

Jian-ping CHU (褚建平)

Background Inquiries

Prepared for **Confidential**

October 18, 2016

Introduction

InvestiSec Consulting Limited was requested to conduct comprehensive background and database inquiries in China into:

- Jian-ping CHU (褚建平)
- Yuan-yuan YU (于媛媛)

In order to verify their bona fides and establish whether there is anything in their history that might inform a decision as to the propriety of entering into a business relationship with the subjects.

InvestiSec Consulting Limited conducted inquiries with pertinent database sources, to include regulatory, litigation and news media and public record databases.

The President of the ICBC branch advised that Chu has some reputation in the banking sector in Beijing, and he is a 'scholar' type with very good knowledge on Chinese banking system and policies, and meanwhile very experienced in the everyday banking business as he worked on almost all the positions of banks. The source has not heard of anything negative about Chu.

Regarding Yu Yuanyuan, most sources are unaware regarding her. The cash business manager commented that Yu Yuanyuan is currently the deputy General Manager of the Asset Management Dept of the Beijing branch of the PSBC, and she has been quite well regarded by the senior management of the bank, which could be seen from her being promoted to be the deputy GM of the Asset Management department as PSBC has put a lot of attention and effort on the development of its asset management business in the last three years; she is quite outgoing, decisive (风风火火) and quite easy to work with. The source does not think Yu has much wealth and said Yu is just a bank employee.

Recently InvestiSec looked at PSBC for their IPO. It is unclear why the two individuals are being looked at – for a loan, to be hired etc. so InvestiSec has focused upon ethics and culture within PSBC for the clients' information.

The former branch manager of the Beijing branch of PSBC, an analyst from Guotai Jun'an and an official from the China Banking Regulatory Commission commented that PSBC has caught a lot of attention since the arrest of Tao Liming in the anti-corruption campaign a few years ago, which delayed the IPO of PSBC, and the Central Leading Group for Inspection Work 中央巡视工作领导小组 (CLGIW) got into China Post Group, including PSBC, in July last year and announced that PSBC has a high risk of corruption this January, which was thought to be a sign of more arrests.

The official from SASAC advised that from this stage it is really hard to tell whether there will be more people being detained or arrested, but it has been rumored that there are a few people from PSBC being investigated.

Desktop research revealed that PSBC operates current and fixed deposit, loans, domestic and international settlement, bill acceptance and discounting, bonds issuing, issuing agent, cashing agent, government bonds underwriting, government bonds and financial bonds trading, inter-bank borrowing, services and guarantee of foreign exchange, bank card and letter of credit, agency collection and payment and safe deposit box services.

As advised by the analyst from Guotai Jun'an and the former manager from the Beijing Branch of PSBC, PSBC, among all the Chinese banks, is probably the only one that has still been mainly focused on deposit business, which counts for around 10% of the market, and PSBC has a NPLR of 0.9% that is far less than the industry average because PSBC has always been quite conservative in the business. The analyst from Guotai Jun'an commented that this focus was probably due to its background and its close connection with China Post, and PSBC was established as a subsidiary to China Post for the convenience of money transfer, and most PSBC branches are in the branches of China Post, and PSBC did not separate its business from China Post until 2004/2005 when the State Council decided to reform China Post and separate the post business and the banking business, then PSBC was formally established in early 2007 as an independent bank.

area, where other banks do not have presence, and this kind of business development had brought huge amount deposit and related business to PSBC but affected the management team of PSBC, and most the senior people in PSBC, including the CEOs of branches, do not have any background or experience in banking industry, and many mid to high level managers used to work in China Post and do not have basic banking business knowledge or experience either, and if PSBC would really like to become a 'real' bank, it needs change all these people.

The former legal manager of PSBCs commented as well that most CEOs of the provincial branches of PSBC were from China Post and did not have banking background, and this has started to affect the business expansion of PSBC because in many meetings these CEOs just had not idea about banking business at all, and they could be on the current position because they had worked in China Post for very long time.

All the sources mentioned the corruption of Tao Liming, the former CEO of PSBC.

The official from the SASAC commented that PSBC had quite serious corruption issue, mainly embezzlement, and Tao Liming was not the only one and a few other people related to him were arrested as well. According to him, it has been quite common for the senior people in PSBC or its branches to reimburse personal spending from the bank.

The civil servant from the CBRC advised that many heads of the branches of PSBC were found out to have involved in lending illegally to other financial institutions, embezzlement and getting loan for other people and charging kickbacks.

However, a journalist advised that comparatively PSBC seems to have a lot less corruption issues than other banks, and PSBC had always been taken as a conservative and deposit-focused bank.

According to the former head of the PSBC branch, the former branch manager from the branch of PSBC in Guangzhou and the official from CBRC, PSBC actually had less corruption than other state banks, and an important reason is that the employees and the management of PSBC, technically, are not as capable as the employees of other banks.

The former head of the PSBC branch further commented this is ironic but true, and many financial crime and financial corruptions were carried out through very careful design or structuring to avoid being found out while the managers of PSBC, who did not normally have financial background, did not know how to do this; also, generally speaking most people in the current senior management of the PSBC, including all the PSBC branches, had no financial background and are not as bold as the senior managers of other banks in many ways, including the development of new business and new products, and it could be seen that the business range of PSBC is comparatively simple than all the other banks, and this, to some degree, avoided the pervasiveness of corruption.

The official from the CBRC advised that the reported corruption or financial problems of PSBC are indeed less than other banks, and overall the business of PSBC have been conservative comparing to other banks; also PSBC had a quite strict internal compliance, including a joint responsibility mechanism and reporting system, and no matter what kind of issue, once reported to the management, the head of the branch would take responsibility as well, and if it is corruption issue, the case would be transfer to the local procuratorate straightaway, rather than internal investigation first.

The former branch manager of the PSBC branch in Guangzhou commented that compared to other banks, PSBC had a lot less corruption issue or financial crime, and besides the technical

Jian-ping CHU (褚建平)

General Background Information

According to information provided by the client, Jian-ping CHU (褚建平), male, born in Hubei Province (湖北省) on February 14, 1970. CHU is a holder of PRC passport number G37138458, issued by MPS Exit & Entry Administration (公安部出入境管理局) on, issued on October 29, 2009 and valid until October 28, 2019.

Jian-ping CHU's wife is Zhuo SONG (宋卓), who was born on November 11, 1978 in Henan Province.

Jian-ping CHU most recently serves as the Deputy President of the Beijing Branch of Postal Savings Bank of China (中国邮政储蓄银行北京分行)

CHU has work telephone number +86 10 65217166, mobile phone number +86 13901192326, facsimile number +86 10 65217167 and email chujianping@bj.psbcoa.com.cn.

Corporate Affiliations

No corporate affiliations for Jian-ping CHU (褚建平) were located.

Media / Internet Information

Checks were conducted of pertinent media and Internet databases for noteworthy references to the subject individual Jian-ping CHU (褚建平). Please note that no adverse information was located. The following are summaries of the more pertinent references located for the subject individual:

- These reference from the knowledge service platforms Dooland (读览天下) and Wanfang Data (万方数据) report that Jian-ping CHU (褚建平) of the Beijing Branch of Postal Savings Bank of China (PSBC) (中国邮政储蓄银行北京分行) is a co-author of the article named 'Review of the New Round of Quantitative Easing Policy in Japan and U.K.' (日本和英国新一轮量化宽松政策评介).^{1 2}
- These references dated September 9, 2016 from the national networking site Soudai Tianxia (搜贷天下) and the media outlet China Industrial and Economic News (产经新闻) report that Jian-ping CHU (褚建平), Deputy President of the Beijing Branch of PSBC (中国邮政储蓄银行北京分行), attended the launch ceremony of the charity project "Mother Station" (母亲小站) and gave a speech about this project.^{3 4}
- These references dated July 15, 2016 from the Zpark (中关村软件园) and July 13, 2016 from the media outlet Duxuan (读选网) report that Jian-ping CHU (褚建平), Deputy President of the Beijing Branch of PSBC, attended the opening ceremony of Zhongguancun Innovation Finance Coffee (Z Coffee) (中关村领创金融咖啡) on July

¹ <http://m.dooland.com/index.php?s=/article/id/204871/from/faxian.html>

² <http://d.wanfangdata.com.cn/Periodical/yhj201204022>

³ <http://www.soudaitianxia.com/news/detail/27.do>

⁴ <http://www.cien.com.cn/content-140786.html>

Employment Information

Client provided Jian-ping CHU (褚建平)'s employment history as follows:

- Deputy President – Beijing Branch of Postal Savings Bank of China (中国邮政储蓄银行北京分行) VERIFIED VIA SOURCES

Litigation / Bankruptcy Information

InvestiSec conducted checks of the records of China Supreme Court (中国最高院) and located 14 references to persons named Jian-ping CHU (褚建平) as the defendants but none under the local courts of Beijing City or Hubei Province (湖北). Please note that as the subject individual's ID number was not located it cannot be established whether these matters relate to the subject individual.

InvestiSec checks of the following records, but located no references to persons named Jian-ping CHU (褚建平) being involved in any litigation cases.

- | | |
|--|-------------|
| ○ China Court | 中国法院 |
| ○ Beijing Higher People's Court | 北京市高级人民法院 |
| ○ Beijing First Intermediate People's Court | 北京市第一中级人民法院 |
| ○ Beijing Second Intermediate People's Court | 北京市第二中级人民法院 |
| ○ Beijing Third Intermediate People's Court | 北京市第三中级人民法院 |
| ○ Beijing Fourth Intermediate People's Court | 北京市第四中级人民法院 |
| ○ Hubei Province Higher People's Court | 湖北省高级人民法院 |

InvestiSec conducted media and online research and located 12 references to persons named Jian-ping CHU (褚建平) involved in litigation but none under the local courts of Beijing or Hubei Province (湖北). Please note that as the subject individual's ID number was not located it cannot be established whether these matters relate to the subject individual.

Trademarks And Patents

Checks of official records in China identified 4 trademarks and 1 patent record in the name of Jian-ping CHU (褚建平). Please note that as none of these records contains ID information or other adequate identifiers it cannot be established whether these matters relate to the subject individual.

Litigation / Bankruptcy Information

InvestiSec conducted checks of the records of China Supreme Court (中国最高院) and located 1 reference to a person named Yuan-yuan YU (于媛媛) as the defendant under a local court of Beijing and no reference under any court of Henan Province (河南). Please note that as the subject individual's ID number was not located it cannot be established whether this matter relates to the subject individual.

InvestiSec conducted checks of the following records, but located no references to persons named Yuan-yuan YU (于媛媛) being involved in any litigation cases.

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|--|-------------|
| ○ China Court | 中国法院 |
| ○ Beijing Higher People's Court | 北京市高级人民法院 |
| ○ Beijing First Intermediate People's Court | 北京市第一中级人民法院 |
| ○ Beijing Second Intermediate People's Court | 北京市第二中级人民法院 |
| ○ Beijing Third Intermediate People's Court | 北京市第三中级人民法院 |
| ○ Beijing Fourth Intermediate People's Court | 北京市第四中级人民法院 |
| ○ Henan Higher People's Court | 河南省高级人民法院 |

InvestiSec conducted media and online research and located 1 reference to a person named Yuan-yuan YU (于媛媛) involved in litigation under a local court of Beijing City and 1 reference under a local court of Henan Province (河南). The case under a local court of Beijing City can be excluded as the individual has a different date of birth as the subject individual. Please note that as the subject individual's ID number was not located it cannot be established whether the other matter relates to the subject individual.

Trademarks And Patents

Checks of official records in China identified 1 trademark and 49 patent records in the name of Yuan-yuan YU (于媛媛). Please note that as none of these records contains ID information or other adequate identifiers it cannot be established whether these matters relate to the subject individual.