

Bank of Gansu Co., Ltd.

Terms of Reference of the Related Party Transaction and Risk Management Committee of the Board of Directors

Chapter I General

Article 1 In order to improve the effective control over related party transactions and operational risks of Bank of Gansu Co., Ltd. (the “Bank”), optimize the corporate governance structure and safeguard stable development of the Bank, these terms are hereby formulated in accordance with the Company Law of the PRC, the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders and Shareholders, the Guidelines on Corporate Governance of Commercial Banks, the Guidelines on Due Diligence Performance of the Board of Directors of Joint Stock Commercial Banks (Provisional), the Articles of Association of Bank of Gansu Co., Ltd. (H Shares) (the “Articles”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other related laws and regulations.

Article 2 The Related Party Transaction and Risk Management Committee of the Board of Directors is a specialized working body established in accordance with relevant regulations and based on the Bank’s actual needs, responsible for the control, supervision, management and assessment of risks and related party transactions of the Bank.

Article 3 The Related Party Transaction and Risk Management Committee of the Board of Directors is accountable to the Board and fulfills its duties upon authorization of the Board. If necessary, the Committee can engage intermediary agencies to provide professional opinions for decision-making, and the expenses incurred will be borne by the Bank.

Chapter II Composition and Term of Office

Article 4 The Related Party Transaction and Risk Management Committee comprises three or more Directors who have professional knowledge and experience aligned with duties of the Related Party Transaction and Risk Management Committee, among which, independent non-executive directors shall comprise the majority.

Article 5 The Related Party Transaction and Risk Management Committee shall have a chairman to take charge of the work of the Committee. The chairman shall be nominated by the Chairman of the Board of Directors and elected by the Board of Directors. The role of chairman shall be undertaken by an independent non-executive director.

Article 6 Members of the Related Party Transaction and Risk Management Committee shall be nominated by the Chairman of the Board of Directors and elected by the Board of Directors. Removal of members of the Related Party Transaction and Risk Management Committee shall be determined by the Board of Directors.

Article 7 Members of the Related Party Transaction and Risk Management Committee shall be familiar with financial businesses and management procedures of the Bank, equipped with adequate knowledge, experience in financial operating risks and their identification, assessment, control and etc.

Article 8 The term of office of the Related Party Transaction and Risk Management Committee shall be identical with that of the Board of Directors, and members of the Committee may be re-elected and re-appointed upon expiration of their terms of office. If any member ceases to be a director of the Bank during his/her term of office or any member who shall have been qualified as an independent non-executive director no longer possesses the independence as required by the Articles, he/she shall automatically be disqualified as a member. The Board of Directors shall fill the vacancy according to the preceding Articles 5 to 8. The term of office of the replacing member shall be identical with that of his/her term as a director or an independent non-executive director.

Chapter III Responsibilities and Authorization

Article 9 The principal responsibilities of the Related Party Transaction and Risk Management Committee include:

- (I) supervising the risk control by senior management officers of the Bank;
- (II) evaluating the Bank's risk profile;
- (III) making recommendations on improving the Bank's risk management and internal controls, discussing risk management with the management to ensure that the management has performed their duties of establishing effective systems;
- (IV) actively or as appointed by the Board of Directors, undertaking research on material investigation results relating to the risk management matters and responses of management to such investigation results;
- (V) examining and approving the related party transactions within the scope of authorization set by the Board of Directors, or accepting the filing of such related party transactions;
- (VI) reviewing the related party transactions beyond the scope of authorization set by the Board and submitting such transactions to the Board of Directors for approval;
- (VII) other matters authorized by the laws, regulations, departmental regulations, normative documents, the Hong Kong Listing Rules, the Articles, the Administrative Measures for Connected/Related Party Transactions of the Bank and the Board of Directors.

Article 10 The Related Party Transaction and Risk Management Committee shall report to the Board of Directors the status of related party transactions and risk control at least every six months and notify the President of the Bank, other senior management officers and the Board of Supervisors.

Article 11 The office of the Board of Directors is in charge of the daily work of the Related Party Transaction and Risk Management Committee. The main duties are:

- (I) liaison for daily operation within the Committee;
- (II) meeting preparations of the Committee, including preparation of meeting notice, preparation of meeting materials, production and execution of minutes and resolutions for meetings; and
- (III) preservation of meeting files of the Committee and all other work assigned by the Committee.

Chapter IV Decision-making Procedures

Article 12 General related party transactions shall be examined and approved in accordance with the internal authorization procedures of the Bank and shall be reported to the Related Party Transaction and Risk Management Committee for filings or approval.

Significant related party transactions shall be reviewed by the Related Party Transaction and Risk Management Committee of the Bank and submitted to the Board of Directors for approval.

Significant related party transactions shall be reported to the Board of Supervisors within 10 workdays from the date of approval.

Related party transactions connected with Directors of the Bank and senior management officers of the head office shall be reported to the Board of Supervisors within 10 workdays from the date of approval.

Article 13 Generally, the Related Party Transaction and Risk Management Committee will study and formulate risk control indicators and assessment procedures with respect to all business decision-making of the Bank in accordance with relevant laws, regulations and the Articles and based on actual situations of the Bank by the end of March in the following year, produce and submit resolutions to the Board of Directors for approval and implement such resolutions.

Article 14 The Related Party Transaction and Risk Management Committee shall conduct risk assessment twice a year on a regular basis, generally within 1.5 months after the semi-annual and 45 days prior to the annual general meeting. The procedures are:

- (I) the office of the Board of Directors is in charge of preparing the pre-work for the Related Party Transaction and Risk Management Committee. The relevant departments of the Bank shall provide related written information which are complete and true in a timely manner according to requirements of the Related Party Transaction and Risk Management Committee, including:
 - 1. assets-liabilities management policies and rules of the Bank, results and current status of assets-liabilities management since the previous Related Party Transaction and Risk Management Committee and the outlook for the assets-liabilities management in the short and medium term;

2. credit risk management policies and rules of the Bank, results and current status of credit risk management since the previous Related Party Transaction and Risk Management Committee and the outlook for the credit risk management in the short and medium term;
 3. self-assessment and analysis of such issues as credit, market and operational risk and analysis of different risk profiles including real estate, funds, related party transactions by the Bank;
 4. reports on non-performing credit and non-credit assets, which shall include analysis and accountability of each non-performing credit and non-credit asset;
 5. matters that violate the laws and regulations and proceedings of the Bank;
 6. work procedures and results of the Bank's internal audit department;
 7. other information affirmed by the Related Party Transaction and Risk Management Committee.
- (II) senior management of the Bank shall report risk profile and risk management policies for the relevant period to the Related Party Transaction and Risk Management Committee;
- (III) the Related Party Transaction and Risk Management Committee may require senior management and relevant institutions to supplement relevant information, or engage intermediary agencies to assist in assessment;
- (IV) the Related Party Transaction and Risk Management Committee will produce a risk assessment report in the form of resolution, in which opinions concerning improvements on risk management and internal control will be proposed, and report to the Board of Directors.

Chapter V Rules of Procedure

Article 15 The Related Party Transaction and Risk Management Committee shall hold at least two meetings every year and interim meetings may be convened when specific businesses are involved. Notice and documents of meetings shall be sent to all members and other invited attendees three days before the meeting (excluding the date of the meeting) (or within any other period agreed by members of the Related Party Transaction and Risk Management Committee), whereas the aforementioned period of notice may be exempted upon consensus of all members. The meetings shall be chaired by the chairman of the Committee, and if he/she is unable to attend the meeting, he/she may entrust another member in writing to preside over the meeting.

Article 16 The quorum of a meeting of the Related Party Transaction and Risk Management Committee shall be more than two thirds (inclusive) of the members. If a member is unable to attend the meeting for any reason, he/she may appoint another member to attend the meetings on his/her behalf.

The proxy form shall be in writing and shall specify the names of both the delegating party and the proxy, brief opinions on each proposal and the scope of authorization of the delegating party, term and instructions on voting intention for the proposals, signature of the delegating party, date and etc.

Entrusted directors shall submit a written proxy to the meeting host and explain such proxy attendance on the attendance register.

Members attending the meetings on behalf of other members shall exercise the power of members within the scope of authorization.

Article 17 Any member of the Related Party Transaction and Risk Management Committee who fails to attend a meeting in person and fails to appoint another member to attend the meeting on his/her behalf shall be deemed absent from the meeting. Any member of the Related Party Transaction and Risk Management Committee who fails to attend meetings for two consecutive times shall be deemed unable to fulfill his/her duties. The Board of Directors may dismiss his/her role as the member.

Article 18 Each member shall have one vote, the voting methods include showing of hands or by open vote, and in an extraordinary meeting, the members can vote by means of communication. Resolutions of the Committee meeting shall be passed by more than half of all the members and the resolutions and voting results shall be reported to the Board of Directors in writing for record.

Article 19 The Related Party Transaction and Risk Management Committee may invite directors, supervisors and senior management officers or intermediary agencies to attend its meetings based on needs and inquire attendees concerned. Persons concerned may be required to withdraw from the meetings when issues regarding committee members are deliberated.

Article 20 The Committee shall keep minutes for its meetings and members present at the meetings shall sign on such minutes.

Minutes of the Related Party Transaction and Risk Management Committee meetings shall include:

- (I) the date and place of the meeting;
- (II) the names of members and proxies attending the meeting;
- (III) the names and status of attendees;
- (IV) the agenda of the meeting;
- (V) the summaries of members' speeches (including any doubt raised or disagreement expressed by the members);
- (VI) the voting results of all resolutions;
- (VII) other material matters.

The Related Party Transaction and Risk Management Committee shall keep minutes of its meetings and members present at the meetings shall sign on such minutes. Such minutes, resolutions and other documents shall be kept by the office of the Related Party Transaction and Risk Management Committee and filed at the end of the year.

Article 21 The procedures of convening a meeting of the Committee, voting methods, the related schemes and resolutions adopted by the meetings shall comply with relating laws, regulations, departmental regulations, regulations specified by the securities regulators in the place where the Shares of the Bank are listed, the Hong Kong Listing Rules, the Articles and provisions in these terms.

Article 22 Members attending the meetings and persons present shall assume confidentiality obligations on matters considered at such meetings, and shall not disclose any relevant information without explicit authorization of the Board of Directors.

Chapter VI Miscellaneous

Article 23 Definitions, verifications and classification standards in relation to related party transactions in these terms are verified according to requirements stipulated in the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders (《商業銀行與內部人和股東關聯交易管理辦法》), the Hong Kong Listing Rules (such term is therein referred to as “connected transactions”) and China Accounting Standards for Business Enterprises (“CASBE”) and International Financial Reporting Standards (“IFRS”), respectively. Please see the regulations of the Administrative Measures for Related Party/Connected Transactions of the Bank for details.

Article 24 In the event of any matter not covered by these terms or any conflict between these terms and the subsequently promulgated laws, regulations, departmental rules, requirements of the securities regulatory authorities of the place where the shares of the Bank are listed, the Hong Kong Listing Rules or the Articles amended pursuant to the legitimate procedures after the terms become effective, relevant national laws, regulations, departmental rules, requirements of securities regulatory authorities of the place where the shares of the Bank are listed, the Hong Kong Listing Rules and the Articles shall prevail.

Article 25 These terms are subject to interpretation and revision by the Board of Directors.

Article 26 These terms are subject to the consideration and approval of the Board of Directors and shall take effect and be implemented from the date of listing of the overseas-listed foreign shares (H Shares) of the Bank on The Stock Exchange of Hong Kong Limited by way of public offering. The original Terms of Reference of the Related Party Transaction and Risk Management Committee of the Board of Directors of the Bank shall automatically lapse upon the effective date of these terms.