
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspects of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares in **China Huarong Asset Management Co., Ltd.**, you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國華融資產管理股份有限公司
China Huarong Asset Management Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 2799)

**DISPOSAL OF THE EQUITY INTERESTS IN HUARONG XIANGJIANG BANK
AND
NOTICE OF EGM**

China Huarong Asset Management Co., Ltd. will convene the EGM on Wednesday, 29 June 2022 at 10:00 a.m. at Conference Room 1221, No. 8 Financial Street, Xicheng District, Beijing, the PRC. Notice of the EGM is set out on pages 45 to 47 in this circular.

If you wish to appoint a proxy to attend the EGM on your behalf, you are required to complete and return the accompanying Proxy Form in accordance with the instructions printed thereon no later than 24 hours before the time scheduled for holding the EGM (i.e. before 10:00 a.m. on Tuesday, 28 June 2022) or any adjournment thereof (as the case may be). Completion and return of the Proxy Form will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish.

15 June 2022

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DEFINITIONS

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

“Articles of Association”	Articles of Association of China Huarong Asset Management Co., Ltd., as amended from time to time
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBIRC Hunan Office”	China Banking and Insurance Regulatory Commission Hunan Office
“CFAE”	Beijing Financial Assets Exchange Co., Ltd.
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a company with limited liability incorporated in the PRC
“Hunan Chasing”	Hunan Chasing Financial Holding Group Co., Ltd. (湖南財信金融控股集團有限公司), a company with limited liability incorporated in the PRC
“Closing Date”	the day of paying the remaining transfer price other than the deposits by Hunan Chasing and Central Huijin according to agreement of the Contract and completion in registration of changes in its register of members at the equity custodian institution by Huarong Xiangjiang Bank
“Contract”	the Unlisted State-owned Equity Transaction Contract of Financial Enterprise dated 9 June 2022 entered into between the Company, Hunan Chasing and Central Huijin in relation to the Transfer
“Company”	China Huarong Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“Domestic Shareholder(s)”	the holder(s) of Domestic Shares
“EGM”	the third extraordinary general meeting of Shareholders for 2022 to be held by the Company on Wednesday, 29 June 2022 at 10:00 a.m. at Conference Room 1221, No. 8 Financial Street, Xicheng District, Beijing, the PRC
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Main Board of Hong Kong Stock Exchange

DEFINITIONS

“H Shareholder(s)”	the holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huarong Xiangjiang Bank”	Huarong Xiangjiang Bank Corporation Limited, a joint stock limited liability company incorporated in the PRC
“Latest Practicable Date”	9 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOF”	the Ministry of Finance of the People’s Republic of China
“China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Shares of the Company
“Pan-China”	Pan-China Appraisal Co., Ltd. (北京天健興業資產評估有限公司), as the asset valuation institution for the Transfer
“Transfer”	the relevant matters on the transfer of 3,141,250,000 shares (40.53% equity) held in Huarong Xiangjiang Bank made by the Company to Hunan Chasing and Central Huijin
“%”	percent



中國華融資產管理股份有限公司
China Huarong Asset Management Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 2799)

Executive Directors:

Mr. Liu Zhengjun (*Chairman*)
Mr. Liang Qiang (*President*)
Mr. Wang Wenjie

Registered Office:

No. 8, Financial Street, Xicheng District
Beijing
the PRC

Non-executive Directors:

Ms. Zhao Jiangping
Mr. Zheng Jiangping
Mr. Xu Wei

*Principal Place of Business
in Hong Kong:*

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Independent Non-executive Directors:

Mr. Tse Hau Yin
Mr. Shao Jingchun
Mr. Zhu Ning
Ms. Chen Yuanling

15 June 2022

Dear Sir or Madam,

**DISPOSAL OF THE EQUITY INTERESTS IN HUARONG XIANGJIANG BANK
AND
NOTICE OF EGM**

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding the resolution to be proposed at the EGM to enable you to make an informed decision on whether to vote for or against the resolution at the EGM.

2. MATTERS TO BE CONSIDERED AT THE EGM

The resolution to be proposed at the EGM for consideration and approval by Shareholders is resolution in respect of: (1) to consider and approve the disposal of the equity interests in Huarong Xiangjiang Bank. Such resolution is a special resolution.

Details of the matters to be considered at the EGM are set out in the notice of EGM on pages 45 to 47 in this circular. In order to enable you to have a better understanding of the resolution to be proposed at the EGM and to make well-informed decisions, this circular provides detailed information on matters to be considered at the EGM (see Appendix I).

LETTER FROM THE BOARD

3. THE EGM

The Company will convene the EGM on Wednesday, 29 June 2022 at 10:00 a.m. at Conference Room 1221, No. 8 Financial Street, Xicheng District, Beijing, the PRC. Notice of EGM is set out in this circular.

In order to determine the list of H Shareholders who are entitled to attend the EGM, the H Share register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (both days inclusive). H Shareholders who intend to attend the EGM shall deposit the Share certificates together with the transfer documents at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, before 4:30 p.m. on Thursday, 23 June 2022. Shareholders whose names appear on the H Share register of members of the Company at the close of business on Thursday, 23 June 2022 are entitled to attend and vote at the EGM.

A proxy form for use at the EGM is enclosed herein and also published on the website of Hong Kong Stock Exchange (www.hkexnews.hk). H Shareholders shall return the proxy form(s) to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 24 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Tuesday, 28 June 2022) or any adjournment thereof (as the case may be). Domestic Shareholders shall return the proxy form(s) to the Board office of the Company at No. 8 Financial Street, Xicheng District, Beijing, the PRC no later than 24 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Tuesday, 28 June 2022) or any adjournment thereof (as the case may be). Completion and return of the proxy form(s) will not preclude you from attending and voting at the EGM in person should you so wish.

We hereby remind you that, according to Article 65 of the Articles of Association, where the number of equity interests of the Company pledged by a Shareholder reaches or exceeds 50% of the equity interests held by such Shareholder in the Company, no voting right in respect of the pledged equity interests shall be exercised at the shareholders’ general meeting until the ceasing of the above condition.

Voting at the EGM shall be taken by way of registered poll.

4. RECOMMENDATION

The Directors consider that the resolution set out in the notice of EGM for consideration and approval by Shareholders is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolution to be proposed at the EGM.

5. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make this circular or any statement herein misleading.

By order of the Board
China Huarong Asset Management Co., Ltd.
LIU Zhengjun
Chairman

TO CONSIDER AND APPROVE THE DISPOSAL OF THE EQUITY INTERESTS IN HUARONG XIANGJIANG BANK

References are made to the announcements of the Company dated 17 November 2021, 2 December 2021, 19 April 2022 and 9 June 2022, and the supplemental circular of 2021 second extraordinary general meeting dated 18 November 2021 in relation to, among other things, the relevant matters on the Company's proposed transfer of 3,141,250,000 shares (40.53% equity) held in Huarong Xiangjiang Bank to external parties by way of public listing, and the publication of the information and relevant documents regarding the Transfer on the CFAE.

The Company (as the transferor) solicited a potential transferee, being a consortium consisting of Hunan Chasing and Central Huijin, after the end of the listing disclosure period on the CFAE. On 9 June 2022, the Company entered into the Unlisted State-owned Equity Transaction Contract of Financial Enterprise with Hunan Chasing and Central Huijin. The aggregate consideration of the Transfer is RMB11,980,668,000.

As the highest applicable percentage ratio calculated under Chapter 14 of the Listing Rules in respect of the Transfer exceeds 25% but is less than 75%, the Transfer constitutes a major transaction of the Company in accordance with Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Therefore, the Company will propose a special resolution regarding the Transfer at the EGM pursuant to the Listing Rules for the Shareholders to consider and, if thought fit, pass a resolution to approve the Contract and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, there are no other Shareholders who are required to abstain from voting on the approval of the Transfer.

In respect of the Transfer, the purpose of this circular is to provide you with, among other things, (i) further details of the Transfer; and (ii) financial information and general information of the Group.

DISPOSAL OF THE EQUITY INTERESTS IN HUARONG XIANGJIANG BANK**Main Terms of the Agreement*****Date***

9 June 2022

Parties

- The Company, as the transferor; and
- Hunan Chasing and Central Huijin, as the transferee

Currently, Hunan Chasing indirectly holds 19.94% equity interests in Huarong Xiangjiang Bank through its subsidiary and is a substantial shareholder of the Company's subsidiary. Therefore, Hunan Chasing is a connected person at subsidiary level of the Company under the Listing Rules. To the knowledge, information and belief of the Directors after making all reasonable inquiries, Central Huijin and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

The Transfer

The Company intends to transfer its 3,141,250,000 shares (40.53% equity) held in Huarong Xiangjiang Bank to the consortium consisting of Hunan Chasing and Central Huijin, among which 1,591,163,725 shares (20.53% equity) to Hunan Chasing at a consideration of RMB6,068,668,308.12 and 1,550,086,275 shares (20.00% equity) to Central Huijin at a consideration of RMB5,911,999,691.88. The aggregate consideration is RMB11,980,668,000.

Huarong Xiangjiang Bank was established in 2010 as a joint-stock city commercial bank on the basis of the Company's merger and restructuring of the former Xiangtan Commercial Bank, Shaoyang Urban Credit Cooperative, Yueyang Commercial Bank, Zhuzhou Commercial Bank and Hengyang Commercial Bank. As of the Latest Practicable Date, the Company holds 40.53% equity interests in Huarong Xiangjiang Bank, which is a non-wholly-owned subsidiary of the Company. To the knowledge, information and belief of the Directors after making all reasonable inquiries, save as Hunan Chasing indirectly holding 19.94% equity interests in Huarong Xiangjiang Bank through its subsidiaries and indirect minority interest in some of the other top 20 shareholders, Hunan Chasing and Central Huijin do not have other equity interest in the top 20 shareholders of Huarong Xiangjiang Bank (all being state-owned entities or corporations with more than 0.33% equity interest each and together hold 89.25% of equity interests in Huarong Xiangjiang Bank).

The owners' equity attributable to the parent company of Huarong Xiangjiang Bank on 31 December 2021, as prepared in accordance with China Accounting Standards for Business Enterprises, is approximately RMB33,016,515,000 and after excluding the interests of holders of perpetual bonds issued, the book value of Huarong Xiangjiang Bank as at 31 December 2021 is RMB27,718,716,000. Set out below are the key financial data of Huarong Xiangjiang Bank for the two financial years ended 31 December 2020 and 2021, which have been prepared in accordance with China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB'0000</i>	<i>RMB'0000</i>
Profit before tax	367,145.4	392,635.3
Profit after tax	286,882.8	307,530.7

Consideration and Payment

Based on the evaluated value filed with the MOF (an extract of which is shown in Appendix II to this circular), the consideration of the Transfer is RMB11,980,668,000.

The Company has selected Pan-China as the asset valuation institution, and the asset valuation has been completed and reported to the MOF for record. With 30 September 2021 as the valuation benchmark date, the evaluated value (evaluated through the market approach) of total shareholders' equity of Huarong Xiangjiang Bank is RMB29,560 million, and the corresponding evaluated value of the equity attributable to the Company is RMB11,980,668,000. The Company's initial listing price on the CFAE is the valuation results filed with the MOF. Pursuant to the Administrative Measures for the Transfer of State-Owned Assets of Financial Enterprises (Ministry of Finance 2009 No. 54) (website link: http://www.gov.cn/gongbao/content/2009/content_1430800.htm), in a public listing, the final price of the transfer shall be determined by public bidding if there are two or more intended transferees, or as agreed between the parties (but no less than the listing price) if there is only one intended transferee. As only one qualified intended transferee (being the consortium consisting of Hunan Chasing and Central Huijin) was identified upon completion of the public listing on CFAE, no public bidding was held and the consideration for the Transfer shall be the listing price, being RMB11,980,668,000.

The paid refundable deposits, being RMB1.80 billion paid by Hunan Chasing and Central Huijin and held in escrow by CFAE, will be accounted for as part of transfer price according to the requirements of the Company and the CFAE. Hunan Chasing and Central Huijin shall respectively remit the remaining transfer price (being RMB10,180,668,000 in total) to the settlement account designated by the CFAE within five business days upon the approval of the shareholder qualification.

The CFAE shall allot all the transfer price (including the deposits and remaining transfer price) to the bank account designated by the Company within three business days upon receiving the whole transfer price (including the deposits and remaining transfer price) paid by Hunan Chasing and Central Huijin.

Inheritance and Settlement of Claims and Debts Involved in the Transfer

After Hunan Chasing and Central Huijin received the transfer target, the original claims and debts of Huarong Xiangjiang Bank shall be continuously enjoyed and assumed by Huarong Xiangjiang Bank upon the Transfer.

Matters on Handover and Transitional Period

Hunan Chasing and Central Huijin shall become the shareholders with 20.53% and 20.00% of shares, respectively, in Huarong Xiangjiang Bank since the Closing Date (being the day of paying the remaining transfer price other than the deposits by Hunan Chasing and Central Huijin in accordance with the agreement of the Contract and completion in registration of changes in its register of members at the equity custodian institution by Huarong Xiangjiang Bank). During the transitional period between the valuation benchmark date and the Closing Date, the profit or loss relating to the transfer target shall be enjoyed and assumed by Hunan Chasing and Central Huijin in accordance with law.

Liability for Breach of Contract

Either party of the Contract who fails to fulfil the terms of the Contract shall constitute a breach of contract. Based on the different breaches, the breaching party shall pay the non-breaching party the liquidated damages in accordance with the Contract, being 0.05% of the due and unpaid sum (in respect of Hunan Chasing and Central Huijin) or 0.05% of the total transfer sum (in respect of the Company, Hunan Chasing and Central Huijin), accrued on a daily basis. If more than 30 working days are past due, the non-breaching party is entitled to rescind the Contract and require the breaching party to pay the abovementioned liquidated damages and compensate for losses in accordance with the Contract. If the CBIRC Hunan Office does not approve the qualification of Hunan Chasing and/or Central Huijin as a shareholder of Huarong Xiangjiang Bank due to reasons of Hunan Chasing and/or Central Huijin such that the Transfer could not be completed, the party without the approval of shareholder qualification shall pay to the Company a compensation fee equal to 15% of the transfer price due from such party.

Effectiveness of the Contract

The Contract shall be executed and effective from the date when the legal representatives or authorized representatives of both parties have signed the Contract and affixed the official seal, and the Transfer shall proceed to completion upon:

- (i) the Transfer has been considered and approved at the shareholders' general meeting of the Company;

- (ii) the Company, Hunan Chasing and Central Huijin have completed the internal approval procedures as required by laws and regulations and their respective articles of association;
- (iii) all regulatory approvals relating to the Transfer have been obtained, including but not limited to the shareholder qualification of Hunan Chasing and Central Huijin having been approved by the CBIRC Hunan Office;
- (iv) the total consideration has been transferred by Hunan Chasing and Central Huijin to the Company; and
- (v) Huarong Xiangjiang Bank has completed the relevant procedures for updating the register of members at the equity custodian institution.

As at the Latest Practicable Date, condition precedent (ii) has been fulfilled. It is currently not expected that the other conditions precedent will be waived.

The Financial Impact of the Transfer

As at the Latest Practicable Date, Huarong Xiangjiang Bank is a direct non-wholly-owned subsidiary of the Company, and its financial results and financial position are consolidated into the Group's financial statements. Upon completion of the Transfer, the Company will cease to have any interest in Huarong Xiangjiang Bank and Huarong Xiangjiang Bank will no longer be a subsidiary of the Company and its financial results and financial position will no longer be consolidated into the Group's financial statements.

Based on preliminary assessment, assuming that the Transfer had taken place as at 31 December 2021, upon the Closing Date, it is estimated that the Group will recognise from the Transfer an unaudited loss after tax of approximately RMB1,328 million, which equals to the following (1)–(2)–(3)–(4) representing:

- 1) the total consideration of the Transfer, being RMB11,980,668,000;
- 2) proportion of net assets of Huarong Xiangjiang Bank attributable to the Company as at 31 December 2021, being RMB11,234,395,560;
- 3) proportion of other comprehensive income related to equity investment in Huarong Xiangjiang Bank reclassified to loss for the period when the Company lost control thereof as at 31 December 2021, being RMB12,303,871;
- 4) estimated taxation to be provided based on consideration and initial investment cost respectively, being RMB2,061,842,351.

Assuming that the Transfer had taken place as at 31 December 2021, upon the Closing Date, the Group's total assets and total liabilities will therefore decrease by approximately RMB414,003 million and approximately RMB390,847 million, respectively, as a result of the Transfer. Assuming that the Transfer had completed settlement as at 1 January 2021, the net profit attributable to the Shareholders of the Company in 2021 would be expected to decrease by RMB1,154 million, without taking into account the impact on profit and loss resulting from the disposal of equity in Huarong Xiangjiang Bank.

The financial impact of the Transfer on the Group is subject to final audit by the Company's auditor upon completion of the Transfer of 40.53% equity interests in Huarong Xiangjiang Bank.

Upon the Closing Date, the proceeds from the Transfer will be used to replenish the Company's capital so as to continuously satisfy the relevant capital adequacy ratios requirement and to maintain and develop the core business of the Company, being distressed asset management.

Reasons and Benefits of the Transaction

The Board believes that the Transfer helps the Company to return to its source and core businesses to ensure its sustainable operation and development, which is in compliance with the requirements from regulatory authorities on financial asset management companies of gradual exit from the non-core businesses, being the "CBIRC on Promoting the High-Quality Development of the Banking and Insurance Industries (CBIRC [2019] No. 52)" (such as the financial services and asset management and investment businesses of the Group other than distressed asset management) and focuses on its main business (being distressed asset management). In addition, capital will be released through the Transfer to be used for the development of the Group's core businesses, which is beneficial to the Group in reinforcing and strengthening its core business, focusing further resources in the development of its core business of distressed asset management, and is beneficial to the Group's future development and the long term benefits of the Shareholders.

The Company has completed the transfer of equity in Huarong Zhongguancun Distressed Asset Exchange Center Co., Ltd. on 13 December 2021 and Huarong Consumer Finance Co., Ltd. on 6 May 2022 to external parties. Currently, apart from the Transfer, the Group is proceeding with the transfer of equity in Huarong Securities Co., Ltd. (details of which has been disclosed in the circular dated 11 March 2022 and approved by the Shareholders on 25 March 2022) and Huarong International Trust Co., Ltd. (the listing process of which has commenced as disclosed in the announcement dated 29 April 2022) to external parties, and has commenced the work related to equity transfer of China Huarong Financial Leasing Co., Ltd., Huarong Rongda Futures Co., Ltd. and Huarong Jinshang Asset Management Co., Ltd., the initial preliminary details of which have been disclosed in the announcements dated 17 November 2021, 7 December 2021 and 7 December 2021, respectively. The Company will publish further announcements in accordance with the Listing Rules as and when appropriate. Save as those disclosed, the Company currently has no other material disposal plans.

In 2022, taking the opportunity of introducing strategic investors to increase capital and standing at a new historical starting point, the Group will thoroughly implement the spirit of the Central Economic Work Conference on "prioritizing stability while pursuing progress" and focus on the overall goal of "transformation," the Group will refine and implement the four major business tasks of "resolving risks, revitalizing existing assets, optimizing incremental volume, and strengthening the foundation" by tackling difficult tasks and realizing transformation and play a counter-cyclical and financial rescue function based on the major business function of distressed assets, to fully promote the organic combination of business transformation and vitalization of existing assets. On the one hand, we will stick to strengthening and refining the core business, allocating more resources and energy to develop the main business of distressed assets, and consolidating the business system and foundation with acquisition-and-disposal, acquisition and restructuring, debt-to-equity-swap business as the core. Giving full play to our professional advantages and resource integration capabilities, and using other integrated financial services flexibility, we will continue to strengthen the functions of the four major businesses of "Disposal of problematic assets," "Revitalization of problematic projects," "Restructuring of problematic enterprises" and "Relief of crisis institutions." On the other hand, we insist on digging deeper into the value of existing assets, accelerating the disposal and revitalization of existing assets, relying on the revitalization of existing asset restructuring to revitalize the financial condition, to strengthen the endogenous development momentum and core market competitiveness financial risks. At the same time, the Company adhere to the path of high-quality development, with continuous efforts in business exploration and the building of a distressed asset ecosystem, we strive to

be a planner, resource integrator, and financial investor in the sector of “dissolution of major risks,” and leveling up our ability to serve the real economy and mitigating. Going forward, the Group focus on its core business, which is distressed asset management.

Upon taking account of the above reasons and the Transfer which has been carried out through listing procedures, and the consideration of the Transfer was based on the listing price which was determined in accordance with the valuation report, and is in compliance with the pricing requirements in transfer of state-owned assets, in particular the final consideration is the highest price available in the market for the Transfer as only one participant showed its intention for the Transfer and participated in the listing process, the Directors (including all independent non-executive Directors) believe that the terms of the Transfer have been entered into based on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As the highest applicable percentage ratio calculated under Chapter 14 of the Listing Rules in respect of the Transfer exceeds 25% but is less than 75%, the Transfer constitutes a major transaction of the Company in accordance with Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules. Therefore, the Company will present a special resolution in relation to the Transfer at the EGM according to the requirements of the Listing Rules for the Shareholders to consider and if thought fit, pass the resolution in relation to the approval of the Contract and the transactions contemplated thereunder. The special resolution presented at the EGM for approval will be voted on by poll. Accordingly, any Shareholders with material interest in the acquisition and their respective close associates (as defined in the Listing Rules) shall abstain from voting on the resolution presented at the EGM in relation to the Transfer. To the Directors’ best knowledge, information and belief, no Shareholder has material interest in the Transfer and shall abstain from voting in respect of the Transfer. In addition, none of the Directors have a material interest in the Contract, the Transfer and the transactions contemplated thereunder and therefore none of them is required to abstain from voting on the relevant Board resolutions approving the Transfer.

Currently, Hunan Chasing indirectly holds 19.94% equity interests in Huarong Xiangjiang Bank through its subsidiary and is a substantial shareholder of the Company’s subsidiary. Therefore, Hunan Chasing is a connected person at subsidiary level of the Company under the Listing Rules and the Transfer constitutes a connected transaction of the Company. As the Board of the Company has approved the Transfer and the independent non-executive Directors have confirmed that the terms on the Transfer have been entered into based on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Transfer is exempt from compliance with the circular, independent financial advice and the Shareholders’ approval requirements under Rule 14A.101 of the Listing Rules.

CBIRC Regulations Implications

Hunan Chasing currently indirectly holds 19.94% equity interests in Huarong Xiangjiang Bank through companies controlled by it, and is a related party of the Company as defined by the CBIRC. The Transfer constitutes a related party transaction as defined under the regulations of CBIRC. The transfer price of the Transfer constitutes more than 1% of the Company’s net capital as at the end of the latest period and therefore the Transfer constitutes a material related party transaction as defined by CBIRC. Such CBIRC regulations implications have no actual Listing Rules implications on the Company.

The completion of the Transfer and the transactions contemplated thereunder are subject to approval by the Shareholders and CBIRC Hunan Office. Therefore, the Transfer may not proceed. In addition, the financial impact of the Transfer is preliminary estimation, and the actual financial impact shall be subject to the audited financial data of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Information of the Company

The Company mainly engages in such businesses as distressed asset management, financial services, and asset management and investment business in China.

Information of Hunan Chasing

Hunan Chasing is a wholly state-owned company established upon approval by the People's Government of Hunan Province, and is the only provincial-level local financial holding company and a large provincial-level state-owned backbone enterprise in Hunan Province. The ultimate beneficial owner of Hunan Chasing is the People's Government of Hunan Province.

Information of Central Huijin

Central Huijin is a wholly state-owned company established in accordance with the Company Law of the People's Republic of China and is authorized by the State Council to make equity investments in key state-owned financial enterprises. It shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor of the key state-owned financial enterprises on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Central Huijin does not conduct any other business or commercial activity. It does not intervene in the day-to-day business operations of the firms in which it invests.

The above resolution has been considered and approved by the Board and is hereby submitted to the EGM for consideration and approval.

**PROPOSED EQUITY TRANSFER PROJECT OF
HUARONG XIANGJIANG BANK CORPORATION LIMITED HELD BY
CHINA HUARONG ASSET MANAGEMENT CO., LTD.**

SUMMARY OF VALUATION REPORT

To China Huarong Asset Management Co., Ltd.:

As commissioned by the Company, in accordance with laws, administrative regulations and the principles of asset valuation, in adherence to the principles of independence, objectivity and impartiality and following necessary valuation procedures, Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司) has conducted a valuation on the market value of all shareholders' rights and interests of Huarong Xiangjiang Bank Corporation Limited as at the valuation benchmark date (i.e. 30 September 2021) as involved in the economic behavior of the Company's proposed transfer of its equity in Huarong Xiangjiang Bank Corporation Limited. The important contents and methods of the valuation report and conclusion are reported as follows:

I. THE CLIENT, EVALUATED ENTITY AND OTHER USERS OF THE REPORT

The client is China Huarong Asset Management Co., Ltd., and the evaluated entity is Huarong Xiangjiang Bank Corporation Limited.

(I) Basic information of the client

Company name: China Huarong Asset Management Co., Ltd. (hereinafter referred to as "China Huarong")

Company type: other joint stock limited liability company (listed)

Registered address: No. 8 Financial Street, Xicheng District, Beijing

Legal representative: Wang Zhanfeng

Registered capital: RMB39,070,208,462

Date of incorporation: 1 November 1999

Term of operation: Long term

Social unified credit code: 911100007109255774

Scope of business: management, investment and disposal of distressed assets of financial institutions and non-financial institutions through acquisition and entrusting; management, investment and disposal of asset of debt-equity swap; external investments; securities dealing; issuance of financial debentures, inter-bank lending and borrowings and providing commercial financing to other financial institutions; bankruptcy management; consulting and advisory business on finance, investment, legal and risk management; asset and project assessment; approved asset securitization and custody and liquidation of financial institutions; other businesses approved by the banking regulatory authority of the State Council. (Enterprises independently choose their own business projects under the law to carry out business activities; business activities of projects subject to approval by the relevant departments according to law shall be carried out under the approved content; market entities shall not engage in business activities that fall within industrial policy prohibitions and restrictions of the state and the city.)

(II) Profile of the evaluated entity**1. Basic information**

Company name: Huarong Xiangjiang Bank Corporation Limited (hereinafter referred to as “Huarong Xiangjiang Bank”)

Company type: other joint stock limited liability company (unlisted)

Registered address: Jiezuo Building, No. 828, South Furong Road (Section 1), Tianxin District, Changsha City

Legal representative: Huang Weizhong

Registered capital: RMB7,750,431,375

Date of incorporation: 8 October 2010

Term of operation: Long term

Social unified credit code: 914300005617419921

Scope of business: To take deposits from the public; release short-, medium- and long-term loans; handle domestic and international settlement; handle acceptance and discounting of negotiable instruments; issue financial bonds; act as the agent of issuance and payment by acceptance and underwriting government bonds; trade government bonds and financial bonds; engage in inter-bank lending and borrowings; trade foreign currencies and trade them as agent; engage in the bank card business; provide letters of credit and guarantees; act as the agent of receipts and payments and other insurance businesses; provide the safe deposit box service; engage in securities investment fund sales business and other businesses approved by the banking regulatory authority (engaging in businesses based on the term and scope verified by the financial permit).

2. Shareholder Structure

As of the valuation benchmark date, Huarong Xiangjiang Bank had a subscribed registered capital of RMB7,750,431,375 and a paid-up capital of RMB7,750,431,375. The table below sets forth the equity structure of Huarong Xiangjiang Bank as of the benchmark date:

Table 1 The equity structure of Huarong Xiangjiang Bank as of the valuation benchmark date

No.	Name of shareholder	Number of shareholding (share)	% of issued shares
1	China Huarong Asset Management Co., Ltd.	3,141,250,000	40.53%
2	Hunan Caixin Investment Holdings Co., Ltd. (湖南財信投資控股有限責任公司)	1,550,031,668	20.00%
3	Tianyuan Real Estate Co., Ltd.	387,500,000	4.99%

No.	Name of shareholder	Number of shareholding (share)	% of issued shares
4	Hengyang City Construction Investment Co., Ltd. (衡陽市城市建設投資有限公司)	379,490,478	4.90%
5	Hunan Xingxiang Investment Holding Group Co., LTD.	233,700,000	3.02%
6	Xiangtan Dual Responsibility Construction Investment & Financing Co., Ltd. (湘潭市兩型社會建設投融資有限公司)	165,388,372	2.13%
7	Yueyang State-owned Asset Management Co., Ltd. (岳陽市國有資產經營有限責任公司)	143,950,000	1.86%
8	Xinhuang Group Xiangtan Xinhuang Resources Technology Co., Ltd. (新煌集團湘潭市新煌資源科技有限公司)	129,002,188	1.66%
9	Zhuzhou State-owned Assets Investment Holdings Group Co., Ltd.	100,000,000	1.29%
10	Hunan Publishing Investment Holding Group Co., Ltd.	100,000,000	1.29%
11	Others	1,420,118,669	18.33%
	Total	7,750,431,375	100.00%

3. Assets, finance and operating condition

As of the valuation benchmark date (i.e., 30 September 2021), the total audited assets of Huarong Xiangjiang Bank on a consolidated basis amounted to RMB411,307,366,000, total liabilities amounted to RMB378,978,774,000, and total owners' equity attributable to the shareholders of the parent company amounted to RMB32,269,553,000. In January-September 2021, the operating revenue of Huarong Xiangjiang Bank on a consolidated basis amounted to RMB9,080,435,000, total profit amounted to RMB3,048,394,000, and net profit attributable to the parent company amounted to RMB2,291,137,000.

The table below sets forth Huarong Xiangjiang Bank's financial data on a consolidated basis for the period and the recent two complete years:

Table 2 Assets, Liabilities and Financial Position of Huarong Xiangjiang Bank on a Consolidated Basis

Unit: In ten thousand of RMB

No.	Item	31 December 2019	31 December 2020	30 September 2021
1	Total assets	36,677,683.60	40,597,561.00	41,130,736.60
2	Total liabilities	34,279,579.40	37,497,331.10	37,897,877.40
3	Owners' equity attributable to the parent company	2,391,949.90	3,094,330.70	3,226,955.30

No.	Item	2019	2020	January– September 2021
4	Operating revenue	934,551.80	1,046,081.80	908,043.50
5	Total profit	377,171.60	367,145.40	304,839.40
6	Net profit attributable to the parent company	302,272.00	287,137.90	229,113.70
7	Auditing institution	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(III) Relationship between the client, evaluated entity and users of other asset valuation report stipulated in asset valuation commission contracts

The client under this asset valuation is China Huarong and the evaluated entity is Huarong Xiangjiang Bank. The client is the largest shareholder of the evaluated entity and the client, China Huarong, held 40.53% equity interest in Huarong Xiangjiang Bank as of the valuation benchmark date.

The valuation report's users are the client and relevant regulatory authorities whose approval shall be sought for the report in accordance with relevant regulations on the management of state-owned assets. Except as otherwise stipulated by laws and regulations of the State, any institution or individual not identified by the valuation institution and the client shall not become a user of the valuation report by virtue of obtaining it.

II. PURPOSE OF VALUATION

According to the Reply of the Ministry of Finance on Approving the Public Transfer of Shares of Huarong Xiangjiang Bank Corporation Limited by China Huarong Asset Management Co., Ltd. (Cai Jin [2022] No. 5) issued on 25 January 2022, the public listing of China Huarong Asset Management Co., Ltd. for the transfer of its 40.53% equity interest in Huarong Xiangjiang Bank Corporation Limited was approved.

The purpose of the valuation is to reflect the market value of all shareholders' rights and interests of Huarong Xiangjiang Bank Corporation Limited on the valuation benchmark date, so as to provide a value reference basis for the above economic activities.

III. THE VALUATION OBJECT AND SCOPE OF VALUATION

The valuation object is all shareholders' rights and interests of Huarong Xiangjiang Bank.

The scope of valuation is the total assets and liabilities of Huarong Xiangjiang Bank on 30 September 2021.

As of the valuation benchmark date, the total book assets of Huarong Xiangjiang Bank in the audited consolidated statements were RMB411,307,366,000, the total liabilities were RMB378,978,774,000 and the owners' equity attributable to the shareholders of the parent company was RMB32,269,553,000.

The assets and liabilities data above were extracted from the Special Audit Report of Huarong Xiangjiang Bank Corporation Limited (Ernst & Young Hua Ming (2022) Zhuan Zi No. 61346419_A01) issued by Ernst & Young Hua Ming LLP on 3 March 2022. The valuation was carried out on the basis that the enterprise has been audited.

The entrusted valuation object and scope of valuation are consistent with those involved in economic activities.

IV. TYPE OF VALUE AND ITS DEFINITION

The type of value of this valuation is determined as the market value according to the purpose of such valuation.

The market value is defined as the estimated value amount of the valuation object in a normal and arm's length transaction between a willing purchaser and a willing seller acting reasonably and without compulsion as at the valuation benchmark date.

V. THE VALUATION BENCHMARK DATE

The asset valuation benchmark date of this project is 30 September 2021.

The valuation benchmark date is jointly determined by the clients based on the comprehensive consideration on the asset scale, workload, expected time required, compliance and other factors of the evaluated entity.

VI. BASIS FOR VALUATION

The valuation basis adopted for the asset valuation mainly include basis of economic behaviour, basis of laws and regulations, basis of valuation standards, basis of asset ownership and basis of price determination used in the valuation and estimation, details of which are as follows:

(I) Basis of Economic Behaviour

Reply of the Ministry of Finance on Approving the Public Transfer of Shares of Huarong Xiangjiang Bank Corporation Limited by China Huarong Asset Management Co., Ltd. (Cai Jin [2022] No. 5, 25 January 2022)

(II) Basis of Laws and Regulations

1. Law of the People's Republic of China on the State-owned Assets of Enterprises (Order of the President of the People's Republic of China No. 5);
2. Company Law of the People's Republic of China (revised on 26 October 2018);
3. Civil Code of the People's Republic of China (passed at the third meeting of the 13th National People's Congress on 28 May 2020);
4. Law of the People's Republic of China on Enterprise Income Tax (revised on 29 December 2018);

5. Rules on the Evaluation and Management of State-owned Assets (Decree No. 91 of the State Council of the People's Republic of China, and revised by Decree No. 732 of the State Council of the People's Republic of China);
6. Asset Appraisal Law of the People's Republic of China (Order of the President of the People's Republic of China No. 46);
7. Law of the People's Republic of China on Commercial Banks (revised in 2015) (Order of the President of the People's Republic of China No. 34);
8. Law of the People's Republic of China on Banking Regulation and Supervision (revised in 2006) (Order of the President of the People's Republic of China No. 58);
9. Implementing Regulations for Rules on the Evaluation and Management of State-owned Assets (Guo Zi Ban Fa [1992] No. 36 promulgated by the former State Administration Bureau of State-owned Assets);
10. Interim Measures for the Supervision and Administration of Assessment on State-owned Assets of Financial Enterprises (Decree No. 47 of Ministry of Finance);
11. Notice of Issues concerning the Supervision and Administration of Assessment of State-owned Assets of Financial Enterprises (Cai Jin [2011] No. 59);
12. Notice on Issuing the Measures for the Financial Supervision and Administration of Local Financial Enterprises (Cai Jin [2010] No. 56);
13. Notice on Administrative Measures for Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20);
14. Measures for the Supervision and Administration of the Transactions of State-owned Assets of Enterprises (Decree No. 32 of SASAC and the Ministry of Finance);
15. Notice on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36);
16. Announcement by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-added Tax Reform ([2019] No. 39);
17. Administrative Measures for the Capital of Commercial Banks (Trial) (Decree [2012] No.1 of China Banking Regulatory Commission);
18. Core Indicators for the Risk Management of Commercial Banks (Trial) (Yin Jian Fa [2005] No. 89);
19. Notice of the China Banking and Insurance Regulatory Commission on Issuing the Guidance on Capital Instrument Innovation of Commercial Banks (Revised) (Yin Bao Jian Fa [2019] No. 42);
20. Rules on the Issuance of Subordinated Bonds by Commercial Banks (Announcement [2004] No. 4 of the People's Bank of China and China Banking Regulatory Commission);

21. Notice on Adjusting the Regulatory Requirements for Loan Loss Provisions of Commercial Banks (Yin Jian Fa [2018] No. 7);
22. Other relevant laws and regulations.

(III) Basis of Valuation Standards

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43) (《資產評估基本準則》(財資[2017]43號));
2. Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30) (《資產評估職業道德準則》(中評協[2017]30號));
3. Practice Standards for Assets Appraisal — Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36) (《資產評估執業準則 — 資產評估程序》(中評協[2018]36號));
4. Practice Standards for Assets Appraisal — Asset Valuation Report (Zhong Ping Xie [2018] No. 35) (《資產評估執業準則 — 資產評估報告》(中評協[2018]35號));
5. Practice Standards for Assets Appraisal — Asset Valuation Commission Contracts (Zhong Ping Xie [2017] No. 33) (《資產評估執業準則 — 資產評估委託合同》(中評協[2017]33號));
6. Practice Standards for Assets Appraisal — Asset Valuation Files (Zhong Ping Xie [2018] No. 37) (《資產評估執業準則 — 資產評估檔案》(中評協[2018]37號));
7. Practice Standards for Assets Appraisal — Enterprise Value (Zhong Ping Xie [2018] No. 38) (《資產評估執業準則 — 企業價值》(中評協[2018]38號));
8. Practice Standards for Assets Appraisal — Asset Appraisal Approach (Zhong Ping Xie [2019] No. 35) (《資產評估執業準則 — 資產評估方法》(中評協[2019]35號));
9. Practice Standards for Assets Appraisal — Application of Experts' Work and Related Reports (Zhong Ping Xie [2017] No. 35) (《資產評估執業準則 — 利用專家工作及相關報告》(中評協[2017]35號));
10. Guidelines of the Appraisal Report on State-owned Assets of Financial Enterprises (Zhong Ping Xie [2017] No. 43) (《金融企業國有資產評估報告指南》(中評協[2017]43號));
11. Guidelines for Business Quality Control of Asset Appraisal Institutions (Zhong Ping Xie [2017] No. 46) (《資產評估機構業務質量控制指南》(中評協[2017]46號));
12. Guiding Opinions on Asset Appraisal Value Type (Zhong Ping Xie [2017] No. 47) (《資產評估價值類型指導意見》(中評協[2017]47號));
13. Guiding Opinions on Legal Ownership of Asset Appraisal Object (Zhong Ping Xie [2017] No. 48) (《資產評估對象法律權屬指導意見》(中評協[2017]48號));
14. Other standards related to the appraisal work.

(IV) Asset Ownership Basis

1. Building ownership certificates;
2. Motor vehicle driving permits;
3. Long-term equity investment agreement and Articles of Association;
4. Key asset acquisition contracts;
5. Other references.

(V) Basis of Price Determination

1. Financial and accounting information provided by the evaluated entity;
2. Audit reports of the evaluated entity for 2018, 2019 and 2020 and January to September 2021;
3. WIND Financial Terminal;
4. Public information such as annual reports of relevant comparable banks;
5. Other information relating to this asset valuation.

VII. VALUATION APPROACHES**(I) Selection of Valuation Approaches**

According to the requirements of the Practice Standards for Assets Appraisal — Enterprise Value (Zhong Ping Xie [2018] No. 38) and the Practice Standards for Assets Appraisal — Asset Appraisal Approach (Zhong Ping Xie [2019] No. 35), in evaluating enterprise value, the applicability of the three basic approaches, namely income approach, market approach and asset-based approach shall be analysed to select the valuation approach pursuant to the valuation purpose, valuation object, value type, conditions for the applicability of the valuation approach and quality and quantity of the data on which the application of the valuation approach is based, etc.

This valuation is conducted because China Huarong intends to transfer its equity in Huarong Xiangjiang Bank. Considering there are many equity transaction cases in the market with similar business scope, business size and development stage as the evaluated entity, which are more comparable, and specific conditions affecting the transaction price and related indicator data are available through annual reports published by comparable banks, an analysis can be made on the transaction price. Therefore, the market approach is selected for this valuation as the approach to select the valuation conclusion.

(II) Market Approach Overview

According to the Practice Standards for Assets Appraisal — Enterprise Value, the market approach in enterprise value appraisal refers to the valuation approach that compares the evaluated entity with comparable listed companies or comparable transaction cases to determine the value of the evaluated entity.

1. *Preconditions for the application of market approach*

The following basic preconditions shall be met for the application of market approach in evaluating enterprise value:

- 1) There should be a fully developed and active capital market;
- 2) There should be objects of reference which are the same or similar with the evaluated entity;
- 3) The factors influencing the value of the object of reference and the valuation object are clear and quantifiable, and the relevant information can be collected;
- 4) The reference enterprise and the evaluated entity should have the same or similar technical indicators, asset performance, etc.

2. *The reason and basis for selecting market approach*

The two commonly used specific methods of market approach are comparison method of listed companies and comparison method of transaction cases.

The comparison method of listed companies refers to a specific method of obtaining and analysing the operation and financial data of comparable listed companies, calculating the appropriate value ratio, and determining the value of the valuation object on the basis of comparative analysis with the evaluated entity. Comparable enterprises in the comparison method of listed companies should be listed companies which trade normally in the open market, and the valuation conclusion should take into account the impact of liquidity on the value of the valuation object.

The comparison method of transaction cases reflects the transaction price in a more intuitive manner than the comparison method of listed companies, without considering the impact of the liquidity of the listed companies on the transaction price. However, the method requires the acquisition of some basic information about the transaction cases via the open channels of the property rights exchange market, as well as the acquisition of relevant financial data of the transaction cases, which is crucial to the valuation. Given that the banking industry has relatively stringent requirements on information disclosure, and relevant information of the selected comparable banks or companies can be collected, the comparison method of transaction cases is adopted in this valuation.

3. *Valuation ideas*

Valuation by market approach is carried out in the following steps:

(1) *Select comparable enterprises*

Collect information about comparable transaction cases and select and determine an appropriate number of comparable transaction cases. Selection of comparable transaction cases is based on the following principles:

- A. Collect transaction cases in the same industry through public channels;
- B. Select independent third party transactions in the market, where the transactions have been substantially completed or approved by resolution and signed transfer agreements at the general meeting;
- C. Based on the completion of the above-mentioned collection and selection, conduct a comparative analysis on the remaining target companies to select transaction cases with similar business scope and characteristics and similar or comparable asset size.

(2) *Model of estimated value*

By analysing the trading, acquisition and capital increase cases of companies in the same or similar industry as the evaluated entity, obtain and analyse the data and information of these transaction cases; by analysing the price per share (P) of the bank with capital increase and various economic indicators of the bank, select the price-to-book ratio (PB), price-to-earnings ratio (PE) and price-to-sales ratio (PS) as comparable value ratios; based on the comparative analysis with the evaluated entity, by modifying the factors such as time, profitability, asset quality and capital adequacy ratio of the transaction cases, adjust the comparable value ratios of the transaction cases and calculate the market price per share (P) of the valuation object through weighted sum approach. The product of the market price per share and the total share capital is the total value of shareholders' equity.

VIII. THE IMPLEMENTATION PROCESS AND STATUS OF THE VALUATION PROCEDURES

The overall valuation work is conducted in four phases:

(I) **Preparation**

1. Pan-China Assets Appraisal Co., Ltd. accepted the commission by the client to carry out this asset valuation project. Upon acceptance of the commission, Pan-China Assets Appraisal Co., Ltd. had made earnest discussions with the client on a number of issues affecting the asset valuation plan, such as the purpose of the valuation, the valuation object, the scope of valuation, the valuation benchmark date, and the characteristics of assets that are entrusted to be evaluated.
2. Taking into account the characteristics of assets that are entrusted to be evaluated and unique nature of this transaction, targeted design of the valuation calculation sheet and asset declaration form have been put into place.

3. *Design of the valuation plan*

With respect to our understanding of the characteristics of the assets, we have drawn up a valuation plan and an implementation plan of the valuation. Valuers are identified, so as to form the on-site working team for the asset valuation.

4. *Preparation of valuation material*

We collected and collated information, annual reports, etc. on the industry in which the valuation object is located.

(II) On-site inspection

(1) *Validation of the authenticity and legitimacy of the valuation object*

According to the details of asset and liability declaration provided by the evaluated entity, the valuers used different verification methods for the inspection of banking-related assets, credit and physical assets, as well as the relevant claims and liabilities, in order to confirm the authenticity and accuracy of the assets and liabilities.

(2) *Investigation of value composition of assets and status of business development*

The reasonableness and compliance of the value composition of assets of the evaluated entity were checked based on the characteristics of its assets. The focus was placed on verifying the composition of assets and liabilities, the classification of loans, provisions, etc., and the relevant operating data reported to the CBIRC, etc.

(3) *Investigation of enterprise income, costs and other production and operation conditions*

The profit or loss accounting data of the evaluated entity in previous years were collected for estimation and analysis; actual business performance, the composition of income, costs and expenses and future development trends of the evaluated entity were checked through interviews and other means.

(III) Selection of valuation approaches, collection of market information and estimation process

The valuers carry out valuation and estimation after identifying the valuation parameters and pricing standards on site according to the working plan prepared based on the characteristics of this project, taking into account the pricing principle and valuation model in accordance with actual conditions and with reference to the historical data provided by the enterprise, the market transaction cases collected and industry information.

(IV) Valuation summarization

1. *Determination of valuation results*

The valuation results of entrusted asset are determined according to the survey of the valuers of Pan-China Assets Appraisal Co., Ltd. at the valuation site and the necessary market research and calculation.

2. *Analysis of valuation results and preparation of valuation report*

The valuation report is prepared in accordance with the standardized requirements of Pan-China Assets Appraisal Co., Ltd. The valuation results and related asset valuation report are subject to a three-level review according to the procedures of Pan-China Assets Appraisal Co., Ltd. After the final review by the signatory asset valuers, the valuation report will be completed and submitted by the valuation team.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers followed the valuation assumptions below:

(I) General assumptions

Transaction assumption: transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the valuers carry out the valuation based on the trading conditions of the assets to be evaluated in a simulated market.

Open market assumption: open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have access to adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.

Continuous use assumption: continuous use assumption is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be evaluated are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.

Enterprise going-concern assumption: it is the valuation assumption made on the overall assets of the enterprise as the valuation object. In other words, the enterprise, as an operating entity, will operate as a going concern in accordance with its operation target under the external environment where it operates. The operators of the enterprise are accountable for and capable of assuming responsibilities; the enterprise conducts lawful operations and is able to acquire appropriate profit to maintain its capability of operating as a going concern.

(II) Special assumptions

1. It is assumed that the accounting policies adopted by the evaluated entity after the valuation benchmark date are consistent with the accounting policies adopted at the time of preparation of this report in material respects.
2. It is assumed that there will be no material changes to the national macroeconomic policies, industrial policies or regional development policies after the valuation benchmark date. No other force majeure factors and unforeseeable factors will have a material adverse impact on the enterprise.
3. It is assumed that the evaluated entity will comply with all related laws and regulations.

4. It is assumed that there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, as well as policies charges in relation to Huarong Xiangjiang Bank after the valuation benchmark date.
5. It is assumed that the management of the evaluated entity is responsible and stable, and capable of performing their duties after the valuation benchmark date.
6. It is assumed that the business scope and operating method of the evaluated entity are in line with the current direction on the basis of the existing management methods and management levels, without major business adjustments.
7. It is assumed that the transaction cases adopted by the market approach are carried out in a completely market-oriented manner and there is no special transaction background.
8. It is assumed that the annual reports published by the unlisted banks in the transaction cases are reliable and trustworthy.

The valuation conclusion of the valuation report is tenable or reasonable on the valuation benchmark date under the above assumptions, and in the event of any significant change in the above assumptions, the undersigning asset valuer and the valuation institution shall not be liable for deriving a different valuation conclusion as a result of the change in the assumptions.

X. THE CONCLUSION OF VALUATION

In accordance with relevant laws and regulations and asset valuation standards, we have evaluated the market value of shareholders' entire interest in Huarong Xiangjiang Bank on the valuation benchmark date, i.e. 30 September 2021 through conducting the valuation procedures including checking and verification, on-site investigation, interview for due diligence, market research and inquiries, valuation and estimation.

The valuation conclusion is based on the valuation results of the market approach. The conclusion of the valuation is as follows:

On 30 September 2021, the evaluated value of shareholders' entire interest in Huarong Xiangjiang Bank amounted to RMB29,560,000,000, representing an increase of RMB2,652,537,000 as compared with the net book assets of RMB26,907,463,000 (after deducting perpetual bonds), with an appreciation rate of 9.86%.

XI. SPECIAL INSTRUCTIONS

The following issues are beyond the Company's valuers' practice and competence to value and estimate, but may indeed affect the valuation conclusions. Users of the valuation report should pay particular attention to:

- (I) The reference to "evaluated value" in this report represents the fair value of the evaluated assets presented for the purposes set out in this report, subject to the preconditions that such assets maintain their existing purpose as a going concern under the conditions and external economic environment prevailing on the valuation benchmark date, without being responsible for other purposes.

- (II) Valuers have paid due attention to the legal ownership of the valuation object provided by the evaluated entity and the related assets and conducted necessary checks on the information about the legal ownership of the valuation object and the related assets and the source, and are obliged to disclose such checks. However, the evaluated entity shall be liable for the truthfulness, accuracy and completeness of the ownership information on which this report is based and bear the corresponding liability. The valuation institution has conducted the valuation and estimation without taking into account the defective property rights of the valuation object, and we do not provide any guarantee or assume any responsibility for expressing opinions on the legal ownership of the property rights of the valuation object.
- (III) The reference to “evaluated value” in this report is an objective and fair reflection of the value of the evaluated assets as at the benchmark date (i.e. 30 September 2021) for the purposes set out in this report based on the principles, bases, assumptions, methods and procedures set out herein, subject to the preconditions that such assets maintain their existing purpose as a going concern under the specific economic environment prevailing on the valuation benchmark date. The valuation conclusions are only valid under the condition that the above principles, bases and preconditions exist, and Pan-China shall not assume any responsibility for expressing opinions on any material changes in the assets after the benchmark date. The valuation results are based on the assumptions stated in this report, which are subject to change due to various market factors. Any change to the assumptions above will affect the valuation results. We assume no responsibility for expressing opinions on any market change, nor are we obliged to make any modifications to reflect any events after the report date.
- (IV) The valuation results have not taken into account any premium or discount arising from factors such as controlling interest and minority interest or the impact of liquidity of the equity entrusted for valuation on the valuation results.
- (V) In case of any change to the asset quantity and price standards after the valuation benchmark date, appropriate adjustment shall be made, and the valuation conclusions cannot be directly applied.
- (VI) Reference to the conclusions of reports issued by other institutions:
- There was no reference to the conclusions of reports issued by other institutions.
- (VII) Significant application of experts’ work and related reports:
- Standard unqualified audit report of Ernst & Young Hua Ming (2022) Zhuan Zi No. 61346419_A01 issued by Ernst & Young Hua Ming LLP.
- (VIII) Subsequent events which may have impacts on the valuation conclusions from valuation benchmark date to valuation report date:
- Nil.
- (IX) The economic behavior corresponding to the asset valuation which may have significant impacts on the valuation conclusions:
- Nil.

XII. RESTRICTIONS ON UTILIZATION OF VALUATION REPORT

- (I) The valuation report can only be used for the valuation purposes set out in this report;
- (II) In case that the client or users of other asset valuation report did not use it within the scope set forth in the laws, requirements of administrative regulations and asset valuation report, asset valuation institution and its asset valuers take no responsibility for it;
- (III) Except for the client, users of other asset valuation report stipulated in asset valuation commission contracts and laws and administrative regulations, any other institution and individuals could not be the users of asset valuation report;
- (IV) The users of asset valuation report shall understand valuation conclusions correctly. The valuation conclusions are not equivalent to the realizable price of valuation object, and should not be deemed as the guarantee of realizable price of valuation object;
- (V) The asset valuation report shall be used officially only after it is signed by asset valuers conducting the valuation and stamped by the relevant valuation institutions, and filed with superior supervisory authorities;
- (VI) The whole or part of the valuation report to be extracted, quoted or disclosed to the public media shall be subject to the review of relevant contents by valuation institutions, except those provided by laws and regulations and agreed by relevant parties;
- (VII) The valuation conclusions disclosed in the valuation report are only applicable to the economic behavior corresponding to this project. The validity period for use of valuation conclusions is one year from valuation benchmark date, namely from 30 September 2021 (valuation benchmark date) to 29 September 2022. If the purpose of valuation is realized within the validity period, the valuation conclusions shall be chosen as the value reference basis (also taking into consideration the adjustments of subsequent events on valuation benchmark date). In case that the validity period is more than one year, the asset revaluation is required.

XIII. VALUATION REPORT DATE

The valuation report date is 3 March 2022.

Legal representative: Sun Jianmin

Asset valuer: Xi Lining

Asset valuer: Feng Tinglong

Pan-China Assets Appraisal Co., Ltd.
3 March 2022

1. Comparison method of transaction cases and selection of value ratio

The comparison method of transaction cases is adopted in this valuation. The comparison method of transaction cases refers to the specific method of obtaining and analysing the data of the transaction price of the equity interest, the operational and financial data of comparable companies and calculating the appropriate value ratio, and determining the value of the valuation object on the basis of comparative analysis with the evaluated entity. The two main valuation methods that are used under the market approach are the comparison method of listed companies (the selected cases are listed companies, and the value ratios are calculated by the trading price of the listed company's stock) and comparison method of transaction cases (the selected cases are unlisted companies, and the value ratios are calculated by the actual transaction price of the equity interest of the unlisted company). Since the stock transaction prices of listed banks in Mainland China deviate significantly from their actual values, the comparison method of listed companies is less suitable for this valuation; while in the Chinese property rights trading market, there exist comparable transaction cases of unlisted banks with fair prices, and considering that the subject matter to be valued is also equity interests in an unlisted bank, so the comparison method of transaction cases under the market approach is selected for this valuation. This method is a common method in the asset valuation industry of PRC. The specific method is described as follows:

Firstly, enterprises in the same industry of the evaluated entity are selected as the comparable companies. Next, one or several profitability or asset-related parameters of the comparable company, such as net profit, net assets, operating income, total assets, etc., are selected as "analysis parameters", and the commonly used analysis parameters are net profit, net assets and operating income. By calculating the proportional relationship between the market value of the comparable company and the selected analysis parameters — called ratio multiplier. The above ratio multipliers are applied to the corresponding analysis parameters of the evaluated entity to obtain the market price per share of the evaluated entity.

Three forms of value ratios commonly used in the market approach include the following:

(1) Equity Price/Price to Earnings (P/E) Ratio

The P/E ratio, also known as the price to earnings ratio, is the most commonly used ratio in the market approach. When the income indicator is the income of the preceding year, it is called current P/E multiplier; when the income indicator is the income of the recent four quarters, it is called trailing P/E multiplier; when the income indicator is the expected income of the following year, it is called forward P/E. In practice, income indicators are generally taken as operating income or earnings before interest, taxes, depreciation and amortization (EBITDA).

(2) Equity Price/Price to Book Value (P/B) Ratio

The P/B ratio, also known as the price to book value ratio, is more applicable to cyclical industries, enterprise holding a large number of fixed assets with relatively stable book values, banks, insurance and other enterprises with a high percentage of current assets. The P/B ratio in the substitution of the replacement cost of assets for the book value of enterprise assets is also known as Tobin's Q.

(3) Equity Price/Price to Sales (P/S) Ratio

The P/S ratio, also known as the price to sales ratio, is generally applicable to capital-intensive, quasi-monopolistic companies, and to marginally profitable or loss-making companies. Both operating income and the book value of assets are accounting measures that are necessarily affected by accounting standards, while sales revenue is less affected by accounting factors. P/S ratio varies widely across industries and is primarily affected by the profit margin of sales.

The valuation of the equity value of Huarong Xiangjiang Bank was carried out using a ratio valuation model with the combination of price to book value ratio (P/B), price to earnings ratio (P/E) and price to sales ratio (P/S).

Reasons for not adopting the income approach and asset approach for determining the valuation. The income approach is limited by its various assumptions, and factors such as the future policies on the financial industry and changes to business structure may have relatively large impact on income forecasts, which will reduce the accuracy of future income forecasts and therefore the reliability of such valuations. Therefore, the income approach is not the most appropriate approach for the valuation in this transaction. On the other hand, the asset approach tends to overlook the comprehensive profitability of various assets in the evaluation of enterprise value. According to the characteristics of the industry, the asset approach generally cannot reflect the characteristics of a bank's franchise, sales network, and other resources and assets. Therefore, it is generally not appropriate to use the asset approach for the evaluation of banks and such approach is not used for the determination of valuation in this transaction.

2. Selection of Comparable Companies

The two commonly used specific methods of market approach are comparison method of listed companies and comparison method of transaction cases.

The comparison method of listed companies refers to a specific method of obtaining and analysing the operation and financial data of comparable listed companies, calculating appropriate value ratio, and determining the value of the valuation object on the basis of comparative analysis with the evaluated entity.

The comparison method of transaction cases refers to the specific method of obtaining and analysing the data of the transaction, acquisition and merger cases of comparable enterprises, calculating appropriate value ratio, and determining the value of the valuation object on the basis of comparative analysis with the evaluated entity.

The evaluated entity belongs to the banking industry, and currently the various value ratios of listed banking companies are generally low, therefore, the comparison method of transaction cases is adopted in this valuation.

According to the requirements of Standards for Assets Valuation — Enterprise Value, companies that are comparable to the evaluated entity shall be selected in the valuation through market approach. The steps to determine companies serving as comparable transaction cases in this valuation are as follows:

Step 1: Collect transaction cases in the same industry through public channels;

Step 2: Select independent third-party transactions in the market, where the transactions have been substantially completed or approved by resolution and signed transfer agreements at the general meeting;

Step 3: Based on the completion of the above-mentioned collection and selection, conduct a comparative analysis on the remaining target companies to select transaction cases with similar business scope and characteristics and similar or comparable asset size;

Step 4: Collect and obtain market information, financial information, and other relevant information on transaction cases.

3. Comparable Companies Information

The transaction cases about bank equity occurred on the benchmark date in recent years have been collected through the Wind platform, equity exchange and other channels in this valuation, with a total of 34 cases about regional bank equity change. Cases are then selected according to the valuation object (being a regional commercial bank as Huarong Xiangjiang Bank), asset scale of the evaluated entity and transaction nature of comparable enterprises (such as capital increase and equity transfer), etc., after excluding small equity transaction cases (being transfer of less than 10% equity interest), the transaction cases about city commercial banks with relatively similar asset scale (having an asset scale between RMB200 billion to RMB450 billion) among comparable cases shall be preferred as comparable objects. Therefore, cases relating to regional rural commercial banks are first excluded (10 cases in total); cases are then excluded according to transaction type and transaction shareholding ratio, in which two types of comparable cases (capital increase and equity transfer) are involved, and as capital increase has direct impact on existing and new shareholders and the capital increase price is accepted by all shareholders, the transactions involving capital increase are prioritized among the selected cases, whereas those with higher shareholding ratio are prioritized for transactions involving equity transfer while those with less than 10% are excluded. Upon applying the abovementioned criteria, transactions of six banks are selected, among which banks with asset scale similar to that of Huarong Xiangjiang Bank are further selected. Finally, three transaction cases satisfying all the abovementioned criteria and with strong comparability with Huarong Xiangjiang Bank are selected as comparable objects, as shown in below:

Case I: Bank of Hebei

(1) Transaction background

Capital increase: The proposal for capital increase was considered and approved at the general meeting held by Bank of Hebei on 12 December 2018, and in accordance with the valuation report issued by China United Assets Appraisal Group Co., Ltd. on 22 January 2019, the bank issued 1 billion additional shares at RMB4.05 per share, and its registered capital was changed from RMB6 billion to RMB7 billion.

(2) Historical three-year financial data under the background of transaction case

Table of key financial data (consolidated)

Unit: In 100 million of RMB

Item	2016	2017	2018
Total assets	3,104.27	3,367.63	3,422.53
Total liabilities	2,924.56	3,125.90	3,158.53
Equity attributable to the shareholders of the parent company	174.35	230.90	252.46
Share capital	50.00	60.00	60.00
Item	2016	2017	2018
Operating revenue	74.43	74.41	67.73
Operating expense	41.05	40.28	43.59
Total profit	33.04	33.84	23.93
Net profit attributable to the parent company	26.25	26.72	19.63

Case II: Weihai Bank**(1) Transaction background**

Capital increase: On 30 August 2018, the 25th meeting of the Fifth Session of the Board of Directors (provisional) has considered and approved the Plan on Participating in the Directional Issuance of Shares by Weihai City Commercial Bank Co., Ltd., and Shandong Hi-Speed Company Limited intended to participate in the directional issuance of shares by Weihai City Commercial Bank Co., Ltd. with a subscription of no more than 377,256,200 shares at RMB2.80 per share and an aggregate amount of investment would not exceed RMB1.057 billion. Shandong Hi-Speed Company Limited held up to 13.96% equity of Weihai City Commercial Bank after subscription.

The transaction pricing was based on the evaluation data of independent third-party. Pan-China Assets Appraisal Co., Ltd., which is qualified to engage in securities and futures business evaluated that 30 June 2018 was taken as the valuation benchmark date, and the valuation result was RMB11,664,854,700. The evaluated value increased by RMB773,072,200 as compared with the book value of RMB10,891,782,500 of owners' equity attributable to the parent company on a consolidated basis, with an appreciation rate of 7.10% and assets at RMB2.80 per share.

(2) Historical three-year financial data under the background of transaction case

Table of key financial data (consolidated)

Unit: In 100 million of RMB

Item	2015	2016	2017
Total assets	1,512.78	1,863.40	2,044.98
Total liabilities	1,420.20	1,761.86	1,934.27
Equity attributable to the shareholders of the parent company	92.58	98.02	106.84
Share capital	41.71	41.71	41.71
Item	2015	2016	2017
Operating revenue	37.34	39.94	38.94
Operating expense	17.15	19.25	19.49
Total profit	20.32	20.91	19.58
Net profit attributable to the parent company	15.68	16.33	15.70

Case III: Guangdong Nanyue Bank**(1) Transaction background**

According to the announcement dated 27 December 2019, the industrial and commercial registration of 356,000,000 shares in Nanyue Bank subscribed by Zhanjiang Chenming under private placement has been completed. Nanyue Bank has received the Reply on Shareholder Qualification of Zhanjiang Chenming Pulp & Paper Co., Ltd. (《關於湛江晨鳴漿紙有限公司股東資格的批覆》) issued by China Banking and Insurance Regulatory Commission, Guangdong Bureau. The transfer of 953,405,634 shares in Nanyue Bank held by certain shareholders, including China Delixi Holding Group Co., Ltd., to Zhanjiang Chenming has been approved. Upon the completion of the transfer, Zhanjiang Chenming holds a total of 1,309,405,634 shares in Nanyue Bank, representing 16.62% of total share capital of Nanyue Bank. Zhanjiang Chenming intends to subscribe the aforesaid private-placed and transferred shares based on the audited net assets per share of Guangdong Nanyue Bank of RMB1.86 as at 31 December 2017.

(2) Historical three-year financial data under the background of transaction cases

Table of key financial data (consolidated)

Unit: In 100 million of RMB

Item	2015	2016	2017
Total assets	1,659.85	2,038.60	2,178.97
Total liabilities	1,554.45	1,906.61	2,038.50
Equity attributable to the shareholders of the parent company	104.58	131.13	139.62
Share capital	62.21	75.21	75.21
Item	2015	2016	2017
Operating revenue	48.44	55.72	53.69
Operating expense	33.70	39.46	36.44
Total profit	14.71	16.23	17.17
Net profit attributable to the parent company	11.16	12.61	13.24

4. The calculation process of comparison method of transaction cases is as follows:

(A) Transaction status and comparative benchmark value of comparable banks and target banks in the transaction cases

Item	Guangdong Nanyue Bank	Weihai City Commercial Bank	Bank of Hebei
Benchmark date of transaction cases	31 December 2017	30 June 2018	30 September 2018
Economic behavior	capital increase, equity transfer	capital increase	capital increase
Total transaction value (RMB'0,000)	1,398,994.54	1,167,935.24	2,430,000.00
Transaction price per share (RMB)	1.86	2.80	4.05
Net assets per share at the trading time	1.86	2.61	4.10
P/B	1.00	1.07	0.99
P/E	10.57	7.45	12.38
P/S	2.61	3.00	3.59

The calculation results of the comparative benchmark value of Huarong Xiangjiang Bank calculated based on the value multiples of comparable companies are as follows:

Unit: In ten thousand of RMB

Item	Guangdong Nanyue Bank	Weihai City Commercial Bank	Bank of Hebei
P/B	3,233,393.53	3,460,292.03	3,185,523.95
P/E	3,257,785.38	2,297,422.05	3,815,530.58
P/S	2,979,701.49	3,430,203.39	4,102,986.19

(B) Adjustment of factors to the indicators of transaction cases from comparable banks

This time, adjustments of factors to the financial data or indicators obtained from the comparable banks have been made in four aspects: asset quality rating, profitability, growth status, and transaction date, which include non-performing loan ratio, capital adequacy ratio, asset turnover ratio, return on net assets, and indicators of revenue growth rate.

Asset quality rating: The non-performing loan ratio and capital adequacy ratio are selected as the reference indicators to measure whether the enterprise has excellent asset status. The lower the non-performing loan ratio, the higher the quality of the enterprise's assets. The capital adequacy ratio reflects the ratio of the enterprise's capital and risk assets; the higher the indicator, the stronger the anti-risk ability. In summary, the lower the non-performing loan ratio and the higher the capital adequacy ratio, the better the quality of the enterprise's assets. Comparing the object to be valued with the transaction cases, if the asset quality is better than that of Huarong Xiangjiang Bank, it will be revised upward, otherwise, it will be adjusted downward.

Profitability indicators: The asset turnover rate and return on net assets are selected as reference indicators to measure whether the profitability of the enterprise is excellent. The higher the asset turnover rate and return on net assets, the better the profitability of the enterprise, and vice versa, the less satisfactory the profitability of the enterprise. Comparing the object to be valued with the transaction cases, if the profitability is better than that of Huarong Xiangjiang Bank, it will be revised upward, otherwise, it will be adjusted downward.

Growth correction indicators: The growth rate indicator of operating revenue is selected as the reference indicator, which is an important indicator for measuring the operation condition and market share of the enterprise and predicting the development trend of the enterprise's operation business. The higher the indicator values, the faster the growth rate of enterprise's operating revenue and the better the enterprise's market prospects. Comparing the object to be evaluated with the transaction cases, if the growth rate is higher than that of Huarong Xiangjiang Bank, it will be revised upward, otherwise, it will be revised downward.

Transaction date revision indicator: the purpose of this valuation is to determine the fair value of shareholders' entire equity interest in Huarong Xiangjiang Bank on the valuation benchmark date, i.e. 30 September 2021, the valuation benchmark date is therefore considered as the basis for the indicator revision, based on the corresponding City Commercial Banks III (SWS) Index at the base point of the transaction case. When the City Commercial Banks III (SWS) Index at the base point of the transaction case is higher than that on the valuation benchmark date, upward revision will be made, or otherwise, downward revision will be made.

The adjustment coefficients arrived through revision of the abovementioned indicators are as follows:

	Guangdong Nanyue Bank	Weihai City Commercial Bank	Bank of Hebei
Adjustment coefficients	1.0373	1.0297	1.0881

(C) Calculation of evaluated value based on the benchmark value and adjustment coefficients

(1) The table below sets forth the adjusted benchmark value of Xiangjiang Bank according to the adjustment coefficients:

Items	Guangdong Nanyue Bank	Weihai City Commercial Bank	Bank of Hebei	Average
P/B	3,353,924.44	3,563,125.27	3,466,306.18	3,461,118.63
P/E	3,379,225.54	2,365,697.03	4,151,843.59	3,298,922.05
P/S	3,090,775.54	3,532,142.45	4,464,636.47	3,695,851.49

(2) The calculation of the value of entire equity interests in Huarong Xiangjiang Bank:

The arithmetic average of the P/B ratio, P/E ratio and P/S ratio was used as the valuation results of the market approach in this valuation. The specific results are as follows:

The evaluated value of owners' equity attributable to the parent company of Huarong Xiangjiang Bank = RMB34,852,973,900

Huarong Xiangjiang Bank issued perpetual bonds in April 2020, and the amount of owner's equity account — other equity instruments was RMB5,297,799,000, therefore the value of shareholders' entire equity interest in Huarong Xiangjiang Bank was:

The evaluated value of shareholders' entire equity interest in Huarong Xiangjiang Bank = RMB34,852,973,900 – RMB5,297,799,000

= RMB29,560,000,000 (rounded)

5. Opinions of the Board

The Board considers that the evaluated value of Huarong Xiangjiang Bank by Pan-China Assets Appraisal Co., Ltd. is fair and reasonable based on the following reasons: (i) the main reason for selecting the market approach is that there are many equity transaction cases in the market with similar business scope, business size and development stage as Huarong Xiangjiang Bank, which are more comparable, and specific conditions affecting the transaction price and related indicator data are available through annual reports disclosed by comparable banks, and an analysis can be made on the transaction price; (ii) the comparison method of market cases is adopted because the banking industry has relatively stringent requirements on information disclosure, and relevant information of the selected comparable banks or companies can be collected; (iii) the three transaction cases selected as the comparison method of market cases to evaluate Huarong Xiangjiang Bank are representative cases of bank equity in recent years, and the asset scale of the transaction objects is similar to that of Huarong Xiangjiang Bank, which are more comparable, and are compared with Huarong Xiangjiang Bank in terms of asset quality status, profitability, growth status and adjustment factors at transaction date, thus, the specificity of Huarong Xiangjiang Bank (such as the performance of non-performing loan ratio, capital adequacy ratio, asset turnover ratio, return on net assets and revenue growth rate indicators) is taken into account in the valuation process; and (iv) the asset valuation report is prepared by Pan-China Assets Appraisal Co., Ltd. in accordance with relevant laws and regulations and the report has been filed with the MOF.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 is disclosed in the relevant annual reports which have been published by the Company on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chamc.com.cn>). Please also refer to the hyperlink for the following annual reports:

- (i) the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 158 to 362):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701339.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2020 published on 29 September 2021 (pages 145 to 344):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0929/2021092900367.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (pages 138 to 324):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901373.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group is as follows:

Borrowings

The Group has arranged borrowings from banks, other financial institutions, and non-financial enterprises to fund its acquisitions of distressed debt assets and other investments. As at 30 April 2022, the latest practicable date for the purpose of this indebtedness statement, the Group's borrowings from banks, other financial institutions and non-financial enterprises amounted to RMB662,740.47 million.

	As at 30 April 2022 <i>(in millions of RMB)</i>
Unsecured and unguaranteed loans	633,260.70
Guaranteed but unsecured loans	8,510.97
Secured but unguaranteed loans	<u>20,968.80</u>
Total	<u><u>662,740.47</u></u>

Note: The borrowings are classified into three categories: (i) unsecured and unguaranteed loans, (ii) guaranteed but unsecured loans, (iii) secured but unguaranteed loans.

Unsecured and unguaranteed loans refer to loans without any collaterals, pledges or guarantors. Guaranteed but unsecured loans refer to loans guaranteed by a guarantor without any collaterals or pledges, among which a balance of RMB8,510.97 million was borrowed by subsidiaries of the Company and guaranteed by the Company, and there was no balance guaranteed by a third-party guarantor. Secured but unguaranteed loans refer to loans secured by collaterals or pledges without any guarantors.

Bonds and notes issued

As at 30 April 2022, the total carrying amount of the Group's outstanding bonds and notes issued amounted to RMB276,331.47 million, all of which were unsecured and unguaranteed:

	As at 30 April 2022 <i>(in millions of RMB)</i>
Due in 1 year	108,045.34
Due in 1–2 years	14,400.53
Due in 2–3 years	26,851.76
Due in 3–4 years	10,456.70
Due in 4–5 years	67,636.11
Due in more than 5 years	48,941.03
Total	<u><u>276,331.47</u></u>

Lease liabilities

As at 30 April 2022, lease liabilities recognised by the Group as a lessee which arose from its signing of non-cancellable operating leases agreements are set out as follows:

	As at 30 April 2022 <i>(in millions of RMB)</i>
Within one year	573.17
Within a period of more than one year but not more than two years	503.68
Within a period of more than two years but not more than five years	660.04
Within a period of more than five years	196.63
Total	<u><u>1,933.52</u></u>

Capital Commitments

	As at 30 April 2022 <i>(in millions of RMB)</i>
Contracted but not yet paid for	
— Commitments for the acquisition of long-term assets	<u>111.45</u>
Total	<u><u>111.45</u></u>

Credit Enhancements

As at 30 April 2022, the Group did not provide any credit enhancements to the borrowings of external transaction counterparties.

Off-balance Sheet Arrangements

As at 30 April 2022, there had not been any material off-balance sheet arrangements as defined under International Financial Reporting Standards (IFRS) in the Company and the non-banking subsidiaries.

Contingent Liabilities

Due to the nature of our businesses, the Company and subsidiaries are involved in various legal proceedings in the ordinary course of business, including litigations and arbitrations. We make provisions for probable losses arising from these claims when the management can reasonably estimate the outcome of the proceedings, in light of legal advice we have received. We do not make provisions for pending litigations when the outcome cannot be reasonably estimated or when the management believes that the probability of losses is remote or that any resulting liabilities will not have a material adverse effect on our financial position or business performance. As at 30 April 2022, we made provisions of RMB70.49 million, based on court judgments or legal counsels' advice. The management believes that the final results of these lawsuits will not have a material impact on our financial position or business performance.

In addition, as at 30 April 2022, the Group's indebtedness also included borrowings from central bank, due to customers, deposits from financial institutions, placements from financial institutions, financial assets sold under repurchase agreements, credit commitments, acceptances, issued letters of credit and guarantee, and other commitments that arise from the normal course of business of the Company and its bank and securities subsidiaries.

Other than disclosed above and apart from intra-group liabilities, as at 30 April 2022, the Group did not have any other material outstanding bonds and notes issued, borrowings, bank overdrafts, mortgages or charges, liabilities under acceptance or other similar indebtedness, finance lease commitments, or any material guarantees or other material contingent liabilities.

Our Directors have confirmed that there have been no material adverse changes in the indebtedness or contingent liabilities of the Group since 30 April 2022.

3. WORKING CAPITAL

The Directors, after prudent and careful consideration, are of the opinion that after taking into account the current available banking facilities, the internal resources of the Group and the consideration expected to be received, and in the absence of the unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operating position of the Group since 31 December 2021 (being the date on which the latest audited consolidated financial statements of the Group were made up).

5. DEVELOPMENT OUTLOOK

In 2022, the Group will seek opportunities to introduce strategic investors and capital increase. Standing at a new historical starting point, the Group will thoroughly implement the spirit of the Central Economic Work Conference on “prioritizing stability while pursuing progress”, return to the core business and focus on the core business. Under the overall goal of “making concerted efforts for transformation”, the Group will refine and implement the four major operating tasks of “resolving risks, revitalizing existing assets, optimizing incremental assets, and consolidating foundation” and play a counter-cyclical and financial rescue function based on the core business function of distressed assets, to fully promote the organic combination of business transformation and vitalization of existing assets. On the one hand, the Group will insist on strengthening and refining its core business, concentrating more resources and energy on the development of core business of distressed asset and consolidating the business system foundation centering on acquisition-and-disposal, acquisition-and-restructuring, debt-to-equity swap. Giving full play to its professional advantages and resource integration ability and flexibly using comprehensive financial services methods, the Group will constantly strengthen the functions of the four major businesses of “disposal of problematic assets”, “revitalization of problematic projects”, “restructuring of problematic enterprises” and “relief of crisis institutions”. On the other hand, the Group will insist on digging deeper into the value of the existing assets, accelerate the disposal and revitalization of the existing assets, vitalize itself in reliance upon existing asset restructuring to promote the improvement on its financial position, and strengthen its internal development drivers and market core competitiveness. At the same time, adhering to the path of high-quality development, the Company will strive to become the scheme maker, resource integrator and financial investor in the “Great Distressed” industry and further improve its ability of serving the real economy and solving the financial risks by continuously strengthening business exploration and cultivating distressed asset ecosystem.

The Group follows the principles of marketisation and rule of law in the continuous promotion and implementation of the regulatory requirements of financial asset management companies of gradual exit from its non-core businesses. It has completed the transfer of equity in Huarong Zhongguancun Distressed Asset Exchange Center Co., Ltd. and Huarong Consumer Finance Co., Ltd. to external parties. Currently, apart from the Transfer, the Group is proceeding with the transfer of equity in Huarong Securities Co., Ltd. and Huarong International Trust Co., Ltd. to external parties, and has commenced the work related to equity transfer of China Huarong Financial Leasing Co., Ltd., Huarong Rongda Futures Co., Ltd. and Huarong Jinshang Asset Management Co., Ltd.. Upon completion of the equity transfer of the abovementioned licensed corporations, the Group shall further focus on its core business of distressed asset management, effectively release capital for the development of the Company’s core businesses, which is beneficial to the Group in reinforcing and strengthening its core business, focusing further resources in the development of its core business of distressed asset management, and is beneficial to the Group’s future development and the long term benefits of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes the information with regard to the Group given in compliance with the Listing Rules. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, all information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debenture of the Company or any of its associated corporations which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which any such Directors, Supervisors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) required to be recorded in the register kept pursuant to Section 352 of the SFO; or (iii) as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

3. DISCLOSURE OF INTERESTS HELD BY THE SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, to the best of our Directors' knowledge, the following persons (except for the Directors, Supervisors and chief executive of the Company) have their interests or short positions held in the Company's Shares and underlying Shares to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which were recorded in the register kept pursuant to Section 336 of the SFO or notified to the Company and the Hong Kong Stock Exchange:

Name of Shareholders	Class of Shares	Holding Capacity	Number of Shares interested or deemed to be interested (Shares)	Approximate Percentage to the same class of share capital of the Company (%) ⁽¹⁾	Approximate percentage to the total share capital of the Company (%) ⁽²⁾
MOF	Domestic Shares ⁽³⁾	Beneficial owner	9,901,084,435 (L)	18.60 (L)	12.34 (L)
	H Shares ⁽³⁾	Beneficial owner	12,376,355,544 (L)	45.83 (L)	15.42 (L)
China Life Insurance (Group) Company	Domestic Shares	Beneficial owner	1,650,000,000 (L)	3.10 (L)	2.06 (L)
	H Shares	Beneficial owner	1,960,784,313 (L)	7.26 (L)	2.44 (L)
Warburg Pincus & Co. ⁽⁴⁾	H Shares	Interest of controlled corporation	2,060,000,000 (L)	7.63 (L)	2.57 (L)

Name of Shareholders	Class of Shares	Holding Capacity	Number of Shares interested or deemed to be interested (Shares)	Approximate Percentage to the same class of share capital of the Company (%) ⁽¹⁾	Approximate percentage to the total share capital of the Company (%) ⁽²⁾
Warburg Pincus Financial International Ltd ⁽⁴⁾	H Shares	Beneficial owner	2,060,000,000 (L)	7.63 (L)	2.57 (L)
CITIC Group Corporation	Domestic Shares	Beneficial owner	18,823,529,411 (L)	35.35 (L)	23.46 (L)
China Insurance Rongxin Private Fund Co., Ltd.	Domestic Shares	Beneficial owner	14,509,803,921 (L)	27.25 (L)	18.08 (L)
China Cinda Asset Management Co., Ltd.	Domestic Shares	Beneficial owner	3,921,568,627 (L)	7.37 (L)	4.89 (L)
Sino-Ocean Group Holding Limited ⁽⁵⁾	H Shares	Interest of controlled corporation	1,656,643,000 (L)	6.13 (L)	2.06 (L)
Ko Kwong Woon Ivan ⁽⁶⁾	H Shares	Interest of controlled corporation	1,421,504,000 (L)	5.26 (L)	1.77 (L)
Siu Lai Sheung ⁽⁶⁾	H Shares	Interest of controlled corporation	1,421,504,000 (L)	5.26 (L)	1.77 (L)
Fabulous Treasure Investments Limited ^{(5), (6)}	H Shares	Beneficial owner	1,421,504,000 (L)	5.26 (L)	1.77 (L)

Note: (L) refers to long position

Notes:

(1) Calculated based on 53,242,041,816 Domestic Shares or 27,004,637,231 H Shares in issue of the Company as at the Latest Practicable Date.

(2) Calculated based on a total of 80,246,679,047 Shares in issue of the Company as at the Latest Practicable Date.

(3) The data is calculated based on the Corporate Substantial Shareholder Notice from the MOF filed with the Hong Kong Stock Exchange on 1 December 2015 and 22 January 2020 and the number of Domestic Shares and H Shares in issue of the Company as at the Latest Practicable Date.

- (4) According to the Corporate Substantial Shareholder Notice from Warburg Pincus & Co., Warburg Pincus Private Equity XI, L.P., Warburg Pincus XI, L.P., WP Global LLC and WP XI International II Ltd filed with the Hong Kong Stock Exchange, respectively, on 31 December 2021, Warburg Pincus Financial International Ltd directly holds 2,060,000,000 H Shares of the Company. As WP Global LLC, Warburg Pincus XI, L.P., Warburg Pincus Private Equity XI, L.P., Warburg Pincus International Capital LLC, WP XI International II Ltd, WP Financial L.P., Warburg Pincus International L.P. and Warburg Pincus Financial International Ltd are all corporations directly or indirectly controlled by Warburg Pincus & Co., therefore, for the purpose of the SFO, Warburg Pincus & Co., WP Global LLC, Warburg Pincus XI, L.P., Warburg Pincus Private Equity XI, L.P., Warburg Pincus International Capital LLC, WP XI International II Ltd, WP Financial L.P. and Warburg Pincus International L.P. are deemed to be interested in the long positions held by Warburg Pincus Financial International Ltd.
- (5) According to the Corporate Substantial Shareholder Notice from Sino-Ocean Group Holding Limited filed with the Hong Kong Stock Exchange dated 14 March 2022, Fabulous Treasure Investments Limited, Shining Grand Limited and Glory Class Ventures Limited directly hold 1,421,504,000, 43,741,000 and 191,398,000 H Shares of the Company, respectively. As Shine Wind Development Limited, Faith Ocean International Limited, Sino-Ocean Land (Hong Kong) Limited, Novel Hero Global Limited, Team Sources Holdings Limited, SOL GP Limited, Profit Raise Partner 1 Limited, SOL Investment Fund GP Limited, SOL Investment Fund LP, Fabulous Treasure Investments Limited, Shining Grand Limited, Heroic Peace Limited, Fortune Joy Ventures Limited, Sino-Ocean Capital Holding Limited, Oriental Model Limited, Oceanland Global Investment Limited and Glory Class Ventures Limited are all corporations directly or indirectly controlled by Sino-Ocean Group Holding Limited, for the purpose of the SFO, Sino-Ocean Group Holding Limited, Shine Wind Development Limited, Faith Ocean International Limited, Sino-Ocean Land (Hong Kong) Limited, Novel Hero Global Limited, Team Sources Holdings Limited, SOL GP Limited, Profit Raise Partner 1 Limited, SOL Investment Fund GP Limited and SOL Investment Fund LP are deemed to be interested in the long positions of 1,421,504,000 H Shares of the Company held by Fabulous Treasure Investments Limited; for the purpose of the SFO, Sino-Ocean Group Holding Limited, Shine Wind Development Limited, Faith Ocean International Limited and Sino-Ocean Land (Hong Kong) Limited are deemed to be interested in the long positions of 43,741,000 H Shares of the Company held by Shining Grand Limited; and for the purpose of the SFO, Sino-Ocean Group Holding Limited, Shine Wind Development Limited, Faith Ocean International Limited, Sino-Ocean Land (Hong Kong) Limited, Heroic Peace Limited, Fortune Joy Ventures Limited, Sino-Ocean Capital Holding Limited, Oriental Model Limited, Oceanland Global Investment Limited are deemed to be interested in the long positions of 191,398,000 H Shares of the Company held by Glory Class Ventures Limited.
- (6) According to the Individual Substantial Shareholder Notices from Ko Kwong Woon Ivan and Siu Lai Sheung filed with the Hong Kong Stock Exchange, respectively, dated 14 March 2022, Fabulous Treasure Investments Limited directly holds 1,421,504,000 H Shares of the Company. As RECAS Global Limited, SOL Investment Fund GP Limited, SOL Investment Fund LP and Fabulous Treasure Investments Limited are all corporations directly or indirectly controlled by Ko Kwong Woon Ivan and Siu Lai Sheung, for the purpose of the SFO, Ko Kwong Woon Ivan, Siu Lai Sheung, RECAS Global Limited, SOL Investment Fund GP Limited and SOL Investment Fund LP are deemed to be interested in the long positions held by Fabulous Treasure Investments Limited.

Save as disclosed in this circular, the Directors are not aware of any person that is entitled to exercise or control 5% or more voting rights at the general meeting of the Company as at the Latest Practicable Date and has the substantial capacity to direct or affect the management of the Company at the same time.

4. SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, the Company has not entered into or proposed to enter into any service contract with the Directors or Supervisors of the Company which may not be terminated within one year without compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors directly or indirectly had any interests in any assets which have been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021 (being the settlement date on which the latest published audited accounts of the Group were made up).

As at the Latest Practicable Date, there is no contract or arrangement in which the Directors have material interest and which is material to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or candidate directors or their respective close associates have an interest, which shall be disclosed pursuant to Rule 8.10 of the Listing Rules in the event that each of them is a controlling shareholder of the Company, in a business which competes or is likely to compete with the Group's business.

7. MATERIAL CONTRACTS

The Company or any of its subsidiaries has entered into the following material contracts within the two years immediately before the date of this circular and up to the Latest Practicable Date, which were not entered into in the ordinary and usual course of business:

- (a) The share subscription agreements that the Company entered into with the investors including CITIC Group Corporation, China Cinda Asset Management Co., Ltd., China Life Insurance (Group) Company and ICBC Financial Asset Investment Co., Ltd. on 17 November 2021, respectively, and the share subscription agreement that the Company entered into with China Insurance Rongxin Private Fund Co., Ltd. on 2 December 2021, according to which:
 - (1) CITIC Group Corporation subscribed for no more than (including) 18,823,529,411 Domestic Shares
 - (2) China Insurance Rongxin Private Fund Co., Ltd. subscribed for no more than (including) 14,509,803,921 Domestic Shares
 - (3) China Cinda Asset Management Co., Ltd. subscribed for no more than (including) 3,921,568,627 Domestic Shares
 - (4) China Life Insurance (Group) Company subscribed for no more than (including) 1,960,784,313 H Shares
 - (5) ICBC Financial Asset Investment Co., Ltd. subscribed for no more than (including) 1,960,784,313 Domestic Shares

- (b) The state-owned equity transaction contract dated 27 January 2022 entered into between the Company and China Reform Capital Co., Ltd. in relation to the transfer of 4,204,743,639 shares (71.99%) in Huarong Securities Co., Ltd. by the Company to China Reform Capital Co., Ltd..
- (c) The Contract.

8. MATERIAL LITIGATION

To the best knowledge of the Directors, as of the Latest Practicable Date, none of the member of the Group is involved in any other material litigation or arbitration or claim, neither are the Directors aware of other material litigation or claim that is pending or threatening by or against by any member of the Group.

9. EXPERTS' QUALIFICATION AND CONSENT

The qualification of the expert or professional adviser which has expressed opinions and suggestions in this circular is as follows:

Name	Qualification
Pan-China	Independent professional valuer, an institution which was established upon the approval of MOF and provides asset valuation services in the PRC

- (a) The expert above has given its consent to the issue of this circular with the inclusion of its letter or the reference to its name in the form and context in which it is set out, and no withdrawal of the consent has been effected to date.
- (b) As at the Latest Practicable Date, the expert above does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for the securities of any member of the Group.
- (c) As at the Latest Practicable Date, the expert above does not, directly or indirectly, have any interests in any assets which any member of the Group has acquired or sold or leased, or intended to acquire or sell or lease since 31 December 2021 (namely the settlement date of the latest published audited accounts issued by the Group).

10. MISCELLANEOUS

- (a) The registered office and head office of the Company is at No. 8, Financial Street, Xicheng District, Beijing, the PRC.
- (b) The principal place of business in Hong Kong of the Company is at 40th Floor, Dah Sing Financial Centre, No. 248, Queen's Road East, Wanchai, Hong Kong.
- (c) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (d) The joint company secretaries of the Company are Xu Yongli (the Vice President of the Company and Secretary of the Board) and Ngai Wai Fung (a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Chartered Governance Institute in the United Kingdom, a fellow member of The Hong Kong Chartered Governance Institute, a fellow member of The Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators).
- (e) In the event of any inconsistency between the English and Chinese versions of this circular, the Chinese version shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company (www.chamc.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) for the period from the date of this circular to the date of the EGM (inclusive):

- (a) the Contract;
- (b) the valuation report issued by Pan-China; and
- (c) Consent of expert mentioned in the paragraph headed “Experts’ Qualification and Consent” in this appendix.

NOTICE OF EGM



中國華融資產管理股份有限公司
China Huarong Asset Management Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 2799)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that the third extraordinary general meeting of Shareholders (the “EGM”) of China Huarong Asset Management Co., Ltd. (the “Company”) for 2022 will be held at Conference Room 1221, No. 8, Financial Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Wednesday, 29 June 2022, for considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the disposal of the equity interests in Huarong Xiangjiang Bank

Details of the above resolution are set out in the circular (“Circular”) of third extraordinary general meeting of Shareholders for 2022 published by the Company on 15 June 2022. Unless otherwise stated, terms used in this notice shall have the same meanings as defined in the circular.

By order of the Board
China Huarong Asset Management Co., Ltd.
LIU Zhengjun
Chairman

Beijing, the PRC
15 June 2022

As at the date of this notice, the Board comprises Mr. LIU Zhengjun, Mr. LIANG Qiang and Mr. WANG Wenjie as executive Directors; Ms. ZHAO Jiangping, Mr. ZHENG Jiangping and Mr. XU Wei as non-executive Directors; Mr. TSE Hau Yin, Mr. SHAO Jingchun, Mr. ZHU Ning and Ms. CHEN Yuanling as independent non-executive Directors.

Notes:

1. The register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (both days inclusive). H Shareholders and Domestic Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 23 June 2022 will be entitled to attend and vote at the EGM. H Shareholders who wish to attend and vote at the EGM shall deposit all the transfer documents together with the Share certificates with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 23 June 2022.

NOTICE OF EGM

2. A Shareholder entitled to attend and vote at the third extraordinary general meeting of Shareholders for 2022 may appoint one or more proxy(ies) to attend and vote on his/her behalf. A proxy need not be a Shareholder, but he/she must attend the third extraordinary general meeting of Shareholders for 2022 in person to represent the relevant Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his/her attorney duly authorized in writing. If the Shareholder is a corporation, that instrument must be executed either under its common seal or under the hand of its legal representative, director(s) or duly authorized attorney. If that instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarised.
4. In order to be valid, the proxy form, the notarised power of attorney or other authorization document (if any) must be delivered to the Board office of the Company at No. 8, Financial Street, Xicheng District, Beijing, the PRC for Domestic Shareholders and to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders no later than 24 hours before the time appointed for the holding of the third extraordinary general meeting of Shareholders for 2022 (i.e. before 10:00 a.m. on Tuesday, 28 June 2022) or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the third extraordinary general meeting of Shareholders for 2022 or any adjournment thereof if he/she so wishes.
5. Pursuant to the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll. As such, the resolution set out in the notice of third extraordinary general meeting of Shareholders for 2022 will be voted on by poll.
6. The third extraordinary general meeting of Shareholders for 2022 is expected to last for half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the third extraordinary general meeting of Shareholders for 2022 shall produce their identity documents.
7. In the case of joint Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s), and for this purpose, seniority will be determined by the order in which the names stand on the register of members in respect of the relevant joint holding.
8. According to the Articles of Association of the Company, where the number of equity interests of the Company pledged by a Shareholder reaches or exceeds 50% of the equity interests held by such Shareholder in the Company, no voting right in respect of the pledged equity interests shall be exercised at the shareholders' general meeting. Upon the registration of pledge of equity interests, such Shareholder shall provide the Company with the relevant information of the pledged equity interests in a timely manner.
9. Notes for the meeting:

Shareholders should pay attention to the following matters if they wish to attend the meeting on site:

- (1) Please contact the Board office of the Company no later than two days before the EGM (i.e. before 10:00 a.m. on Monday, 27 June 2022, Beijing time) and communicate and register information regarding health condition and recent itineraries in order to enter the meeting venue on the date of the meeting.

NOTICE OF EGM

- (2) Please follow and comply with instructions on pandemic prevention requirements, including attendee registration, health information inquiry and authentication and temperature check, upon arrival at the meeting venue on the date of the meeting, strictly comply with the pandemic prevention requirements of local governmental departments. Please wear masks throughout the meeting and keep necessary distance according to the arrangements of the meeting.
- (3) Contact details for the meeting:

Board Office of China Huarong Asset Management Co., Ltd.
Address: No. 8, Financial Street, Xicheng District, Beijing, the PRC
Postcode: 100033 Telephone: 010-59619119
Email: ir@chamc.com.cn