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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))

PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES

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To meet the requirement of capital for the sustainable development of the Company, improve the capability of capital management, enhance the operating competence of the Company, and support the sustainable and stable development of the core business of distressed asset management including distressed assets acquisition and disposal, and debt-to-equity swaps, the Company proposes to conduct a non-public issuance of not more than 180 million (inclusive) Preference Shares to raise funds of not more than RMB18 billion (inclusive) or its equivalent in the offshore market to replenish the Company's Additional Tier 1 Capital.

In accordance with the Company Law, the Securities Law, the State Council Guidance Opinion, the AMC Administrative Measures and the Listing Rules, and with reference to the relevant provisions of the Administrative Measures, the Joint Guidance Opinion, the Guidance on the Innovation of Capital Instruments of Commercial Banks (Revised) of the CBIRC and other relevant laws, regulations and regulatory documents, the Company has fulfilled the conditions for the non-public issuance of Offshore Preference Shares.

The issuance of the Offshore Preference Shares will be conducted by way of a non-public issuance in accordance with the relevant rules on issuance and the Offshore Preference Shares shall, after being approved by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents. The Company shall have the right to mandatorily convert all or part of the Offshore Preference Shares into H Shares on the occurrence of certain prescribed events.

On December 3, 2020, the Board considered and approved the Offshore Preference Share Issuance Plan and resolved to submit such plan to the EGM and the Class Meetings for consideration and approval, item by item, by way of a special resolution. The Board authorised the Chairman of the Board or any other person authorised by the Chairman of the Board to individually or jointly make necessary adjustments to the Offshore Preference Share Issuance Plan to be submitted to the EGM and the Class Meetings, in accordance with any opinions and suggestions from the Hong Kong Stock Exchange and other regulatory authorities. Proposal will also be submitted to the EGM and the Class Meetings to authorise the Board to exercise the full power to deal with matters in connection with the Offshore Preference Shares in accordance with the Offshore Preference Share Issuance Plan. Upon approval by the EGM and the Class Meetings, the proposed issuance of Offshore Preference Shares is also subject to approvals from or registration and filing with the relevant regulatory authorities.

For full text of the Offshore Preference Share Issuance Plan, please refer to Appendix 1 to this announcement.

DISPATCH OF CIRCULAR

The Company will hold the EGM, the Domestic Share Class Meeting, the H Share Class Meeting and the Existing Preference Share Class Meeting to consider and approve, as appropriate, the above-mentioned matters in early 2021. A circular containing details of the above-mentioned matters will be dispatched to shareholders in due course.

Shareholders and potential investors should be aware that the proposed issuance of the Offshore Preference Shares is subject to certain conditions being satisfied, and consequently the proposed issuance of the Offshore Preference Shares may or may not proceed. Accordingly, it is advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Additional Tier 1 Capital”	as defined in the Administrative Measures for Capital of Financial Asset Management Companies (Trial) promulgated by the China Banking Regulatory Commission on December 26, 2017 and came into effect on January 1, 2018
“Administrative Measures”	the Trial Administrative Measures on Preference Shares issued by the CSRC on March 21, 2014
“AMC Administrative Measures”	the Administrative Measures on Financial Asset Management Companies jointly issued by the China Banking Regulatory Commission, the Ministry of Finance, People’s Bank of China, the CSRC and China Insurance Regulatory Commission on August 14, 2014 and effective on January 1, 2015
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“Chairman”	the chairman of the board of directors of the Company
“Class Meeting(s)”	the Domestic Share Class Meeting, the H Share Class Meeting and the Existing Preference Share Class Meeting
“Company”	China Cinda Asset Management Co., Ltd., a joint stock limited company incorporated in the PRC with its H Shares listed on the Hong Kong Stock Exchange (stock code: 01359)
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission
“Domestic Share(s)”	ordinary share(s) issued by the Company in the PRC with a par value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Share Class Meeting”	the class meeting for Domestic Shareholders to be held by the Company, at which, the Domestic Shareholders will consider and approve the Offshore Preference Share Issuance Plan
“EGM”	the 2021 first extraordinary general meeting to be held by the Company, at which, the Ordinary Shareholders will consider and approve the Offshore Preference Share Issuance Plan

“Existing Preference Share(s)”	the 160,000,000 non-cumulative perpetual preference shares of the Company issued in the offshore market by way of a non-public issuance on September 30, 2016 with a par value of RMB100 each, which are listed on the Hong Kong Stock Exchange (stock code: 04607)
“Existing Preference Shareholder(s)”	holder(s) of Existing Preference Shares
“Existing Preference Share Class Meeting”	the class meeting for the Existing Preference Shareholders to be held by the Company, at which, the Existing Preference Shareholders will consider and approve the Offshore Preference Share Issuance Plan
“H Share(s)”	the ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Share Class Meeting”	the class meeting for H Shareholders of the Company to be held, at which H Shareholders will consider and approve the Offshore Preference Share Issuance Plan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Guidance Opinion”	the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing Tier 1 Capital (Revised) jointly issued by the CBIRC and the CSRC on July 19, 2019
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offshore Preference Share Issuance Plan”	the Plan for Non-public Issuance of the Offshore Preference Shares by the Company
“Offshore Preference Shares”	the preference shares of an aggregate amount of not more than RMB18 billion (inclusive) or its equivalent, proposed to be issued by the Company in the offshore market pursuant to the Offshore Preference Share Issuance Plan as set out in Appendix 1 to this announcement
“Offshore Preference Shareholder(s)”	holder(s) of the Offshore Preference Shares

“Ordinary Share(s)”	the Domestic Share(s) and the H Share(s)
“Ordinary Shareholder(s)”	holder(s) of the Ordinary Shares
“Preference Share(s)”	the Existing Preference Shares, the Offshore Preference Shares and any other preference shares issued by the Company from time to time
“Preference Shareholder(s)”	holder(s) of the Preference Shares
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region
“RMB”	Renminbi, the legal currency of the PRC
“Securities Law”	the Securities Law of the PRC
“State Council Guidance Opinion”	the Guidance Opinion on the Launch of Preference Shares Pilot Scheme issued by the State Council of the PRC on November 30, 2013

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

Beijing, the PRC
December 3, 2020

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi’ai and Mr. ZHANG Weidong as executive directors, Mr. HE Jieping, Mr. XU Long, Mr. WANG Shaoshuang, Ms. ZHANG Yuxiang, Mr. ZHANG Guoqing and Mr. LIU Chong as non-executive directors, and Mr. ZHU Wuxiang, Mr. SUN Baowen, Mr. LU Zhengfei and Mr. LAM Chi Kuen as independent non-executive directors.

APPENDIX 1 PLAN FOR NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES

The Plan for Non-public Issuance of Offshore Preference Shares is written in Chinese, with no official English translation. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail. The full version of the Plan for Non-public Issuance of Offshore Preference Shares is as follows:

Plan for Non-Public Issuance of Offshore Preference Shares

The detailed Offshore Preference Share Issuance Plan is as follows:

1 Type of preference shares to be issued

The type of preference shares to be issued in the offshore market will be preference shares that comply with the requirements of the PRC and foreign laws, regulations and regulatory documents.

2 Number of preference shares to be issued and issue size

The aggregate number of the Offshore Preference Shares to be issued will not exceed 180 million (inclusive), with an aggregate amount to be issued not exceeding RMB18 billion or its equivalent (inclusive). The actual number and issue size is to be determined by the Board within the above-mentioned limit, in accordance with the authorisation given by the shareholders' general meeting.

3 Par value and issue price

The par value of the Offshore Preference Shares will be RMB100 per share. The Offshore Preference Shares will be issued at or above the par value. The actual currency and issue price will be determined by the Board prior to issuance with reference to market conditions and in accordance with relevant laws and regulations, market practice and the authorisation given by the shareholders' general meeting.

4 Maturity

The Offshore Preference Shares will have no maturity date.

5 Method of issuance and target investors

The issuance of Offshore Preference Shares will be conducted by way of a non-public issuance in accordance with the relevant rules on issuance and the Offshore Preference Shares shall, after being approved by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. If the Offshore Preference Shares are to be issued in multiple series, no separate approval shall be required to be obtained from the existing Preference Shareholders of the Company for each such issuance.

Each series of the Offshore Preference Shares will be offered to overseas qualified investors in compliance with the relevant rules on issuance. All target investors shall subscribe for the Offshore Preference Shares in cash.

6 Lock-up period

There will be no lock-up period for the Offshore Preference Shares.

7 Terms of dividend distribution

7.1 Principles for determining the dividend rate

The proposed dividend rate for the Offshore Preference Shares (such dividend rate will be calculated by reference to the issue price of the relevant series of the Offshore Preference Shares, similarly construed hereinafter) may be adjusted at different intervals. The dividend rate at the time of issuance shall be determined by the Board by way of market pricing, in accordance with the authorisation given by the shareholders' general meeting with reference to other factors including relevant laws and regulations, market conditions at the time of issuance, investors' need and the actual circumstances of the Company. In any adjusted dividend rate period, dividends on the Offshore Preference Shares will be paid at the same prescribed dividend rate and will reset at specified intervals thereafter.

The dividend rate consists of the benchmark rate and the fixed margin. The fixed margin will be determined by deducting the benchmark rate at the time of pricing from the dividend rate at the time of pricing of the relevant series of the Offshore Preference Shares and will remain unchanged once determined. On each reset determination date, the new dividend rate for the next adjusted dividend rate period will be determined, and will equal to the sum of the benchmark rate as at the reset determination date and the fixed margin as determined at the time of pricing.

The dividend rate of the Offshore Preference Shares shall not exceed the weighted average return on equity¹ of the Company for the two most recent financial years before issuance.

7.2 Conditions for distribution of dividends

7.2.1 If the Company has distributable after-tax profits² after offsetting the losses in previous years and contributing to its statutory reserve fund and general reserves, the Company may pay dividends to the Offshore Preference Shareholders in accordance with the Articles, provided that the capital adequacy ratios of the Company meet the regulatory requirements. The Offshore Preference Shareholders shall rank in priority to the Ordinary Shareholders in terms of dividend distribution. Distribution of dividends shall not be linked to any rating of the Company and shall not be adjusted as a result of any changes in such rating in the future.

¹ Weighted average return on equity is calculated based on the return attributable to the holders of Ordinary Shares of the Company.

² Distributable after-tax profits is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower.

7.2.2 Subject to a resolution passed at a shareholders' general meeting, the Company shall have the right, under any circumstances, to cancel (in whole or in part) any dividend on the Offshore Preference Shares and this will not constitute an event of default. The Company may, at its discretion, use the funds arising from the cancellation of dividend on the Offshore Preference Shares to repay other indebtedness that are due. The cancellation of any dividend payment to the Offshore Preference Shareholders will only constitute a restriction on the payment of dividend to the Ordinary Shareholders and will not constitute any other restrictions on the Company. The Company will fully consider the rights and interests of the Offshore Preference Shareholders when exercising the above-mentioned right. Any declaration and payment of all of the dividends on the Offshore Preference Shares by the Company will be determined by the Board in accordance with the authorisation given by the shareholders' general meeting.

7.2.3 If the Company cancels all or part of the distribution of dividends on the Offshore Preference Shares, the Company shall not distribute any profits to the Ordinary Shareholders from the next day following the resolution being passed at the shareholders' general meeting until the resumption of payment of dividends in full³.

7.3 Method of dividend payment

Dividends on the Offshore Preference Shares shall be payable in cash. The dividend-bearing principal amount of the Offshore Preference Shares shall be the aggregate value of the relevant series of the Offshore Preference Shares then issued and outstanding (namely, the product of the issue price of the relevant series of the Offshore Preference Shares and the number of shares under the relevant series of Offshore Preference Shares then issued and outstanding, similarly construed hereinafter). Dividends on the Offshore Preference Shares shall be paid annually, and will accrue from the due date for payment for the issuance of the relevant series of the Offshore Preference Shares.

7.4 Dividend accumulation

The dividends on the Offshore Preference Shares will be non-cumulative, namely, in the event of any cancellation by the Company of all or part of the dividends on the Offshore Preference Shares, any amount of dividends not paid to the Offshore Preference Shareholders in full in the current dividend period will not be accumulated to the following dividend period.

7.5 Distribution of residual profits

After receiving the dividends at the prescribed dividend rate, the Offshore Preference Shareholders shall not be entitled to any distribution of residual profits of the Company together with the Ordinary Shareholders.

³ Resumption of payment of dividends in full means that the Company decides to resume payment of dividends in full to the Offshore Preference Shareholders. However, as the Offshore Preference Shares have adopted a non-cumulative dividend approach, the Company will not pay any dividends which have been cancelled in previous years.

8 Terms of mandatory conversion

8.1 Mandatory conversion trigger events

Unless the losses of the Company can be fully absorbed prior to the Offshore Preference Shareholders assuming any losses, in accordance with the relevant requirements of the CBIRC, the Company shall, upon the occurrence of the below-mentioned trigger event, convert, without the need for the consent of the Offshore Preference Shareholders or Ordinary Shareholders, all or part of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares. Once an Offshore Preference Share has been converted into H Shares, it will not be restored to preference shares in any circumstances. Unless otherwise required by the CBIRC, a trigger event means the earlier of the following events: (a) the CBIRC having concluded that without a decision on a write off or conversion into Ordinary Shares, the Company would become non-viable, and (b) the relevant regulatory authorities such as the Ministry of Finance of the PRC and the People's Bank of China having concluded that without a decision on a public sector injection of capital or equivalent support, the Company would become non-viable.

Upon the occurrence of the above-mentioned mandatory conversion trigger event, the Company shall report to the CBIRC for review and determination and shall fulfil its relevant information disclosure obligations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

8.2 Mandatory conversion period

The mandatory conversion period of the Offshore Preference Shares commences on the first trading day immediately following the completion date of issuance of the Offshore Preference Shares and ends on the date of redemption or conversion of all the Offshore Preference Shares.

8.3 Mandatory conversion price and method of adjustments of the mandatory conversion price

The initial mandatory conversion price of the Offshore Preference Shares will be equal to the net asset value per share attributable to equity holders of the parent company as disclosed in the Company's reviewed consolidated financial statements as at 30 June 2020 and denominated in Hong Kong dollars (which shall be converted with reference to the Central Parity Rate of Renminbi to Hong Kong dollars used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board resolution on the Offshore Preference Share Issuance Plan and rounded up to the nearest 2 decimal places) and which shall be HK\$4.40 per share.

In the event that the Company, among other things, issues any H Share by way of bonus issuance or capitalisation issue, or issues H Shares below the market price of the H Shares (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Company that are convertible into Ordinary Shares) or issue any H Shares by way of a rights issue, after the date the Board approves the Offshore Preference Share Issuance Plan, the Company will adjust the mandatory conversion price to reflect the above-mentioned events on a cumulative basis and in the order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

Bonus issuance or capitalisation issue: $P1 = P0 \times N/(N + n)$;

Issuance of new H Shares below the market price of the H Shares or by way of a rights issue: $P1 = P0 \times (N + k)/(N + n)$; $k=n \times A/M$;

where, “P1” denotes the mandatory conversion price effective after such adjustment; “P0” denotes the mandatory conversion price effective before such adjustment; “N” denotes the aggregate number of H Shares of the Company prior to such bonus issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; “n” denotes the number of new H Shares issued in such bonus issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; “A” denotes the price of new H Shares issued in such issuance of new H Shares below the market price of the H Shares or rights issue; and “M” denotes the closing price per H Shares on the trading day immediately preceding the date of announcement of such issuance of new H Shares below the market price of the H Shares or rights issue (being the announcement containing the effective and irrevocable terms of such issuance or rights issue).

In the event that the rights and interests of the Offshore Preference Shareholders may be affected by any repurchase of the Ordinary Shares by, or merger or division of, the Company or any other circumstances that may cause changes in the Company’s share class, number of shares and/or shareholders’ equity, the Company shall have the right to adjust the mandatory conversion price based on the actual circumstances and in accordance with the principles of fairness, justice and equity as well as to fully protect the rights and interests of the Offshore Preference Shareholders and the Ordinary Shareholders. The adjustment mechanism for the mandatory conversion price in these circumstances will be determined in accordance with applicable laws and regulations.

8.4 Principles for determining the ratio and number for mandatory conversion

Upon the occurrence of a trigger event, the Board will, in accordance with the approval of the CBIRC and the authorisation given by the shareholders' general meeting, determine the aggregate amount of the Offshore Preference Shares to be mandatorily converted and implement mandatory conversion of the Offshore Preference Shares then issued and outstanding in whole or in part. The formula for determining the number of shares to be converted shall be: $Q = V/P \times \text{conversion exchange rate}$. Where: "Q" denotes the number of H Shares that shall be converted from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the amount of the Offshore Preference Shares held by each Offshore Preference Shareholder that are subject to mandatory conversion (namely, the number of the Offshore Preference Shares held by such Offshore Preference Shareholder that are subject to mandatory conversion multiplied by their issue price, similarly construed hereinafter); "P" denotes the effective mandatory conversion price of the Offshore Preference Shares; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the relevant series of the Offshore Preference Shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trade System on the trading day preceding the date of the announcement of the Board resolution in respect of the Offshore Preference Share Issuance Plan. Any fractional share less than one share resulting from the conversion will be dealt with by the Company in accordance with relevant regulatory requirements. Where it is not specified in the regulatory requirements, any fractional share will be rounded down to the nearest whole number.

Upon the occurrence of a trigger event, the Offshore Preference Shares then issued and outstanding will be converted into the corresponding number of H Shares based on the above formula in whole or in part on a ratable basis.

8.5 Entitlement to dividends on Ordinary Shares in the year of mandatory conversion

The H Shares issued as a result of the mandatory conversion of the Offshore Preference Shares will rank equally in all respects with the existing issued H Shares, and all Ordinary Shareholders whose names appear on the register of members of the Company on the record date for dividend entitlement (including the holders of H Shares issued as a result of the mandatory conversion of the Offshore Preference Shares) shall be entitled to receive the Ordinary Share dividend for the current dividend period and enjoy the same rights.

9 Terms of conditional redemption

9.1 Entity with the redemption right

The Company shall have the right to redeem the Offshore Preference Shares subject to obtaining the approval of the CBIRC. The Offshore Preference Shareholders do not have the right to require the Company to redeem the Offshore Preference Shares and should not expect that the Offshore Preference Shares will be redeemed. The Offshore Preference Shares shall not have any investor put right and the Offshore Preference Shareholders shall not have any right to put back the Offshore Preference Shares held by them to the Company.

9.2 *Redemption terms and period*

From the fifth year (inclusive) following the date of issuance of the Offshore Preference Shares and subject to obtaining the approval of the CBIRC and compliance with the relevant requirements, the Company shall have the right to redeem all or part of the Offshore Preference Shares. The specific commencement date of the redemption period shall be determined by the Board (as authorised by the shareholders' general meeting) in accordance with market conditions. The redemption period for the Offshore Preference Shares ends on the date of redemption or conversion of all the Offshore Preference Shares.

The exercise by the Company of its right to redeem the Offshore Preference Shares shall be subject to the fulfilment of the following conditions:

9.2.1 the Company shall use capital instruments of the same or superior quality to replace the Offshore Preference Shares to be redeemed and such replacement shall only be made at a time at which the Company has a sustainable income generating capability; or

9.2.2 the capital position of the Company immediately after redemption of the Offshore Preference Shares will remain significantly higher than the regulatory capital requirements prescribed by the CBIRC and other relevant regulatory authorities.

9.3 *Redemption price and basis for determining the redemption price*

The redemption price of the Offshore Preference Shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the current period.

10 Limited voting rights and terms of restoration of voting rights

10.1 *Limited voting rights*

Under normal circumstances, the Offshore Preference Shareholders are not entitled to convene or attend any shareholders' general meeting nor do the Offshore Preference Shares carry any voting rights in any shareholders' general meeting. If any of the following circumstances occurs, the Offshore Preference Shareholders will be entitled to attend shareholders' general meetings and vote as a separate class from the Ordinary Shareholders. Under such circumstance, each Offshore Preference Share will be entitled to one vote, but the Offshore Preference Shares held by the Company do not entitle the Company to vote:

10.1.1 amendments to the Articles that relate to Preference Shares;

10.1.2 reduction of the registered capital of the Company by more than 10% on a single or aggregate basis;

10.1.3 merger, division, dissolution or change of corporate form of the Company;

10.1.4 issuance of Preference Shares by the Company; and

10.1.5 other events specified in the laws, administrative regulations and departmental rules and the Articles.

Resolutions relating to the above matters shall be approved by more than two-thirds of the votes held by the Ordinary Shareholders present at the meeting (including Preference Shareholders with restored voting rights) and by more than two-thirds of the votes held by the Preference Shareholders present at the meeting (excluding Preference Shareholders with restored voting rights).

10.2 Terms of restoration of voting rights

Following the issuance of the Offshore Preference Shares and so long as any such Offshore Preference Shares remain outstanding, if the Company fails to pay the prescribed dividend to the Offshore Preference Shareholders for three financial years in aggregate or two consecutive financial years, the Offshore Preference Shareholders shall have the right to attend and vote at the shareholders' general meetings together with the Ordinary Shareholders from the day immediately after the shareholders' general meeting resolves that the Company will not pay the prescribed dividend for the current dividend period. The formula for calculating the voting rights of the Offshore Preference Shares with restored voting rights is as follows: $Q = V/P \times \text{conversion exchange rate}$, with any fractional restored voting right rounded down to the nearest whole number.

Where: "Q" denotes the H Share voting rights restored from the Offshore Preference Shares held by each Offshore Preference Shareholder; "V" denotes the aggregate value of the Offshore Preference Shares with restored voting rights held by each Offshore Preference Shareholder; "P" denotes the conversion price, where the conversion price is equal to the initial mandatory conversion price; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the Offshore Preference Shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trade System on the trading date preceding the date of the announcement of the Board resolution in respect of the Offshore Preference Share Issuance Plan.

10.3 Cancellation of restored voting rights

After any restoration of the voting rights of the Offshore Preference Shares, such restored voting rights will be cancelled from the date on which the dividend on the Offshore Preference Shares for the current dividend period is paid in full. After the cancellation of the restored voting rights, if the Company fails to make any scheduled dividend payment, then "10.2 Terms of restoration of voting rights" above shall apply again.

11 Order of priority in liquidation and methods for liquidation

In accordance with the Articles, the remaining assets of the Company shall be distributed to the shareholders in proportion to their shareholdings after the payment of the liquidation fees, employees' salaries, social security expenses and statutory compensation, outstanding taxes and debts of the Company.

In the event of liquidation of the Company as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Company after distribution in accordance with laws, administrative regulations, departmental rules and the aforesaid provisions of the Articles, shall be distributed first to the Preference Shareholders in an amount equal to the aggregate value of the Preference Shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made rateably according to the aggregate value of the Preference Shares held by each Preference Shareholder as a proportion of the aggregate value of all Preference Shares.

The remaining assets of the Company after distribution in accordance with the aforesaid provisions shall be distributed to the Ordinary Shareholders of the Company in proportion to the Ordinary Shares held by them.

12 Rating arrangements

The detailed rating arrangements for the Offshore Preference Shares will be determined in accordance with the relevant laws and regulations and market conditions for issuance.

13 Security arrangements

The Offshore Preference Shares will not have any security arrangements.

14 Use of proceeds

Subject to the approvals of relevant regulatory authorities, after deduction of the commissions and expenses relating to the issuance, the net proceeds from the issuance of the Offshore Preference Shares will be used to replenish the Company's Additional Tier 1 Capital.

15 Listing/trading arrangements

The listing/trading arrangements for the Offshore Preference Shares will be set out in the issuance documents.

16 Validity period of the resolution for the issuance of Offshore Preference Shares

The Offshore Preference Share Issuance Plan will be valid for 36 months from the date on which the resolution is passed at the shareholders' general meeting. Under the framework of the Offshore Preference Share Issuance Plan passed on the shareholders' general meeting, no separate approval shall be required from the holders of the Offshore Preference Shares then issued and outstanding for issuance in multiple series within the validity period of the resolution.

17 Matters relating to authorisation

17.1 Authorisation relating to matters in connection with the issuance of Offshore Preference Shares

To ensure smooth implementation of the issuance of Offshore Preference Shares, it is proposed that the shareholders' general meeting authorise the Board, and the Board delegate the authority to the Chairman of the Board or any other person authorised by the Chairman of the Board, to exercise, under the framework and principles approved at shareholders' general meeting, the full power to jointly or individually deal with the matters in connection with the issuance of the Offshore Preference Shares within the validity period of the authorisation for the issuance of the Offshore Preference Shares, including but not limited to those set out below:

17.1.1 to formulate and implement the final Offshore Preference Share Issuance Plan, including but not limited to:

- (i) to determine the number of series and the respective issue number and issue size of each series of the Offshore Preference Shares within the approved total issue number and issue size;
- (ii) to determine the method for determining the dividend rate and the specific dividend rate and adjusted dividend rate period of the Offshore Preference Shares;
- (iii) to determine whether to issue at par or at premium, the issue price, the denomination currency, the issuance method, and the specific commencement date of the redemption period, redemption conditions and tax arrangements of the Offshore Preference Shares, with reference to market conditions before issuance;
- (iv) to determine the timing of issuance (including suspension, termination, etc.) and target investors of the Offshore Preference Shares with reference to market conditions and subject to approval from regulatory authorities; and
- (v) to determine other matters in relation to the Offshore Preference Share Issuance Plan (including but not limited to rating arrangements, special account for the proceeds, the tax arrangements in relation to any dividend payment, and the listing of the Offshore Preference Shares) and to make necessary adjustments to the Offshore Preference Share Issuance Plan according to the latest regulatory requirements or opinions from regulatory authorities, except for those matters that requires a separate vote at a shareholders' general meeting in accordance with the relevant laws and regulations and the Articles.

- 17.1.2 if there are any new laws, regulations, regulatory rules or policies by relevant regulatory authorities on Preference Shares or any changes to market conditions prior to the issuance of the Offshore Preference Shares, to amend the Offshore Preference Share Issuance Plan accordingly to reflect such new laws, regulations, regulatory rules, policies or changes, except for any amendment that requires a separate vote at a shareholders' general meeting according to relevant laws, regulations and the Articles;
- 17.1.3 to produce, amend, execute and file the application materials relating to the issuance and transfer of the Offshore Preference Shares, and the documents relating to the issuance and transfer of the Offshore Preference Shares (such as offering circular, issuance circular, prospectus and etc., as applicable) and to deal with related matters, such as approval, registration, filing, authorisation and consent by relevant regulatory authorities according to the requirements of such relevant regulatory authorities;
- 17.1.4 to amend, execute, implement, submit and publish all agreements, contracts and documents (including but not limited to underwriting agreements and other agreements entered into with intermediaries in relation to the issuance of the Offshore Preference Shares, agreements relating to the issuance proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents) in relation to the issuance of the Offshore Preference Shares;
- 17.1.5 to make appropriate amendments, adjustments and supplements to the issuance terms of the Offshore Preference Shares (including but not limited to the relevant terms in relation to mandatory conversion) in accordance with the opinions of the relevant regulatory authorities and the actual circumstances of the Company to the extent permitted by laws and regulations; and
- 17.1.6 to deal with other matters relating to the issuance of the Offshore Preference Shares.

The authorisation for the issuance of the Offshore Preference Shares shall remain valid during the 12 months following the passing of the resolution at the shareholders' general meeting. If the issuance of the Offshore Preference Shares is not completed before the expiration of the validity period of such authorisation, then such authorisation will lapse, but the Board has the right to seek approval at a shareholders' general meeting to extend or renew the validity period of such authorisation.

17.2 Authorisation relating to matters in connection with Offshore Preference Shares that remain outstanding

So long as the Offshore Preference Shares remain outstanding, it is proposed that the shareholders' general meeting authorise the Board (which authority can be further delegated) to exercise full power to deal with the following matters, to the extent permitted under laws and regulations, the Articles and relevant regulatory rules and in accordance with the framework and principles approved at the shareholders' general meeting:

- 17.2.1** to deal with all matters relating to conversion of the Offshore Preference Shares during the conversion period upon occurrence of any trigger event for mandatory conversion of the Offshore Preference Shares, including but not limited to, determining the timing of conversion, conversion ratio and implementing the procedures for conversion, issuing related H Shares, amending the relevant provisions of the Articles, dealing with regulatory approvals, registering with the administration for industry and commerce for the change in registered capital of the Company as well as other matters;
- 17.2.2** to decide on matters relating to redemption of the Offshore Preference Shares during the redemption period with reference to market conditions and other factors, and to deal with all matters relating to redemption as approved by the CBIRC and other regulatory authorities; and
- 17.2.3** to determine and deal with matters in relation to dividend payment to the Offshore Preference Shareholders in accordance with the requirements of the issuance documents. However, cancellation of Offshore Preference Share dividends in whole or in part shall still require the approval of the shareholders' general meeting.