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China Cinda Asset Management Co., Ltd.

中國信達資產管理股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01359 and 04607 (Preference Shares))

PROFIT WARNING

This announcement is made by China Cinda Asset Management Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2018, it is expected that the net profit attributable to the shareholders of the Company for the year ended December 31, 2018 will be approximately 30% lower than that of the corresponding period in 2017 (the decline percentage would be approximately 20% if excluding the recognition of net gain (before tax) of RMB3.37 billion from disposal of equity interests of Cinda P&C, previously a subsidiary of the Group, by the Company in April 2017). The Company believes that the main reasons for the decrease include: (1) the Company began to implement IFRS 9 – Financial Instrument in 2018, given the large fluctuations in the capital market, certain financial assets at fair value held by the Group demonstrated a decrease in valuation, which in turn led to a significant unrealized loss in fair value changes; (2) due to the changes in the macro economy, the Company provided large amount of provisions for certain financial assets after prudent consideration; and (3) due to the impact of capital market fluctuations on its equity assets, Happy Life (a subsidiary of the Group) recorded a significant loss attributable to the shareholders of the Company.

In 2018, under the dramatic changes of the macro economy and industry development environment, the Company, leveraging on its professional advantages, targeted on distressed assets and distressed entities to actively seek innovation and development in its distressed asset management business, and achieved remarkable results. In terms of core regulatory index such as capital adequacy ratio, leverage ratio and liquidity coverage ratio, the Company is able to satisfy the regulatory requirements while maintaining an adequate margin of safety. The Board considers that the current business operation of the Company is stable and could provide a sound foundation for continuous development in the future. As a next step, the Company will actively seize the business opportunities arising from the supply-side structural reform and will continue to focus on the core business of distressed asset management, optimize its business and capital structure, enhance operational efficiency and further boost the core competitiveness of the Group.

Information contained in this announcement is based solely on the assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2018. Such information has not been audited or reviewed by the auditors and is subject to amendment. The audited financial data of the Group for the year ended December 31, 2018 will be disclosed in the 2018 annual results announcement to be published by the Company by the end of March 2019.

Shareholders of the Company and potential investors are advised to exercise caution while dealing in the shares of the Company.

By Order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Zi'ai
Chairman

Beijing, the PRC
23 January, 2019

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi'ai and Mr. CHEN Xiaozhou as executive directors, Mr. HE Jieping, Mr. XU Long, Ms. YUAN Hong, Mr. ZHANG Guoqing and Mr. LIU Chong as non-executive directors, and Mr. CHANG Tso Tung, Stephen, Mr. XU Dingbo, Mr. ZHU Wuxiang and Mr. SUN Baowen as independent non-executive directors.