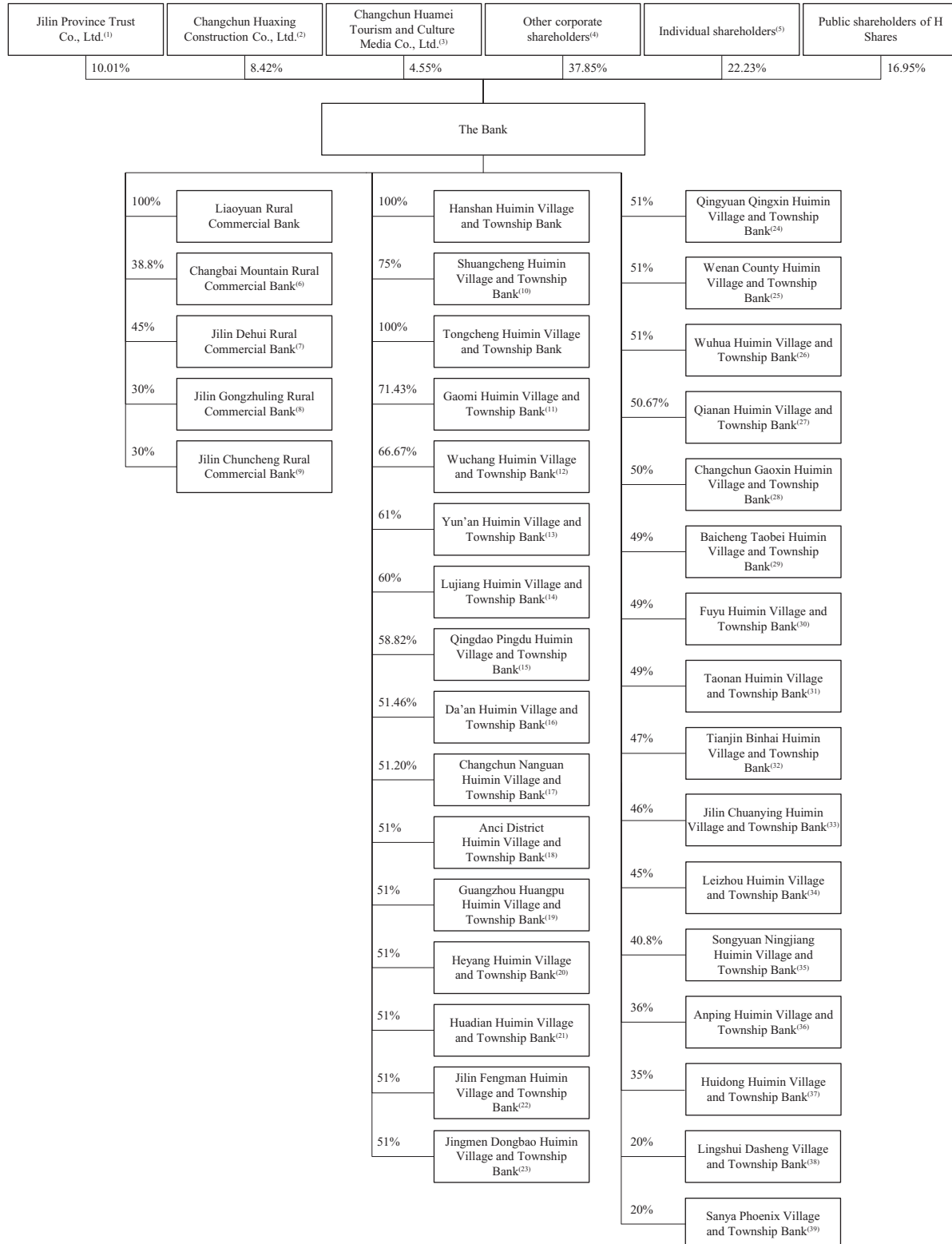
HISTORY AND DEVELOPMENT

- (37) The remaining 65% interest of Huidong Huimin Village and Township Bank (惠東惠民村鎮銀行) is held by six other corporate investors and four individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Huidong Huimin Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (38) The remaining 80% interest of Lingshui Dasheng Village and Township Bank (陵水大生村鎮銀行) is held by six other corporate investors and 24 individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 9%. Lingshui Dasheng Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".
- (39) The remaining 80% interest of Sanya Phoenix Village and Township Bank (三亞鳳凰村鎮銀行) is held by seven other corporate investors and three individual investors, who are independent of the Group and the largest shareholding amongst these shareholders being 10%. Sanya Phoenix Village and Township Bank is deemed to be under the Bank's control and to be the Group's subsidiary. See "—Control over Non-majority-owned Subsidiaries and Concert Party Arrangement".

HISTORY AND DEVELOPMENT

SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

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



Note: See the corresponding notes on pages 173 to 175.

HISTORY AND DEVELOPMENT

CONTROL OVER NON-MAJORITY-OWNED SUBSIDIARIES AND CONCERT PARTY ARRANGEMENT

The Group has consolidated the financial statements of the Bank and entities controlled by the Bank, i.e. its subsidiaries. The Bank ceases to consolidate the financial statements of a subsidiary when it loses control of such subsidiary. According to paragraph 7 of IFRS10, control is achieved if and only if the Bank has: (i) the power over the investee, (ii) exposure, or rights, to variable returns from the Bank's involvement with the investee, and (iii) the ability to use the Bank's power over the investee to affect the amount of the investor's returns.

The Bank considered various factors in determining that it has met the consolidation criteria set forth in IFRS10 in respect of the investees. See "Financial Information—Critical Accounting Estimates and Judgments—Determination of Consolidation Scope". Among other factors, the Bank has entered into acting-in-concert agreements with certain minority shareholders of these non-majority-owned subsidiaries (the "**Concert Parties**"). The Bank held more than 50% of the voting rights in the relevant subsidiaries through acting-in-concert agreements with minority shareholders. In particular, under these acting-in-concert agreements, the Concert Parties have agreed to align their votes with the Bank at the respective shareholders' meetings in respect of, among other things, any decisions relating to operation strategies and investment plans, nomination and appointment of non-employee supervisors and director representatives, remuneration plan of directors and supervisors, approving report of board of directors or supervisors, budgets, approving dividend distribution policies, change in registered working capital, issuance of bonds, mergers, disposals, liquidation, changes in articles of association and all other reserved matters for shareholders stated in the articles of association. The acting-in-concert agreements require the minority shareholders to consult and communicate with the Bank when exercising their rights to convene, propose motions and vote at shareholder meetings so as to ensure that their actions are aligned with the Bank. The Bank's Strategic Development Department is responsible for maintaining close contact with the Concert Parties who are primarily individuals and non-banking institutions. As such, the Bank has regularly communicated with the Concert Parties in advance of shareholders meetings and board meetings in order to reach consensus on voting. They have also agreed to procure that the directors appointed by them will align their votes with those of the directors appointed by the Bank at meetings of the respective boards of directors. The Concert Parties have also given other parties to the agreements a right of first refusal to acquire their respective equity interest. Parties in default of the acting-in-concert agreements are liable for their contractual breaches. The declarations and undertakings given under these acting-in-concert agreements are irrevocable, except with mutual agreement. In the case of Tianjin Binhai Huimin Village and Township Bank and Leizhou Huimin Village and Township Bank, although the acting-in-concert agreements were signed after the date of consolidation, the relevant parties agreed to act in concert pursuant to undertakings given to the relevant regulatory authorities in connection with the incorporation of the entity.

The Bank's PRC legal adviser, King & Wood Mallesons, has confirmed that (i) each of these acting-in-concert agreements is legally binding and does not violate PRC law and (ii) none of the parties to the acting-in-concert agreements has the contractual right to unilaterally terminate the agreements, and according to the Contract Law of the PRC, in principle, the acting-in-concert agreements may only be terminated by mutual agreement.

In order to enhance the Bank's control over its non-majority-owned subsidiaries, the articles of association of all the Group's non-majority-owned subsidiaries were amended during the period from March to September 2016 to provide for the Bank's right to nominate the chairman and a majority of their directors.

HISTORY AND DEVELOPMENT

In 2010, the CBRC began encouraging financial institutions to acquire rural credit cooperatives. This, along with development trends concerning rural financial services, led the Bank to acquire Changbai Mountain Rural Credit Cooperative and establish Changbai Mountain Rural Commercial Bank, making the Bank one of the first PRC rural commercial banks to acquire and restructure a rural financial institution. In 2012, the CBRC further encouraged private enterprises to restructure rural financial institutions when it issued an opinion to lower the minimum equity interest that a promoter bank must hold in a village and township bank from 20% to 15%. In 2015, the CBRC began encouraging the acquisitions of village and township banks by PRC commercial banks with relatively larger business scale and experience in managing village and township banks. Encouraged by government policies, the Bank acquired Lingshui Dasheng Village and Township Bank in December 2015 and Sanya Phoenix Village and Township Bank in June 2016. The Bank is encouraged by PRC government policies to exercise discretion and selectively acquire rural commercial banks and village and township banks and establish village and township banks to expand the Group's strategic network and customer base, and enhance the Group's competitiveness. Encouraged by government policies, the Bank makes non-majority investments in rural commercial banks and village and township banks with participations from private entities, most of whom are non-banking and non-financial institutions, under acting-in-concert arrangements that allow the Bank to control and consolidate the investee banks. The Bank believes it can better deploy its financial resources and quickly expand the Group's network and client base through non-majority investments in rural commercial banks and village and township banks.

As of the Latest Practicable Date, the Bank controlled and consolidated 16 non-majority-owned subsidiaries. The following table sets forth the details of these 16 non-majority-owned subsidiaries, its date of incorporation, the effective date of control established, and the Concert Parties with the effective date of the voting arrangement stated in the act in concert agreement and its respective shareholding:

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties
1.	Anping Huimin Village and Township Bank (安平惠民村鎮銀行)	December 24, 2013	December 24, 2013		The Bank	36%	75.16% ⁽¹⁾
				December 20, 2013	Hebei Wanzhong Mining Mechanics Co., Ltd. (河北萬眾礦山機械有限公司)	8.33%	
					Anping County Anbao Cotton Co., Ltd. (安平縣安保棉業有限公司)	10%	
					Anping County Ouyi Transportation Network Co., Ltd. (安平縣歐藝交通網業有限公司)	8.33%	
				December 30, 2013	Xu Guohua (許國華)	6.67%	
					Wang Daming (王大明)	5.83%	

HISTORY AND DEVELOPMENT

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties	
2.	Songyuan Ningjiang Huimin Village and Township Bank (松原寧江惠民村鎮銀行)	January 19, 2011	January 19, 2011 ⁽²⁾		The Bank	40.8%	52.32%	
					December 20, 2013	Songyuan City Jiangcheng Construction Engineering Co., Ltd. (松原市江城建築工程有限責任公司)		7.34%
					December 30, 2013	Wang Daming (王大明)		4.18%
3.	Jilin Dehui Rural Commercial Bank (吉林德惠農村商業銀行)	December 30, 2013	December 30, 2013	December 30, 2013	The Bank	45%	65%	
						Jilin Province Longyuan Agricultural Production Group Co., Ltd. (吉林省隆源農業生產資料集團有限公司)		10%
						United Ventures Group Co., Ltd. (聯合創業集團有限公司)		10%
4.	Huidong Huimin Village and Township Bank (惠東惠民村鎮銀行)	November 21, 2014	November 21, 2014	November 20, 2014	The Bank	35%	65%	
						Jilin Province Songyuan Feiyu Real Estate Development Co., Ltd. (吉林省松原飛宇房地產開發有限公司)		10%
						Changchun Tianda Building Materials Co., Ltd. (長春天大建築材料有限公司)		10%
						Jilin Province Shimao Mall Co., Ltd. (吉林省世茂商城有限公司)		10%
5.	Tianjin Binhai Huimin Village and Township Bank (天津濱海惠民村鎮銀行)	June 11, 2014	June 11, 2014 ⁽³⁾	December 30, 2014	The Bank	47%	52%	
						Tianjin Xiaogulin Concrete Co., Ltd. (天津小古林混凝土有限公司)		5%

HISTORY AND DEVELOPMENT

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties
6.	Jilin Gongzhuling Rural Commercial Bank (吉林公主嶺農村商業銀行)	October 12, 2015	October 12, 2015	September 30, 2015	The Bank Jishi Media Co., Ltd. (吉視傳媒股份有限公司) Changchun Wanlong Real Estate Development Co., Ltd. (長春市萬龍房地產開發有限責任公司) Jilin Province Guangze Agriculture Investment Co., Ltd. (吉林省廣澤農業投資有限公司)	30%	60%
7.	Jilin Chuncheng Rural Commercial Bank (吉林春城農村商業銀行)	October 12, 2015	October 12, 2015	September 30, 2015	The Bank Jilin Province Trust Co., Ltd. (吉林省信托有限責任公司) Jishi Media Co., Ltd. (吉視傳媒股份有限公司) Changchun Guoxin Investment Group Co., Ltd. (長春國信投資集團有限公司) Changchun Qingyifang Distribution Co., Ltd. (長春青怡坊經銷有限責任公司)	30%	70%

HISTORY AND DEVELOPMENT

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties
8.	Baicheng Taobei Huimin Village and Township Bank (白城洮北惠民村鎮銀行)	November 23, 2015	November 23, 2015	November 18, 2015	The Bank Baicheng Xin Diamond Group Co., Ltd. (白城鑫鑽石集團股份有限公司) Jilin Province Jinshi Industry and Trade Co., Ltd. (吉林省金石工貿有限責任公司) Jilin Province Wangjiao Renjia Food Co., Ltd. (吉林省旺角人家食品有限責任公司) Baicheng City Changjiang Coal Sales Co., Ltd. (白城市長江煤炭銷售有限公司) Jilin Province Huayi Road Construction Group Baicheng Hongda Road and Bridge Co., Ltd. (吉林省華一公路建設集團白城宏達路橋有限公司) Baicheng City Mingkeduo Supermarket Co., Ltd. (白城市明客多超市有限公司)	49%	67%
9.	Taonan Huimin Village and Township Bank (洮南惠民村鎮銀行)	December 11, 2015	December 11, 2015	November 18, 2015	The Bank Baicheng City Xingsheng Dairy Farming Co., Ltd. (白城市興盛奶牛養殖有限公司) Songyuan City Jiangcheng Construction Engineering Co., Ltd. (松原市江城建築工程有限責任公司) Da'an City Ruicheng Real Estate Development Co., Ltd. (大安市瑞城房地產開發有限責任公司) Taonan City Jinta Bio-oil Manufacturing Co., Ltd. (洮南市金塔生物油製造有限公司)	49%	79%

HISTORY AND DEVELOPMENT

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties	
10.	Leizhou Huimin Village and Township Bank (雷州惠民村鎮銀行)	March 25, 2015	March 25, 2015 ⁽⁴⁾		The Bank	45%	65%	
					November 18, 2015	Zhanjiang City Bochi Trading Co., Ltd. (湛江市博馳貿易有限公司)		5%
					November 20, 2015	Zhanjiang Hengang Logistics Co., Ltd. (湛江恒昂物流有限公司)		5%
					December 1, 2015	Shenzhen City J-star Project Management Consultant Co., Ltd. (深圳市建星項目管理顧問有限公司)		10%
11.	Fuyu Huimin Village and Township Bank (扶餘惠民村鎮銀行)	December 14, 2015	December 14, 2015	November 27, 2015	The Bank	49%	52%	
						Fuyu City Jinxiu Group Real Estate Co., Ltd. (扶餘市錦綉集團置業有限公司)		1%
						Songyuan City Minxin Real Estate Development Co., Ltd. (松原市民信房地產開發有限公司)		2%
12.	Changchun Gaoxin Huimin Village and Township Bank (長春高新惠民村鎮銀行)	September 24, 2013	September 24, 2013 ⁽⁵⁾	December 31, 2015	The Bank	50%	51.85%	
						Feng Yinghui (馮英輝)		1.85%
13.	Lingshui Dasheng Village and Township Bank (陵水大生村鎮銀行)	May 16, 2011 (acquired on December 31, 2015)	December 31, 2015		The Bank	20%	61.6% ⁽⁶⁾	
					December 31, 2015	Shenyang Liangyun Real Estate Development Co., Ltd. (瀋陽良運房地產開發有限公司)		2%
						Dalian Lianfeng Investment Consulting Co., Ltd. (大連聯豐投資諮詢有限公司)		2%
						Beijing United Currency Exchange Co., Ltd. (北京聯合貨幣兌換有限公司)		2%
						Wu Qiong (吳瓊)		1.6%
					August 3, 2016	Wang Xiaoye (王曉野)		9%
						Li Shuang (李雙)		8%
						Ma Jiahui (馬嘉檜)		3.2%
						Yang Rulin (楊儒林)		7.8%
						Yang Xiaoyu (楊笑宇)		2%
August 4, 2016	Yu Minghan (于明晗)	2%						
	Li Biao (李彪)	2%						

HISTORY AND DEVELOPMENT

No.	Subsidiary bank	Date of incorporation	Effective date of control established	Effective date of the voting arrangement stated in the acting-in-concert agreement	Parties	Individual Shareholding	Aggregate Shareholding of Concert Parties
14.	Jilin Chuanying Huimin Village and Township Bank (吉林船營惠民村鎮銀行)	January 21, 2016	January 21, 2016	January 21, 2016	The Bank Chen Yunhui (陳雲輝)	46% 5%	51%
15.	Changbai Mountain Rural Commercial Bank (長白山農村商業銀行)	December 14, 2011	December 14, 2011 ⁽⁷⁾	June 21, 2016	The Bank Huadian City Huaneng Market Investment and Development Co., Ltd. (樺甸市華能市場投資發展有限公司) Jishi Media Co., Ltd. (吉視傳媒股份有限公司) Jilin Province Tianda Asset Management Co., Ltd. (吉林省天達資產管理有限公司)	38.8% 9.9% 10% 8%	66.7%
16.	Sanya Phoenix Village and Township Bank (三亞鳳凰村鎮銀行)	May 16, 2011 (acquired on June 20, 2016)	June 22, 2016	June 22, 2016	The Bank Hainan Wanping Real Estate Development Co., Ltd. (海南萬平房地產開發有限公司) Pioneer Payment Co., Ltd. (先鋒支付有限公司) Liu Ping (劉平) United Ventures Group Co., Ltd. (聯合創業集團有限公司)	20% 10% 10% 3% 10%	53%

Notes:

- (1) The aggregate equity interest of four Concert Parties out of the total five Concert Parties in Anping Huimin Village and Township Bank was diluted from 35% to 29.16% due to its capital increase on July 26, 2016. As such, the aggregate shareholding of the Concert Parties of this entity decreased from 81% as at June 30, 2016 to 75.16% as of the Latest Practicable Date.
- (2) The Bank held 51% equity interest in Songyuan Ningjiang Huimin Village and Township Bank as at the date of its incorporation. Although the Bank's equity interest was diluted from 51% to 40.8% due to its capital increase in December 2013, the Bank entered into acting-in-concert agreements with other two shareholders of Songyuan Ningjiang Huimin Village and Township Bank in December 2013 to re-assure the control over such entity.
- (3) Although the acting-in-concert agreements were entered into after the date of incorporation of Tianjin Binhai Huimin Village and Township Bank, the Concert Parties of this entity agreed to act in concert pursuant to the undertaking given to the relevant regulatory authorities passed at the promoters' meeting on December 21, 2013 in connection with the incorporation of Tianjin Binhai Huimin Village and Township Bank.
- (4) Although the acting-in-concert agreements were entered into after the date of incorporation of Leizhou Huimin Village and Township Bank, the Concert Parties of this entity agreed to act in concert pursuant to the undertaking given to the relevant regulatory authorities passed at the promoters' meeting on April 20, 2014 in connection with the incorporation of Leizhou Huimin Village and Township Bank.
- (5) The Bank held 100% equity interest in Changchun Gaoxin Huimin Village and Township Bank as at the date of its incorporation. Although the Bank's equity interest decreased from 100% to 50% due to the disposal of its 50% equity interest in the entity on December 30, 2015, the Bank entered into an acting-in-concert agreement with another shareholder of Changchun Gaoxin Huimin Village and Township Bank on December 31, 2015 to re-assure the control over such entity.
- (6) The aggregate equity interest of the original four Concert Parties in Lingshui Dasheng Village and Township Bank was diluted from 38% as at June 30, 2016 to 7.6% due to its capital increase on August 3, 2016. As such, the aggregate shareholding of Concert Parties

HISTORY AND DEVELOPMENT

was diluted from 58% as at June 30, 2016 to 27.6% as of the Latest Practicable Date. To re-assure the control over such entity, the Bank entered into acting-in-concert agreements with seven new investors in August 2016.

- (7) *The Bank held 100% equity interest in Changbai Mountain Rural Commercial Bank at the date of its incorporation. Although the Bank's equity interest was diluted to 38.8% due to its capital increase on June 30, 2016, the Bank entered into acting-in-concert agreements with other three shareholders of Changbai Mountain Rural Commercial Bank in June 2016 to re-assure the control over such entity.*

ISSUANCE OF BONDS, CREDIT ASSET-BACKED SECURITIES AND INTERBANK CERTIFICATES

With the approvals from PBOC and CBRC, the Bank issued 10-year-term subordinated bonds in principal amount of RMB700 million in the inter-bank bond market in December 2012, which bear interest of 7% on an annual basis. The bonds may be redeemed at the expiry of the first five-year period.

With the approvals from PBOC and CBRC, the Bank issued credit asset-backed securities in the principal amount of RMB313.75 million in the inter-bank bond market in September 2014.

With the approvals from PBOC and CBRC, the Bank issued 10-year tier-two capital bonds in principal amount of RMB800 million in the inter-bank bond market in April 2015, which bear interest of 6.3% on an annual basis. The bonds may be redeemed at the expiry of the first five-year period.

In October 2016, the Bank issued RMB900.0 million at a face value of 4.20% fixed rate 10-year tier-two capital bonds.

Since July 1, 2016 and up to the Latest Practicable Date, the Bank had issued several tranches of zero-coupon interbank certificates, with an aggregate face value of RMB23,670.0 million and a term ranging from one month to one year, in the PRC interbank market, and redeemed interbank certificates in an aggregate face value of RMB11,320.0 million.

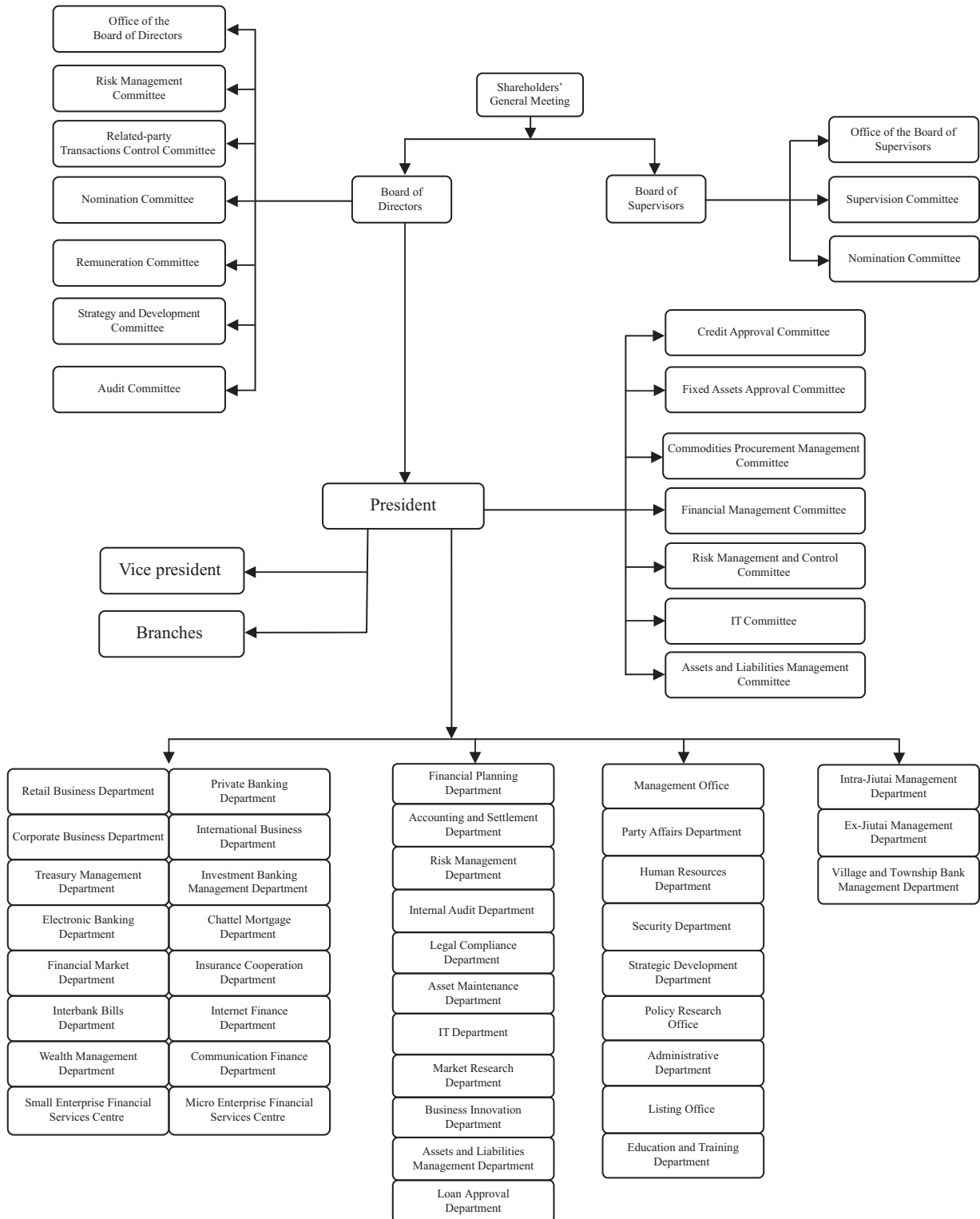
ORGANIZATIONAL AND MANAGEMENT STRUCTURE

The Bank implemented a series of initiatives to optimize its management structure and to enhance the Bank's internal control system, including:

- establishing a modern corporate governance structure;
- establishing comprehensive risk management and internal control systems;
- enhancing the utilization of information technology; and
- promoting human resources development.

HISTORY AND DEVELOPMENT

The following chart sets forth the Bank's principal organizational and management structure as of the Latest Practicable Date:



HISTORY AND DEVELOPMENT

ESTABLISHMENT OF A MODERN CORPORATE GOVERNANCE STRUCTURE

The Bank has established a modern corporate governance structure in line with the requirements of its articles of association, PRC laws and regulations and the Hong Kong Listing Rules. The Bank's board of directors is accountable to the Bank's Shareholders as a whole and is responsible for, among others, determining the Group's business development strategies, business plans and investment proposals, appointing or removing senior management, and deciding matters such as internal management structure. The Bank's board of directors has established committees to perform specified functions consisting of the strategy and development committee, the related-party transaction control committee, the remuneration committee, the nomination committee, the risk management committee and the audit committee. The Bank's board of supervisors is accountable to the Bank's shareholders as a whole and has the responsibility and power to supervise the Bank's directors and senior management and oversee the Group's financial activities, risk management and internal control.