

## **OUR HISTORY**

In May 1995, the State Council granted the approval for the establishment of our Bank. We were founded in early 1996 in Beijing by 59 Promoters through the coordination of the All-China Federation of Industry and Commerce (中華全國工商業聯合會), a liaison association between non-state-owned enterprises and governmental agencies in the PRC. In January 1996, the PBOC granted us a financial institution license to commence commercial banking activities as a joint stock limited company with a registered share capital of RMB1,380,248,376. On February 7, 1996, the SAIC issued us a business license, which enabled us to conduct commercial banking business in the PRC. As of September 30, 2009, we had 29 branches and 387 sub-branches throughout China as well as a representative office in Hong Kong.

As of September 30, 2009, we had a total share capital of approximately RMB18.8 billion and 1,088,025 shareholders on record.

### **A Share Listing**

On November 27, 2000, we issued 350 million A Shares upon our initial public offering. These shares were listed on the Shanghai Stock Exchange on December 19, 2000. Approximately 1.38 billion shares held by our shareholders before the initial public offering were not freely tradable.

### **Reform of Non-tradable Shares**

Pursuant to the “Administrative Measures on the Split Share Structure Reform of Listed Companies” (上市公司股權分置改革管理辦法) promulgated by the CSRC on September 4, 2005, we completed the reform of our non-tradable shares in October 2005.

Immediately after the completion of the Conversion Scheme, we had a total of 7,258,592,412 A Shares outstanding, of which 4,345,670,605 shares were A Shares which were subject to certain trading restrictions, and the remaining 2,912,921,807 shares were freely tradable A Shares. All the A Shares which were previously subject to certain trading restrictions became freely tradable A Shares on October 26, 2007.

### **Private Placing of A Shares**

On June 22, 2007, we issued 2.38 billion A Shares to seven domestic institutional investors, raising net proceeds of approximately RMB18.2 billion to strengthen our capital base. These A Shares were subject to lock-up periods, and the longest lock-up period attached to these A Shares expired on August 23, 2009.

### **Convertible Bonds**

On February 27, 2003, we issued RMB4.0 billion of convertible bonds, which became listed on the Shanghai Stock Exchange on March 18, 2003. Each convertible bond could be converted into one A Share at a conversion price of RMB10.11 (subject to adjustment) from August 27, 2003 to February 26, 2008.

As of February 26, 2008, the last day of the conversion period, an aggregate of 1,616,729,400 A Shares (including bonus issue) were issued pursuant to the exercise of the conversion rights under the convertible bonds, representing approximately 11.17% of our then total share capital. Convertible bonds in the amount of RMB329,000 were outstanding, representing approximately 0.008% of the convertible bonds, and such amount was repaid in full on February 26, 2008.

### **Subordinated Bonds**

On November 8, 2004, we completed the issue of subordinated bonds in the principal amount of RMB5.8 billion, comprising RMB4.3 billion bonds at a fixed rate of 5.1% per annum and RMB1.5 billion floating rate bonds based on the one-year PBOC time deposit savings rate plus a spread of 2.4% per annum, both for a term of ten years, the interest on which was paid on an annual basis. In instances where PBOC revises its benchmark interest rate, the interest rate of the floating rate bonds will be revised accordingly.

On December 26, 2005, we completed another issue of subordinated bonds in the principal amount of RMB1.4 billion for a term of ten years. Such bonds are redeemable in full at our discretion at the end of the fifth year, at an initial interest rate of 3.68% per annum. Failing any redemption at the end of the fifth year, the interest rate will be increased by 300 basis points per annum for the remaining five years with interest to be paid on an annual basis.

### **Financial Bonds**

On May 22, 2006, we completed the issue of fixed-income financial bonds in the principal amount of RMB10.0 billion at a fixed interest rate of 2.88% per annum for a term of three years.

On June 22, 2007, we completed the issue of financial bonds with floating interest rate for an aggregate amount of RMB12.0 billion in two tranches. The first tranche was in the principal amount of RMB6.0 billion at an interest rate based on the one-year PBOC time deposit rate plus a spread of 0.61% per annum for a term of three years. The second tranche was in the principal amount of RMB6.0 billion at an interest rate base on the one-year PBOC time deposit savings rate plus a spread of 0.76% per annum for a term of five years.

### **Hybrid Capital Bonds**

On December 28, 2006, we completed the issue of hybrid capital bonds in the principal amount of RMB4.3 billion for a term of 15 years. Subject to approval by the CBRC, we may redeem all or part of the bonds at par after the expiry of the tenth year before the expiry of these bonds. The bonds comprise RMB3.3 billion fixed rate bonds and RMB1.0 billion floating rate bonds. The fixed rate bonds have an initial interest rate of 5.05% per annum and failing any redemption, the interest rate will increase by 300 basis points per annum for the remaining five years. The initial interest rate of the floating rate bonds is based on a premium of 2% per annum above the one-year PBOC time deposit savings rate, and failing any redemption, an extra premium of 100 basis points will apply to each year from the 11<sup>th</sup> year.

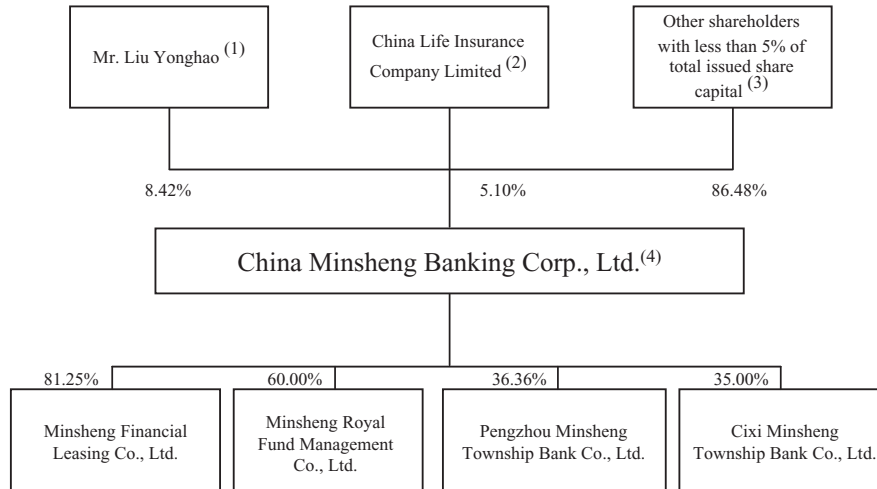
On March 26, 2009, we completed the issue of hybrid capital bonds in the principal amount of RMB5.0 billion for a term of 15 years. Subject to approval by the CBRC, we may redeem all or part of the bonds at par after the expiry of the tenth year before the expiry of these bonds. The bonds comprise RMB3.3 billion fixed rate bonds and RMB1.7 billion floating rate bonds. The fixed rate bonds have an initial interest rate of 5.70% per annum and failing any redemption, the interest rate will increase by 300 basis points per annum for the remaining five years. The initial interest rate of the floating rate bonds is based on a premium of 3% per annum above the one-year PBOC time deposit savings rate, and failing any redemption, an extra premium of 300 basis points will apply to each year from the 11<sup>th</sup> year.

## CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE

### OUR SHAREHOLDING AND GROUP STRUCTURE

The following chart sets out our shareholding and group structure, to the best knowledge of our Directors, prior to the Global Offering as at the Latest Practicable Date:

#### Prior to the Global Offering



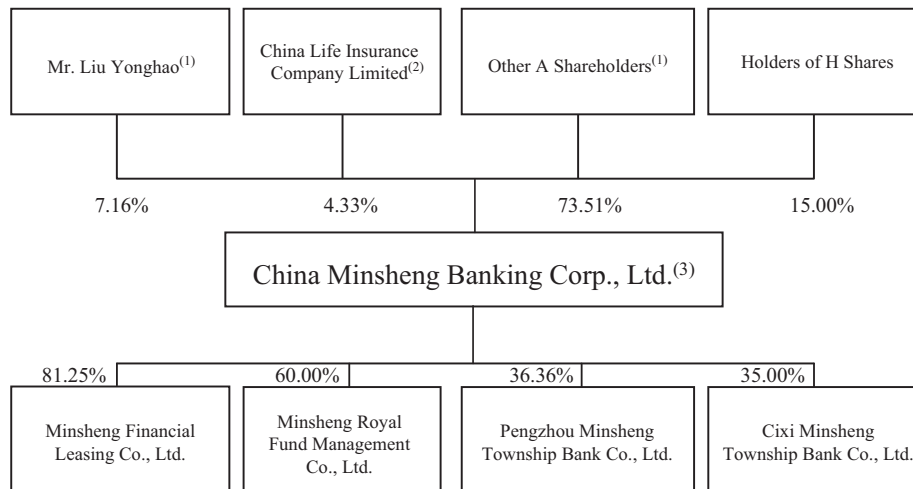
#### Notes:

- (1) Mr. Liu Yonghao and his spouse holds an aggregate of 63.65% of the issued share capital of New Hope Group Co. Ltd. (新希望集團有限公司), which in turn holds 45.70% of the issued share capital of New Hope Agricultural Co. Ltd. (四川新希望農業股份有限公司). New Hope Agricultural Co. Ltd. holds 75% of the issued share capital of New Hope Investment Co. Ltd. (新希望投資有限公司). New Hope Group Co. Ltd. also directly holds 25% of the issued share capital of New Hope Investment Co. Ltd. New Hope Group Co. Ltd. also holds 100% of the issued share capital of Sichuan South Hope Industrial Co. Ltd. (四川南方希望實業有限公司). Accordingly, under the SFO, Mr. Liu Yonghao is deemed to be interested in the 1,111,322,354 A Shares held by New Hope Investment Co. Ltd. and the 474,035,782 A Shares held by Sichuan South Hope Industrial Co. Ltd.
- (2) These A Shares are held by China Life Insurance Company Limited under a fund, Traditional-Ordinary Insurance Products -005L-CT001 Shanghai.
- (3) Shares held by other shareholders with less than 5% of the total share capital are freely tradable.
- (4) The Bank has 29 branches and 387 sub-branches in the PRC and a representative office in Hong Kong.

## CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE

### Immediately Following Completion of the Global Offering

The following chart sets out our shareholding structure, to the best knowledge of our Directors, immediately following 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 subsequent to the Latest Practicable Date:



**Notes:**

- (1) These A Shares are freely tradable.
- (2) These A Shares are held by China Life Insurance Company Limited under a fund, Traditional — Ordinary Insurance Products -005L-CT001 Shanghai and are freely tradable.
- (3) The Bank has 29 branches and 387 sub-branches in the PRC and a representative office in Hong Kong.

### Our Subsidiaries

#### ***Minsheng Financial Leasing Co., Ltd.***

On March 26, 2008, we obtained approval from the CBRC to establish Minsheng Financial Leasing Co., Ltd., which is a non-banking financial institution formed by us and Tianjin FTZ (Free Trade Zone) Investment Co., Ltd.. The registered capital of Minsheng Financial Leasing Co., Ltd. is RMB3.2 billion, of which we contributed RMB2.6 billion, representing 81.25% of the equity interest of Minsheng Financial Leasing Co., Ltd. and Tianjin FTZ (Free Trade Zone) Investment Co., Ltd. contributed RMB600 million, representing 18.75% of the equity interest. Minsheng Financial Leasing Co., Ltd. is principally engaged in financial leasing activities for aircrafts, vessels, commercial buildings for financial institutions and machinery and equipment. To the best of the knowledge, information and belief of our Directors, Tianjin FTZ (Free Trade Zone) Investment Co., Ltd. is an independent third party to us.

Minsheng Financial Leasing Co., Ltd. commenced operations on April 18, 2008. The establishment of Minsheng Financial Leasing Co., Ltd. is a strategic step for our business diversification.

#### ***Minsheng Royal Fund Management Co., Ltd.***

On December 27, 2007 and October 15, 2008, we obtained approvals from the CBRC and the CSRC to establish Minsheng Royal Fund Management Co., Ltd., which commenced operations on November 18, 2008. The registered capital of Minsheng Royal Fund Management Co., Ltd. is RMB200 million, of which we contributed RMB120 million, representing 60% of the equity interest, The Royal Bank of Canada contributed RMB60 million, representing 30% of the equity interest and Three Gorges Finance Company Limited contributed RMB20 million, representing 10% of the equity interest. Minsheng Royal Fund Management Co. Ltd., is principally engaged in fund management

## CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE

business. To the best of the knowledge, information and belief of our Directors, each of The Royal Bank of Canada and Three Gorges Finance Company Limited is an independent third party to us.

### ***Pengzhou Minsheng Township Bank Co., Ltd***

On July 17, 2008, we obtained approval from the Sichuan Regulatory Office of the CBRC for the establishment of Pengzhou Minsheng Township Bank Co., Ltd. (彭州民生村鎮銀行有限責任公司). The registered capital of Pengzhou Minsheng Township Bank Co., Ltd. is RMB55 million. Our shareholding is 36.36% and the remaining equity is held by 46 other shareholders. Pengzhou Minsheng Township Bank Co., Ltd. commenced operations on September 12, 2008, and is principally engaged in commercial banking business in Sichuan Province. To the best of the knowledge, information and belief of our Directors, other than New Hope Investment Co., Ltd., which is controlled by our Director Mr. Liu Yonghao, holding approximately 3.64% of Pengzhou Minsheng Township Bank Co., Ltd. and 29 members of our staff, holding an aggregate of approximately 16.44% thereof, each of the 17 other shareholders is an independent third party to us.

Since we are able to exercise control over more than half of the voting rights of the board of directors of Pengzhou Minsheng Township Bank Co., Ltd. and can thereby control the company's major operating decisions, Pengzhou Minsheng Township Bank Co., Ltd is accounted for as our subsidiary.

### ***Cixi Minsheng Township Bank Co., Ltd.***

On December 5, 2008, we obtained approval from the Ningbo Regulatory Office of the CBRC for the establishment of Cixi Minsheng Township Co., Ltd. (慈溪民生村鎮銀行股份有限公司). The registered capital of Cixi Minsheng Township Bank Co., Ltd. is RMB100 million. Our shareholding is 35% and the remaining equity is held by 14 other shareholders. Cixi Minsheng Township Bank Co., Ltd. commenced operations on December 26, 2008, and is principally engaged in commercial banking business in Ningbo. To the best of the knowledge, information and belief of our Directors, each of the 14 other shareholders is an independent third party to us.

Since we are able to exercise control over more than half of the voting rights of the board of directors of Cixi Minsheng Township Bank Co., Ltd. and can thereby control the company's major operating decisions, Cixi Minsheng Township Bank Co., Ltd. is accounted for as our subsidiary.

## **Our Investment in Other Financial Institutions**

### ***UCBH Holdings, Inc.***

We completed the acquisition of an aggregate of 9.9% stake in UCBH Holdings, Inc. ("**UCBH**") at US\$125,631,018.9 (equivalent to approximately RMB887 million using the exchange rate prevailing at that time) on March 5, 2008 and December 23, 2008 respectively. The consideration was determined by reference to the average closing price of the shares of UCBH for certain period prior to the acquisitions. The investment was recorded as an available-for-sale financial asset, which is accounted for at fair value. UCBH was established in 1998 with its headquarters in San Francisco, U.S., and its shares are listed on the NASDAQ market in the United States under the symbol "**UCBH**". UCBH is a bank holding company that conducts its principal business through its wholly owned banking subsidiary, United Commercial Bank ("**UCB**"). UCB is a bank in the United States serving the Chinese communities and American companies doing business in greater China.

On November 6, 2009, Federal Deposit Insurance Corporation of the United States ("**FDIC**") announced that UCB was closed by the California Department of Financial Institutions, which had appointed FDIC as a receiver. See "Financial Information — Recent Developments."

### ***China UnionPay***

As of the Latest Practicable Date, we own 80 million shares of China UnionPay, representing approximately 2.8% of its entire share capital. China UnionPay is a bankcard association established

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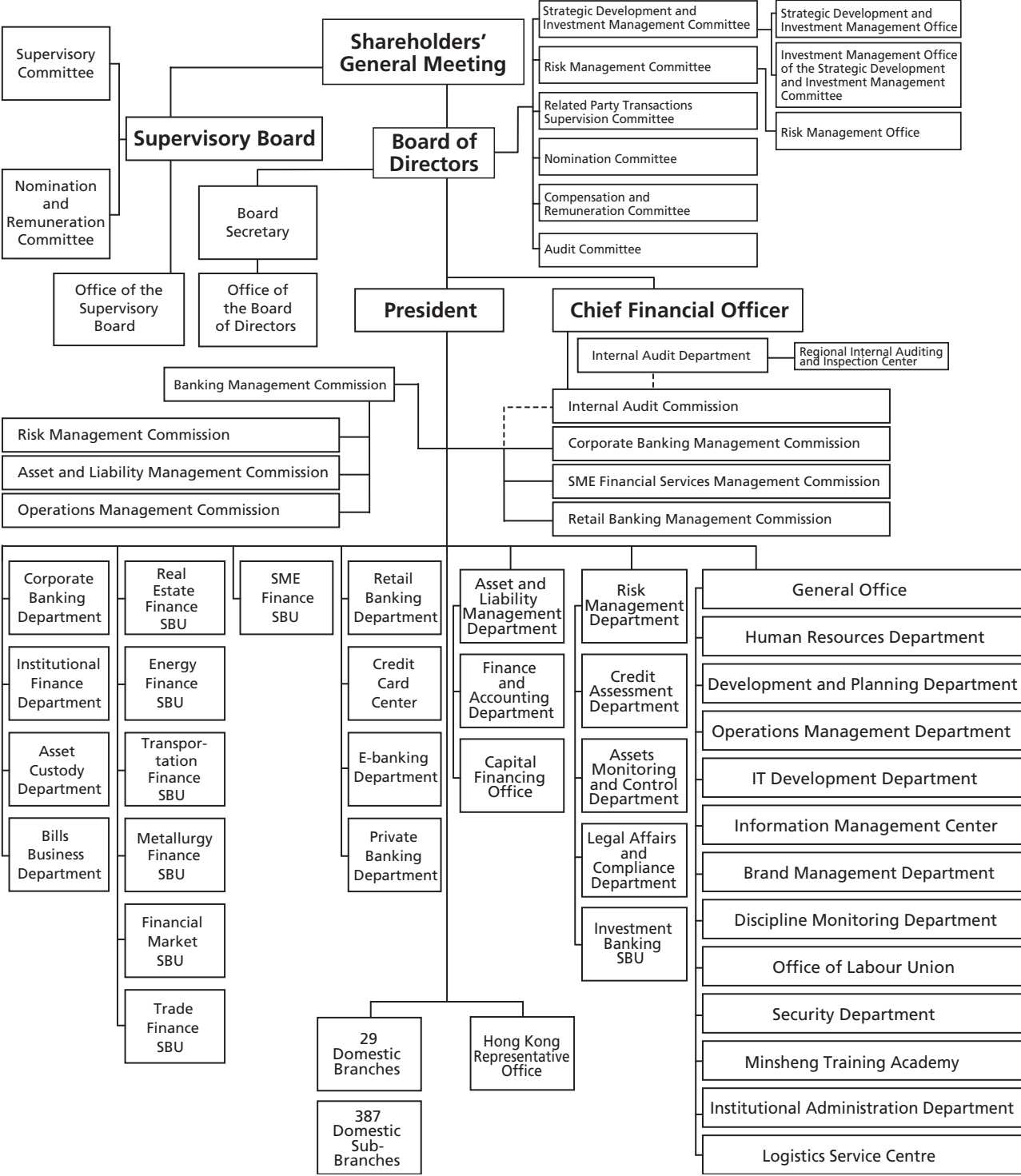
under the approval of the State Council and the PBOC and operates an inter-bank transaction settlement system through which the connection and switch between banking systems and the inter-bank, cross-region and cross-border usages of bankcards issued by associate banks could be realized.

**CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE**

**OUR ORGANIZATIONAL STRUCTURE**

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

**Organizational Chart**



Note: The Internal Audit Department reports to the Internal Audit Commission only on major internal audit matters for the commission. Likewise the Internal Audit Commission reports to the President only on such matters.

## CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE

Currently, our Board has established the Strategic Development and Investment Management Committee, the Risk Management Committee, the Related Party Transactions Supervision Committee, the Audit Committee, the Compensation and Remuneration Committee and the Nomination Committee. We also have established seven management commissions, namely the Corporate Banking Management Commission, the SME Financial Services Management Commission, the Retail Banking Management Commission, the Risk Management Commission, the Asset and Liability Management Commission, the Operations Management Commission and the Internal Audit Commission, all of which are under the supervision of the President.

### **Organizational Restructuring**

During the Track Record Period, we had been developing and reforming our organizational structure with a view to promoting specialization in our management and improving decision-making. We believe that this effort will also streamline our operations, eliminate functional overlaps between our departments, and meet the organizational needs brought on by our growth. For details, please refer to “Business — Our Principal Business Activities — Corporate Banking — Strategic Business Units.”

We will continue to evaluate ways to modify our organizational structure to better implement our strategy and meet the needs of our business.