

# 2023 Interim Results Announcement

China Cinda Asset Management Co., Ltd.

August 2023

A pioneer and leader in distressed assets  
management industry in China



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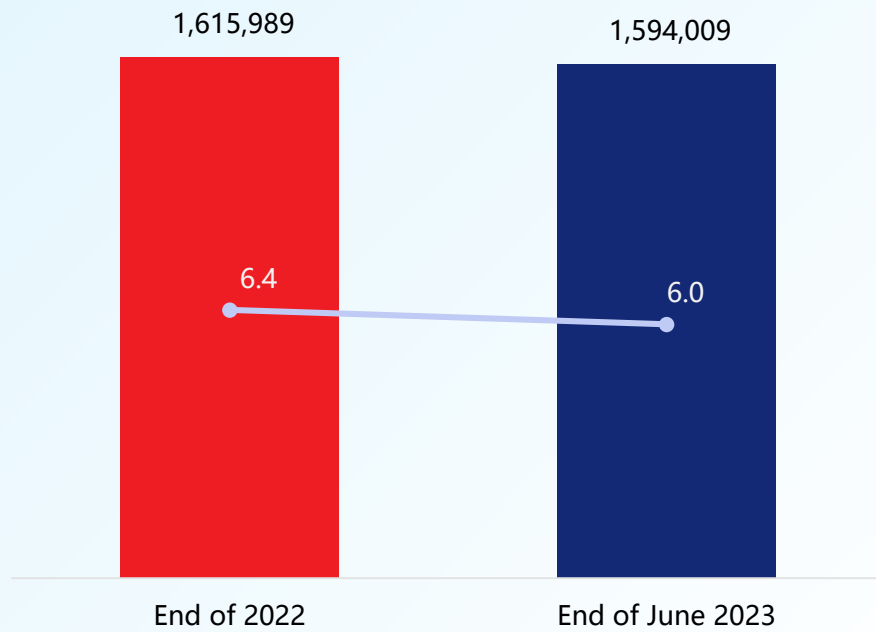
- 01** Performance Overview ..... **P<sub>5</sub>**
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# Performance Overview

# Maintained robust operation

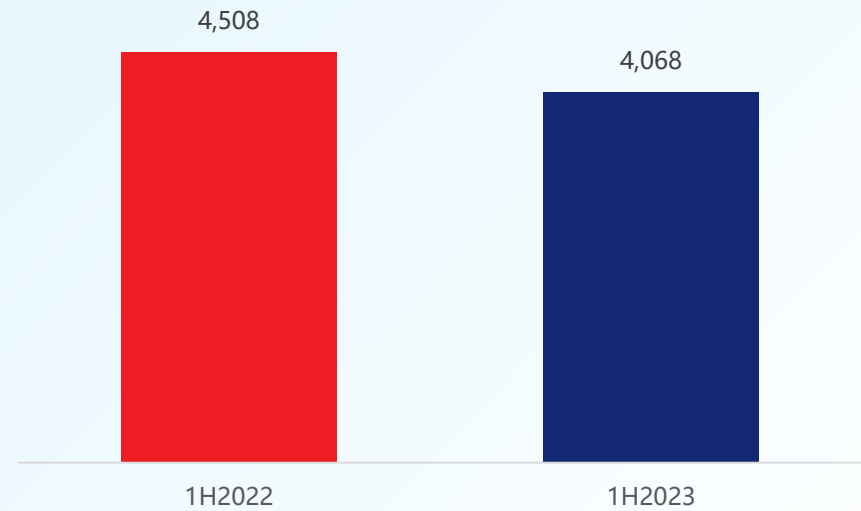
## Total assets and leverage ratio

in millions of RMB



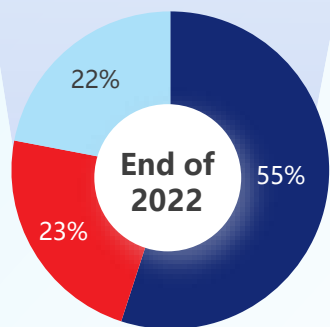
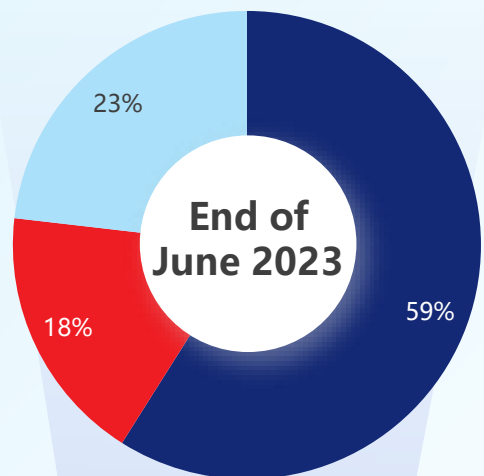
## Profit attributable to equity holders of the company

in millions of RMB



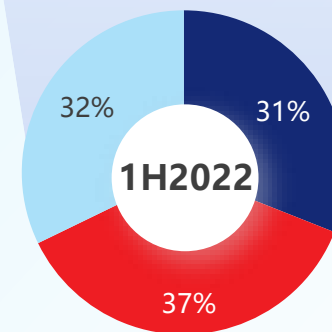
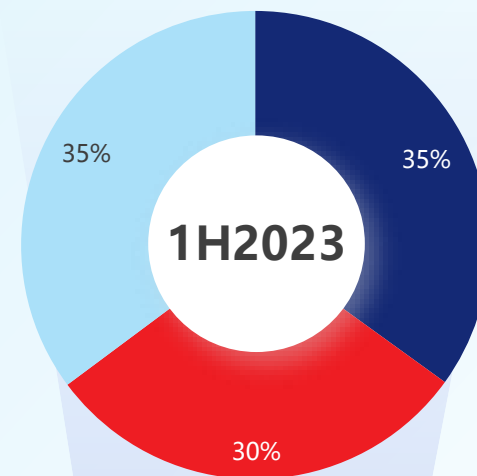
# Further optimized the structure of the main business

## Asset structure for distressed asset management



- Acquisition-operation Distressed Assets
- Restructured Distressed Assets
- DES

## Income structure for distressed asset management

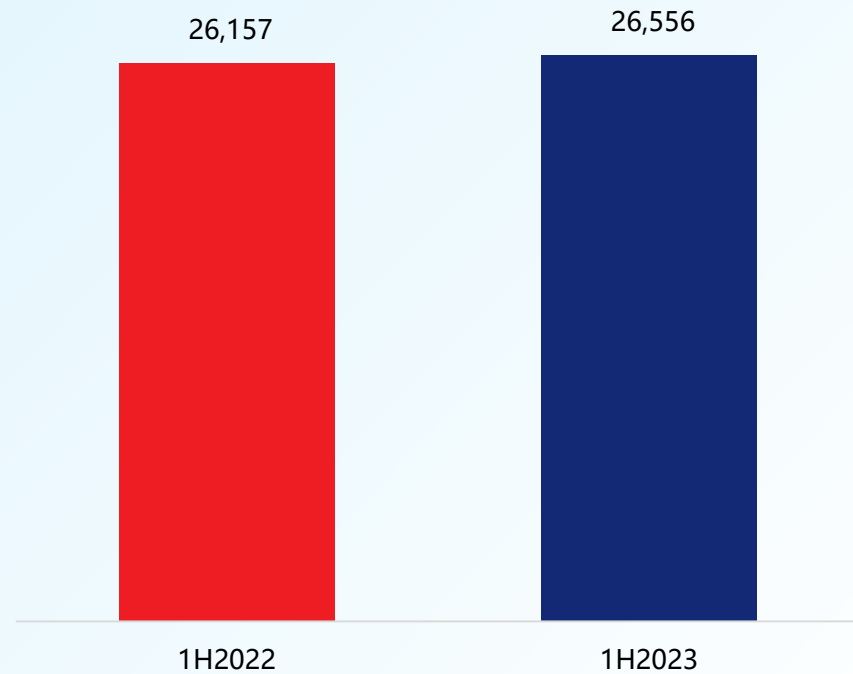


- Acquisition-operation Distressed Assets
- Restructured Distressed Assets
- DES

# Maintained leadership in core business

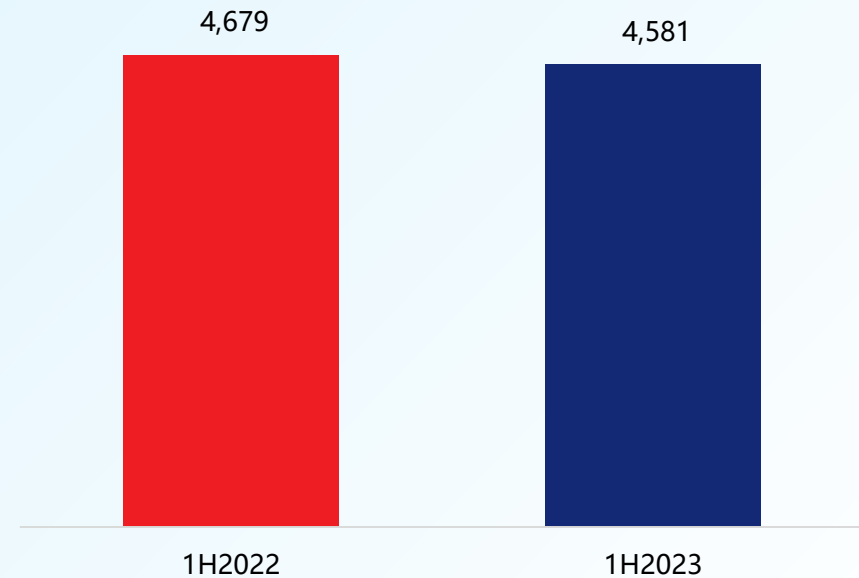
## Acquisition cost of Acquisition-operation Distressed Assets

in millions of RMB



## Net income from Acquisition-operation Distressed Assets

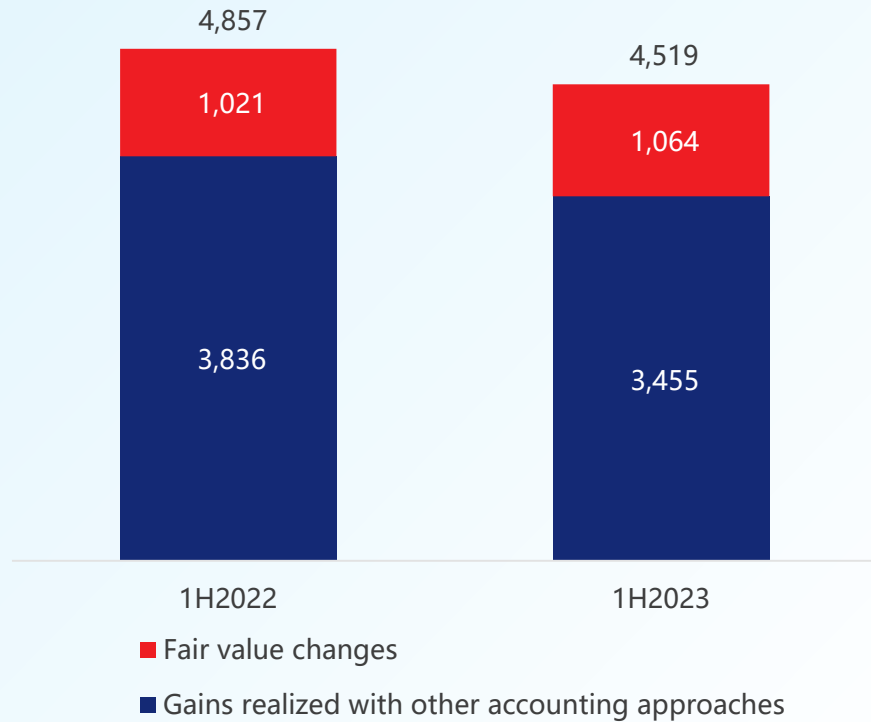
in millions of RMB



# Achieved stable income of equity business

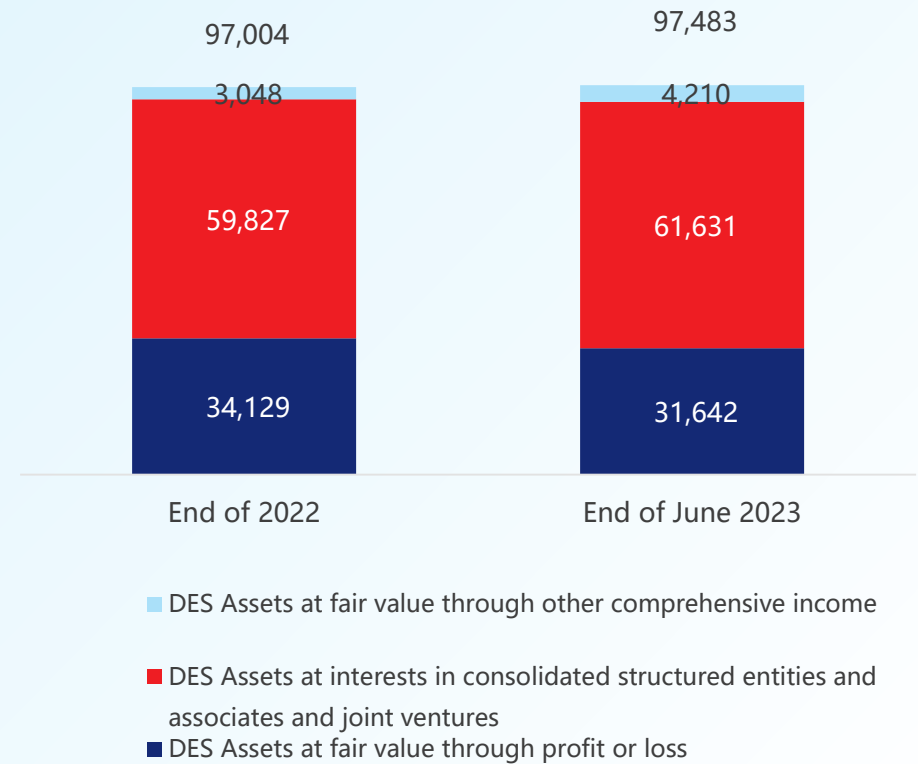
## DES Assets income

in millions of RMB



## Book value of DES Assets

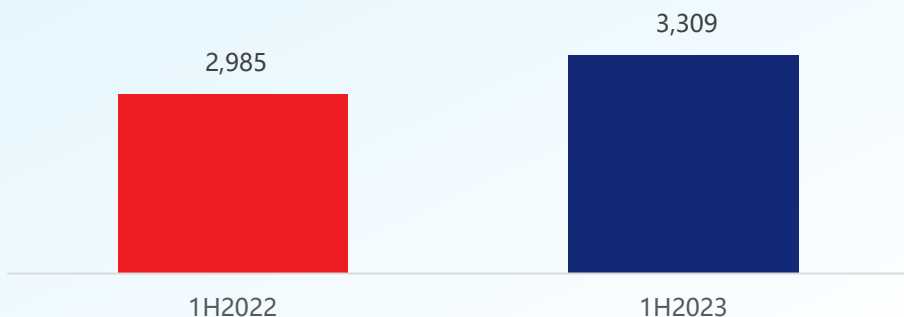
in millions of RMB



# Improved quality and efficiency of financial subsidiaries

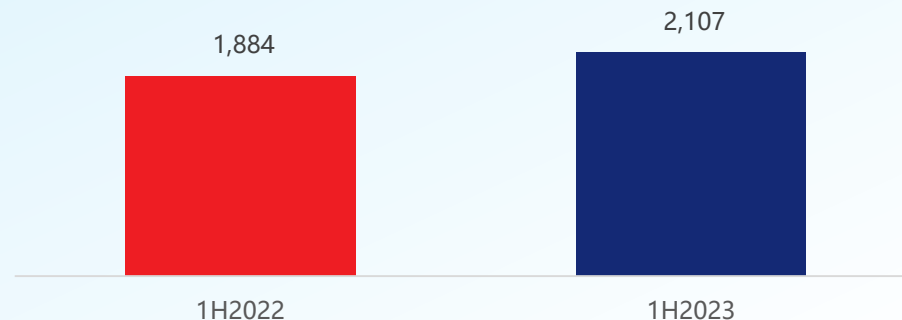
## Profit before tax of Financial Services

in millions of RMB



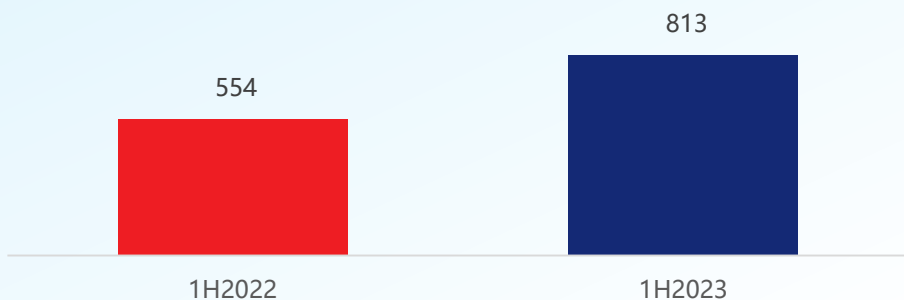
## Profit before tax of NCB

in millions of RMB



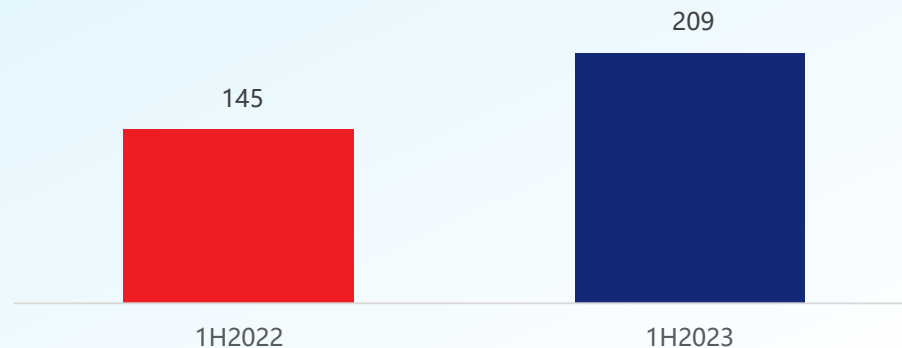
## Profit before tax of Cinda Securities

in millions of RMB



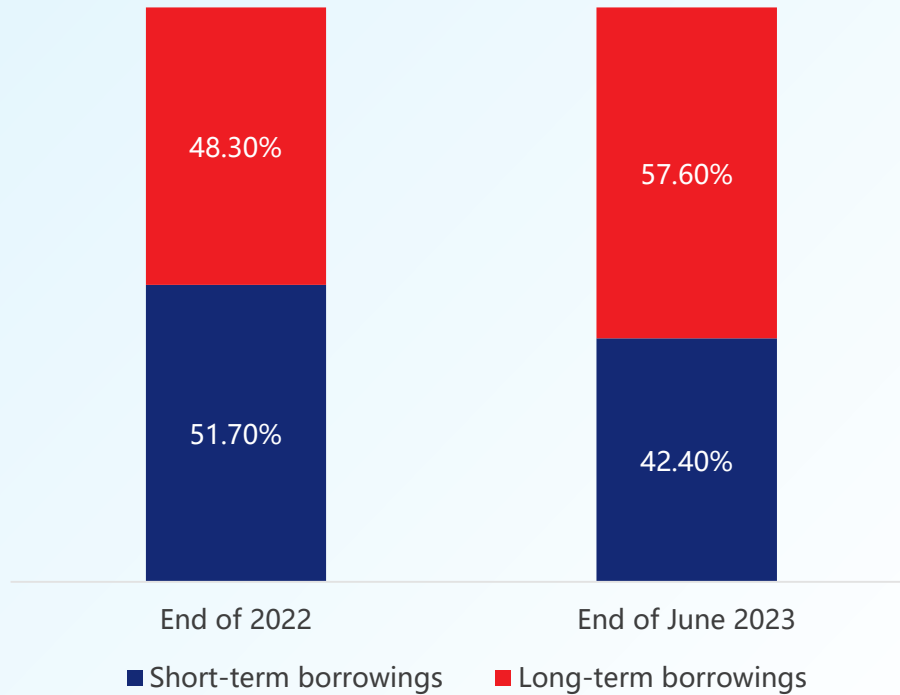
## Profit before tax of Jingu Trust

in millions of RMB



# Continued to optimize financing structure

## Borrowing structure



## Financing highlights for 1H2023



### The first continuous ABS for securing the delivery of housing projects in the AMC industry and exchange market

Issued **RMB10 billion** of ABS for securing the delivery of housing projects to provide financial protection for the Company to resolve real estate risks



### largest single ABS for scientific and technological innovation in the exchange market

Issued **RMB10.6 billion** of ABS for science and technology innovation to help specialised and new enterprises to break through the bottleneck.



### AMC's first FTZ RMB Bond

Issued **RMB1.5 billion** of FTZ RMB bonds with a coupon rate of **3.7%**

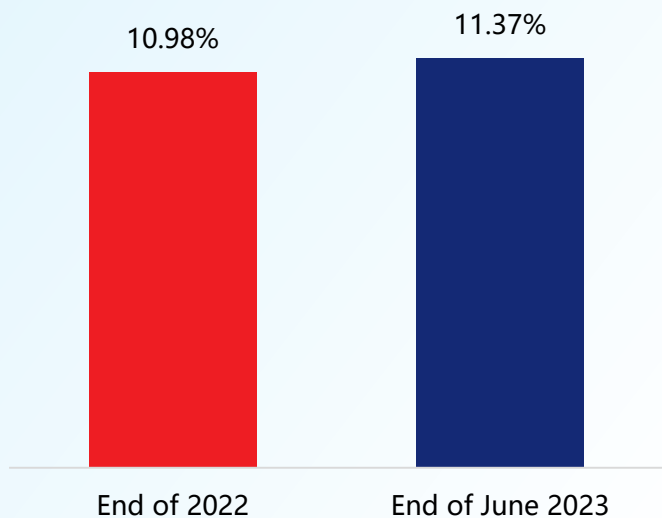


### AMC's first dollar-denominated debt of the year

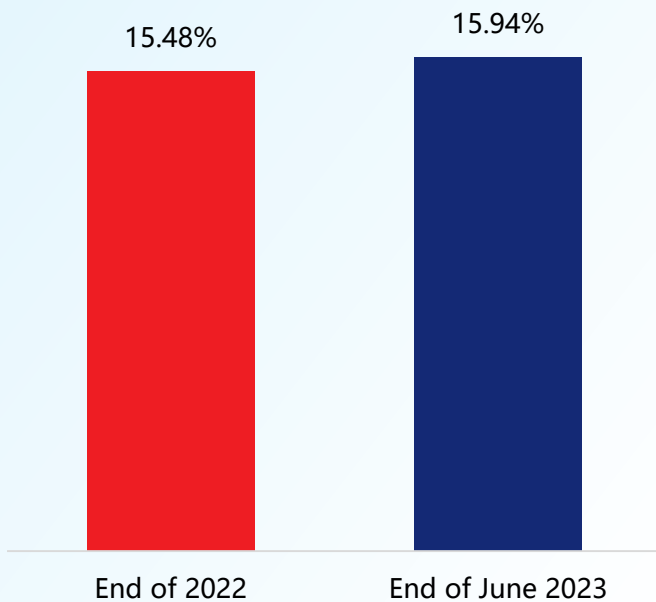
Issued **USD400 million** offshore bonds with a coupon rate of **5.75%** and a peak multiple of over **9 times**

# Sustained reasonable and abundant capital

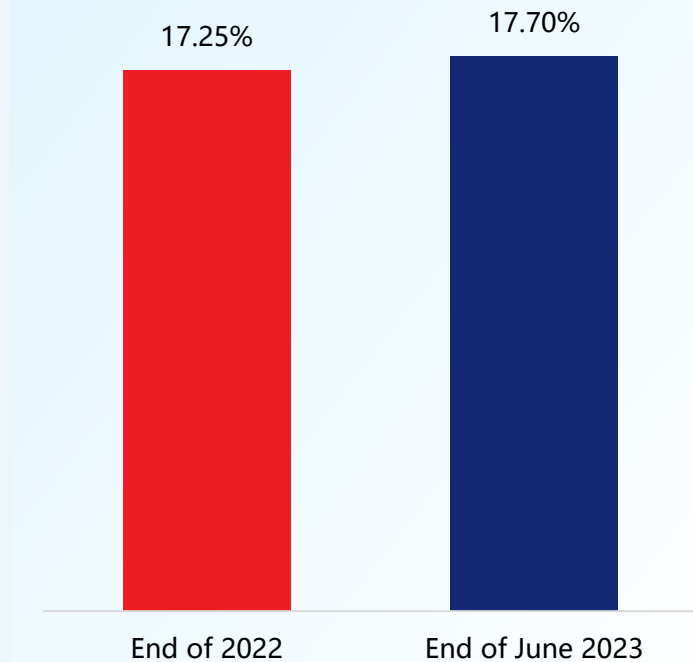
### Core tier-1 capital adequacy ratio



### Tier-1 capital adequacy ratio

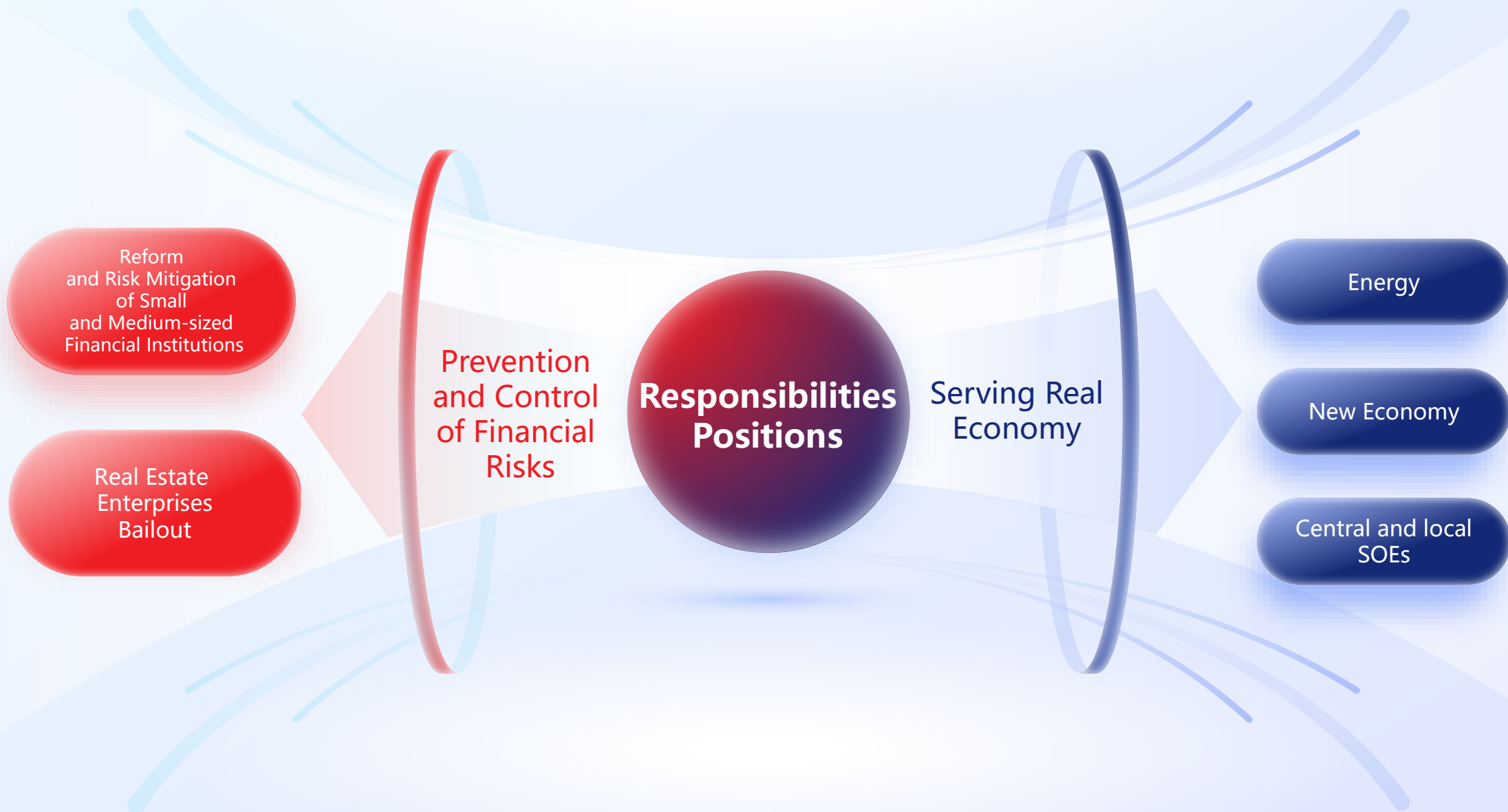


### Capital adequacy ratio



# Business Development

# Fulfilling the responsibilities and missions as a financial asset management company



# Effectively preventing and defusing financial risks

## Additional FI Distressed Assets

Large Commercial Banks | **RMB4.19Bn**  
44% ↑

Joint-stock Banks | **RMB7.41Bn**  
39% ↑

City and Rural Commercial Banks | **RMB6.18Bn** 258% ↑

### Business Innovation

“ 1<sup>st</sup> transaction involving non-performing assets from individual loans since batch transfer of non-performing personal loans pilot ”

Debt Principal

**RMB 295 Mn**



## Real Estate Enterprises Bailout

Investment Scale  
**RMB 9.5 Bn**

Invested Projects  
**26**

Ensured Scheduled Delivery of Commodity Housing  
**Over 10,437 Housing**

Promoted the Work Resumption for the Projects  
**RMB 58.6 Bn**

### Bailing-out Projects

Nansha Blissful Bay



Cultural Innovation Harbor of PowerLong



# Supporting the high-quality development of the real economy

## Energy

Serve Energy Security and  
"Carbon Peaking" and  
"Carbon Neutrality"

**RMB8.145 Bn**      **9%**  
Additional Investments      Up YoY

Setting Up A **5 billion**  
New Energy Industry Fund in  
Cooperation with **SPIC**

## Central and local SOEs

Seize the Business  
Opportunities in SOE Reform

Restructuring  
of Enterprises

NMB, NDB and  
Inefficient assets and  
Ineffective Assets

Strategic  
Restructuring

Professional  
Integration

Financial  
Optimization

Capital  
Cooperation

**14**      **RMB 9.5Bn**  
Additional Projects      Investments

## New Economic

Support sci-tech self-reliance  
and self-strengthening at  
higher levels

Big Healthcare

Semi-  
conductor

Big  
Consumption

New Materials

High-end  
Equipment  
Manufacturing

.....

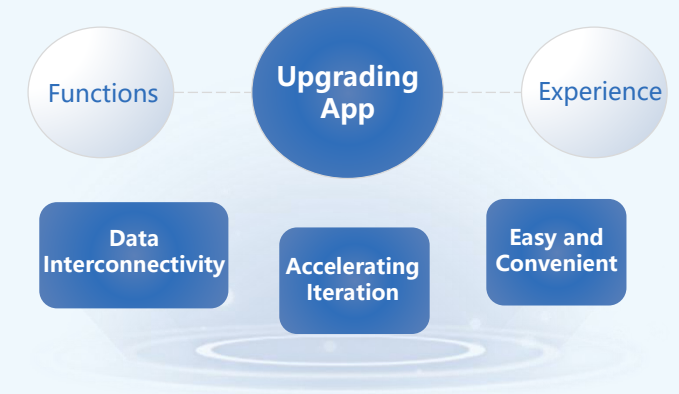
**11**      **RMB 1.3Bn**  
Additional Projects      Investments

# Voicing for CINDA and accelerating efforts in the ecosystem for distressed assets



- Research Column**
- Analysis of current macroeconomic landscape and financial risk situation
  - Exploration and suggestions for financial asset management companies serving sci-tech innovation enterprises
  - Analysis of the development of enterprise asset stripping
  - Function and practice of financial asset management company participating in real estate risk defusion
  - Strategies and suggestions for leveraging the role of financial asset management companies within the framework of financial stability

## “Smart Search” Distressed Asset Promotion Platform



**Nearly RMB 600Bn**

Assets Available

# Consolidating customer base and cementing foundation for strategic customer group

## Customer Expansion

Enhance customer marketing



544% ↑  
Visits



Over 25%  
Premium  
Customers

Forging Extensive  
Strategic Partnership



Governments



Financial  
Institutions



Enterprises



## Comprehensive Marketing Activity of "10 Provinces and 12 Cities"

- ✓ Comprehensive Marketing Activity in **Shanxi, Guizhou, Shandong**, and more
- ✓ Setting up An Integrated "1+14+N" Service Mechanism
- ✓ Arrange for a panel of financial experts for specialized presentations
- ✓ One-to-one and One-to-more Services for Premium Customers



Over 350 institutional participants

Governmental  
Departments

Financial  
Institutions

Central and  
local SOEs

High-quality  
Private  
Enterprises

Intermediary  
Agency

17 thematic presentations

Diffusion of  
Financial Risks

Reform of Central  
Enterprises and SOEs

Real Estate  
Enterprises Bailout

Strategic Emerging  
Industries

Energy and Chemicals

Integrated Financial  
Services for Industrial  
Transformation

# Operation of new core system to remarkably enhance digital productivity

## 4 Business Enhancement

- Digitized integration to connect business processes across all scenarios
- Flexible transaction structure to support non-standard business applications
- Establish a unified asset pool and integrated asset management and disposition
- Interconnecting business, funds, and finance for refined management throughout the entire lifecycle of Projects

## 3 Management Enhancement

- Customer Information empowers business and risk management
- Preceding risk control and compliance management
- Accurate and efficient financial accounting and fund management

## 2 Data Empowerment

- Integration of internal and external data to empower due diligence and risk pre-warning
- Establishment of data standards for better data sharing

## 1 Domestic Technological Platform

- Construction of a new generation domestic technology platform

**Jan. 2022**

**Completed business building and framework design**

**Feb. 2023**

**Arranged for real business scenario verification**

**Apr. 2023**

**Phase I, new core system project was put into operation**

**Apr. 2021**

**New core business modeling was Launched**

**Dec. 2022**

**The system development and test was completed**

**Mar. 2023**

**Completion of data validation and trial run preparation**

DIGITAL CINDA

# Enhance talent development and team building, effectively strengthening the foundation of business capabilities



## Setting up Flexible Work Organizations

Task Force of Risk Defusing for Small and Medium-sized Banks

New Energy Fund Project Team

Flexible Organizations for Real Estate Business Expansion

Organization Featuring Investment and Research Collaboration

Expert Panel for Bankruptcy Reorganization

.....



## Shaping A Pool for Professional Talents

Operation and Development

Professional Skills

Core Talents

Special Talents

Support

.....



## Cementing Core Business Capacities

**Core Business curriculum System**

Reform and Risk defusing of Small and medium-sized Banks

Energy

Real estate

New Economy

Bankruptcy reorganization

.....

**Business Training**

**78**  
Sessions of Specific Training

**Over 5,100**  
Attendances

# Future Prospect

# Potential business opportunities

## Background

- The persistently complex and complicated international political and economic landscape coupled with the accumulative effect of the interest rate hike by development economy is undermining the momentum for global economic resurgence
- China' s economic resurgence is gaining momentum on the whole. That said, it is managing new challenges such as less-than-expected demand, numerous potential risks in major sectors, etc.
- The distressed asset market is undergoing new changes, and AMCs are facing a new phase of business opportunities

## Target market and business opportunities

**1** Amid stringent regulation, financial risks are accelerated to clear out, and distressed assets supplement is diversified, further requiring the function advantages of the AMCs' main business

**2** The risk of the real estate is complicated, with extensive structural opportunities in debt purchase, bailout, entrusted construction, and bankruptcy reorganization

**3** Efforts in sci-tech self-reliance and self-strengthening at higher levels make distinctive and differential financial services a must, and the development of strategic emerging industries requires the customized financial solutions from AMCs

**4** Riding on the momentum of a new round of deepening reform of SOEs, demands for financial services in existing assets activations, structure optimization, "non-main business and non-dominant business" , "inefficient assets and ineffective assets" and "receivables and inventories " are expanded

**Focusing on the three key tasks of serving the real economy, preventing and defusing financial risks and deepening financial reform**

## Key works in the second half of 2023



Uphold fundamental principles and break new ground, and continuously deepen the transformation and upgrade of business models



Strengthen acquisitions of and accelerate disposal of the distress assets, consolidating the solid development of the Company



Focus on major industries, sectors, and regions, to enhance the function of financial services in serving the real economy



Vigorously conduct customer marketing, strengthen customer base, and accelerate the construction of a company-centric ecosystem for Non-Performing Assets



Support the subsidiaries to refine professionalism and to boost synergies for main business, improving their core competence



Continue to control the cost and extend funding duration, and to innovate financing products, in order to secure the liquidity of the Group



Advance development of Digital Cinda, intensifying the empowerment of IT to frontline business

# Appendix

# Financial Information

## Summary of consolidated statement of profit or loss

(in millions of RMB)

	2023H1	2022H1	Change
Income from distressed debt assets at amortized cost	3,912	5,550	(29.5%)
Fair value changes on distressed debt assets	2,836	6,223	(54.4%)
Fair value changes on other financial instruments	4,906	4,698	4.4%
Investment income	259	157	65.4%
Interest income	16,120	12,140	32.8%
Revenue from sales of inventories	2,133	7,039	(69.7%)
Other income and other net gains or losses	4,131	5,452	(24.2%)
<b>Total income</b>	<b>34,298</b>	<b>41,258</b>	<b>(16.9%)</b>
Impairment losses on assets	(3,112)	(5,877)	(47.1%)
Interest expenses	(21,558)	(19,853)	8.6%
Purchases and changes in inventories	(1,813)	(5,915)	(69.4%)
Other costs and expenses	(6,138)	(5,941)	3.3%
<b>Total costs and expenses</b>	<b>(32,621)</b>	<b>(37,585)</b>	<b>(13.2%)</b>
Profit before tax	5,350	7,032	(23.9%)
<b>Profit for the period</b>	<b>4,521</b>	<b>4,980</b>	<b>(9.2%)</b>
Profit attributable to equity holders of the Company	4,068	4,508	(9.8%)

## Summary of consolidated statement of financial position

(in millions of RMB)

	2023.6.30	2022.12.31	Change
Cash and balances with central banks	14,226	16,677	(14.7%)
Deposits with banks and financial institutions	107,257	97,830	9.6%
Financial assets at fair value through profit or loss	514,001	503,496	2.1%
Financial assets at fair value through other comprehensive income	146,231	130,488	12.1%
Financial assets at amortized cost	147,626	169,994	(13.2%)
Loans and advances to customers	407,506	396,530	2.8%
Others	257,163	300,974	(14.6%)
<b>Total assets</b>	<b>1,594,009</b>	<b>1,615,989</b>	<b>(1.4%)</b>
Borrowings	586,360	615,358	(4.7%)
Bonds issued	288,938	292,883	(1.3%)
Due to customers	320,223	323,041	(0.9%)
Others	182,532	176,713	3.3%
<b>Total liabilities</b>	<b>1,378,052</b>	<b>1,407,994</b>	<b>(2.1%)</b>
<b>Total equity</b>	<b>215,957</b>	<b>207,995</b>	<b>3.8%</b>
Equity attributable to equity holders of the Company	192,342	188,206	2.2%
	<b>2023H1</b>	<b>2022H1</b>	<b>Change</b>
<b>Key ratios</b>			
ROAA	0.56%	0.64%	(0.08%)
ROAE	4.50%	5.75%	(1.25%)
Cost-income ratio	52.24%	35.14%	17.10%