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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in China Cinda Asset Management Co., Ltd., you should at once hand this circular and the accompanying proxy form and the reply slip of the annual general meeting or the H Share Class Meeting to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**China Cinda Asset Management Co., Ltd.**  
**中國信達資產管理股份有限公司**

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

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

**WORK REPORT OF THE BOARD FOR 2016**  
**REPORT OF THE BOARD OF SUPERVISORS FOR 2016**  
**FINAL FINANCIAL ACCOUNT PLAN FOR 2016**  
**PROFIT DISTRIBUTION PLAN FOR 2016**  
**APPOINTMENT OF ACCOUNTING FIRMS FOR 2017**  
**AND**  
**NOTICE OF AGM FOR 2016**

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Notices of convening the AGM of China Cinda Asset Management Co., Ltd. at Conference Room 1111, 11th Floor, No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC on Friday, June 30, 2017 at 9:30 a.m. is set out on pages 33 to 36 of this circular.

If you wish to appoint a proxy to attend the AGM 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 appointed for holding the AGM (i.e. no later than 9:30 a.m. on Thursday, June 29, 2017, Hong Kong time) or any adjourned meeting thereof (as the case may be). If you wish to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip on or before Saturday, 10 June, 2017. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

May 16, 2017

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## DEFINITIONS

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

“AGM”	the annual general meeting for 2016 of the Company to be held at Conference Room 1111, 11th Floor, No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC on Friday, June 30, 2017 at 9:30 a.m.
“Articles”	the current Articles of Association of China Cinda Asset Management Co., Ltd.
“Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“CBRC”	China Banking Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“H Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“(our) Company”	China Cinda Asset Management Co., Ltd., a joint stock limited company incorporated in the PRC with its H Shares listed on the Hong Kong Stock Exchange
“(our) Group”	the Company and its subsidiaries
“MOF”	Ministry of Finance of the People’s Republic of China

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## DEFINITIONS

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“PRC”	the People’s Republic of China excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region, the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“NCB”	Nanyang Commercial Bank, Limited and its subsidiaries
“Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisor(s)”	supervisor(s) of the Company

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## LETTER FROM THE BOARD

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### China Cinda Asset Management Co., Ltd.

### 中國信達資產管理股份有限公司

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

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

*Executive Directors:*

Hou Jianhang  
Chen Xiaozhou

*Non-executive Directors:*

Li Honghui  
Song Lizhong  
Xiao Yuping  
Yuan Hong  
Zhang Guoqing

*Independent non-executive Directors:*

Chang Tso Tung, Stephen  
Xu Dingbo  
Zhu Wuxiang  
Sun Baowen

*Registered address:*

No. 1 Building  
9 Naoshikou Street, Xicheng District  
Beijing  
the PRC

*Principal place of business  
in Hong Kong:*

12/F  
AIA Central  
1 Connaught Road Central  
Central, Hong Kong

May 16, 2017

*To the Shareholders*

Dear Sir or Madam,

**WORK REPORT OF THE BOARD FOR 2016  
REPORT OF THE BOARD OF SUPERVISORS FOR 2016  
FINAL FINANCIAL ACCOUNT PLAN FOR 2016  
PROFIT DISTRIBUTION PLAN FOR 2016  
APPOINTMENT OF ACCOUNTING FIRMS FOR 2017  
AND  
NOTICE OF AGM FOR 2016**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with the notice of AGM and the information on certain proposed resolutions to be considered at the AGM so that you are able to make an informed decision on whether to vote for or against those resolutions at the AGM.

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## LETTER FROM THE BOARD

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### 2. MATTERS TO BE CONSIDERED AT THE AGM

Ordinary resolutions to be proposed at the AGM for the Shareholders to consider and approve include: (a) work report of the Board for 2016; (b) report of the Board of Supervisors for 2016; (c) final financial account plan for 2016; (d) profit distribution plan for 2016; and (e) appointment of accounting firms for 2017.

Resolution to be proposed at the AGM for Shareholders' consideration only and not for approval is: review of work report of the independent non-executive Directors for 2016.

Details of the matters to be considered at the AGM are set out on pages 33 to 36 in the Notice of AGM for 2016, in this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make well-informed decisions, the Company has provided detailed information in this circular, including matters to be considered at the AGM for 2016 (see Appendix I), the work report of the Board for 2016 (see Appendix II), the report of the Board of Supervisors for 2016 (see Appendix III) and the work report of the independent non-executive Directors for 2016 (see Appendix IV).

### 3. AGM

The AGM will be held at Conference Room 1111, 11th Floor, No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC on Friday, June 30, 2017 at 9:30 a.m. The notice of the AGM is set out in this circular.

In order to determine the H Shareholders who are entitled to attend the AGM, the H Shares register of members of the Company will be closed from Wednesday, May 31, 2017 to Friday, June 30, 2017 (both days inclusive), during which no transfer of H Shares will be effected. H Shareholders of the Company who intend to attend the AGM 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, at or before 4:30 p.m. on Monday, May 29, 2017. H Shareholders whose names appear on the H Shares register of members of the Company at the close of business on Monday, May 29, 2017 are entitled to attend the AGM.

A proxy form and a reply slip for use at the AGM are enclosed herein and also published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). H Shareholders who intend to attend the AGM by proxy shall complete and return the proxy form 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 AGM (i.e. no later than 9:30 a.m. on Thursday, June 29, 2017, Hong Kong time). Completion and return of the proxy form will not preclude a Shareholder from attending the AGM and voting in person if he so wishes. H Shareholders who intend to attend the AGM in person or by proxy should complete and return the reply slip by hand, by post or by fax to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Saturday, 10 June 2017.

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## LETTER FROM THE BOARD

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The voting at the AGM shall be by way of registered poll.

#### 4. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of AGM for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**China Cinda Asset Management Co., Ltd.**  
**Hou Jianhang**  
*Chairman*

**I. TO CONSIDER AND APPROVE THE WORK REPORT OF THE BOARD FOR 2016**

In accordance with the applicable regulatory requirements and the Articles, and based on the work of the Board in 2016, the Board formulated the “Work Report of the Board for 2016 of China Cinda Asset Management Co., Ltd.” (see Appendix II).

Such report has been considered and approved at the second meeting and the first regular meeting of the Board in 2017, and is hereby submitted to the Shareholders’ general meeting for consideration and approval in accordance with the Articles and the procedural rules on the Shareholders’ general meeting of the Company.

**II. TO CONSIDER AND APPROVE THE REPORT OF THE BOARD OF SUPERVISORS FOR 2016**

In accordance with the Company Law of the PRC and the Articles, and based on the actual work of the Board of Supervisors of the Company in 2016, the Board of Supervisors formulated the “Report of the Board of Supervisors for 2016 of China Cinda Asset Management Co., Ltd.” (see Appendix III).

Such report has been considered and approved at the first meeting and the first regular meeting of the Board of Supervisors in 2017, and is hereby submitted to the Shareholders’ general meeting for consideration and approval in accordance with the Articles and the procedural rules on the Shareholders’ general meeting of the Company.

**III. TO CONSIDER AND APPROVE THE FINAL FINANCIAL ACCOUNT PLAN FOR 2016**

According to the consolidated financial statements and audit report prepared in accordance with the International Financial Reporting Standards, details of the Final Financial Account Plan of the Group for 2016 are as follows:

**(I) Overall results of operation**

In 2016, total profit, net profit and net profit attributable to equity holders of the Company were RMB21,766 million, RMB15,982 million and RMB15,512 million, respectively. Earnings per share, return on average total assets, return on average shareholders’ equity and capital adequacy ratio were RMB0.43, 1.7% (return on average total assets excluding the consolidation of NCB was 1.8%), 14.1% and 19.38%, respectively.

As of the end of 2016, total assets amounted to RMB1,174,481 million, representing an increase of 64.50% as compared with the beginning of 2016. Growth rate of total assets excluding the consolidation of NCB was 30.04%. Assets in distressed asset management segment increased by 16.38% to RMB457,607 million. Total liabilities of the Group were RMB1,026,511 million, representing an increase of 70.21% as compared with the beginning of 2016. Growth rate of total liabilities excluding the consolidation of NCB was 29.42%.

As of the end of 2016, total equity and equity attributable to equity holders of the Company were RMB147,970 million and RMB139,217 million, representing increases of 33.43% and 36.88%, respectively, as compared with the beginning of 2016. Such increases were mainly due to the issuance of overseas preference shares of RMB21,281 million and private placement of new ordinary H Shares of RMB5,419 million.

The tables below set forth the major operating data:

Table 1 Major operating data (*in millions of RMB, except percentages*)

<b>Item</b>	<b>2016</b>	<b>2015</b>
Total assets	<b>1,174,480.92</b>	713,974.68
Total liabilities	<b>1,026,510.90</b>	603,080.75
Equity	<b>147,970.02</b>	110,893.93
Equity attributable to equity holders of the Company	<b>139,216.72</b>	101,710.22
Operating income	<b>91,657.23</b>	78,744.14
Total profit	<b>21,765.50</b>	19,297.90
Net profit	<b>15,982.01</b>	14,703.89
Net equity attributable to equity holders of the Company	<b>15,512.15</b>	14,027.47
Return on average shareholders' equity	<b>14.1%</b>	14.4%
Return on average total assets	<b>1.7%</b>	2.3%
Return on average total assets (excluding NCB)	<b>1.8%</b>	2.3%
Cost-to-income ratio	<b>27.0%</b>	23.9%
Basic earnings per share (in RMB Yuan)	<b>0.43</b>	0.39
Capital adequacy ratio	<b>19.38%</b>	16.11%

## **(II) Major financial income and expenses**

### ***1. Operating income***

In 2016, operating income was RMB91,657 million, representing an increase of 16.40% as compared with the same period last year. Income from distressed debt assets classified as receivables was RMB15,539 million, representing a decrease of RMB3,345 million as compared with last year. Fair value changes on distressed debt assets were RMB5,716 million, representing an increase of RMB1,296 million as compared with last year. Investment income was RMB17,991 million, representing an increase of RMB4,439 million as compared with last year. Other income was RMB52,410 million, representing an increase of RMB10,523 million as compared with last year.

**2.    *Operating expenses***

In 2016, operating expenses were RMB68,358 million, representing an increase of 19.50% as compared with the same period last year. Interest expense was RMB22,224 million, representing an increase of RMB3,039 million as compared with last year. Impairment losses on assets were RMB4,814 million, representing an increase of RMB437 million as compared with last year. Other expenses were RMB34,211 million, representing an increase of RMB6,763 million as compared with last year. Employee benefits were RMB6,110 million, representing an increase of RMB917 million as compared with last year. Excluding the consolidation of net profit of NCB of RMB1,494 million and interest of merger (after tax) of RMB1,411 million, the Group's net profit attributable to the Company was RMB15,429 million, representing an increase of 10% as compared with last year. Based on the total wages and salaries of RMB4,224 million in 2015 and calculated using the 1:0:6 performance-based wage policy, wages and salaries, bonuses, allowances and subsidies under the payable employee benefits in 2016 increased by RMB253 million, or 5.99%, to RMB4,477 million as compared with last year.

Table 2    Statement of major income and expenses *(in millions of RMB, except percentages)*

Item of major income and expenses	2016		Growth rate	2015
	Amount	Change		Amount
Income from distressed debt assets classified as receivables	15,539.24	(3,344.66)	(17.71%)	18,883.90
Fair value changes on distressed debt assets	5,716.23	1,296.12	29.32%	4,420.11
Investment income	17,991.34	4,439.11	32.76%	13,552.23
Other income	52,410.42	10,522.52	25.12%	41,887.90
Total income	91,657.23	12,913.09	16.40%	78,744.14
Interest expense	(23,223.84)	(3,038.52)	15.05%	(20,185.32)
Impairment losses on assets	(4,813.70)	(437.16)	9.99%	(4,376.54)
Employee benefits	(6,109.65)	(917.35)	17.67%	(5,192.30)
Other expenses	(34,210.51)	(6,763.26)	24.64%	(27,447.25)
Total expenses	(68,357.70)	(11,156.29)	19.50%	(57,201.41)
Changes in net assets attributable to other holders of consolidated structural entities	(2,331.75)	225.25	(8.81%)	(2,557.00)
Share of results of associates	797.72	485.55	155.54%	312.18
Profit before tax	21,765.50	2,467.60	12.79%	19,297.90
Income tax expense	(5,783.49)	(1,189.48)	25.89%	(4,594.01)
Net profit for the year	15,982.01	1,278.12	8.69%	14,703.89
Profit attributable to:				
Equity holders of the Company	15,512.15	1,484.68	10.58%	14,027.47
Non-controlling interests	469.86	(206.56)	(30.54%)	676.41

**3. Financial position**

As of the end of 2016, total assets amounted to RMB1,174,481 million, representing an increase of RMB460,506 million as compared with the beginning of 2016. Balances of assets in the three segments including distressed asset management, financial investment and asset management, and financial services were RMB457,607 million, RMB269,187 million and RMB493,780 million, representing increases of RMB64,420 million, RMB114,452 million and RMB316,946 million as compared with the beginning of 2016, respectively. Significant increase in the total assets in financial services was mainly due to the consolidation of NCB.

As of the end of 2016, total equity was RMB147,970 million, representing an increase of RMB37,076 million as compared with the beginning of 2016. Net assets in the three segments including distressed asset management, financial investment and asset management, and financial services were RMB76,387 million, RMB50,680 million and RMB27,846 million, representing increases of RMB19,554 million, RMB19,752 million and RMB1,784 million as compared with the beginning of 2016, respectively.

Table 3 Changes in total assets and net assets of the business segments (*in millions of RMB*)

	2016		As of December 31, 2015		2016		2015	
	Total assets	Percentage in total	Total assets	Percentage in total	Total assets	Percentage in total	Total assets	Percentage in total
Distressed asset management	457,606.68	39.16%	393,186.27	55.46%	76,387.22	52.19%	56,833.67	52.12%
Financial investment and asset management	269,186.55	23.03%	154,734.61	21.83%	50,679.78	34.62%	30,928.02	28.36%
Financial services	493,780.08	42.25%	176,834.28	24.94%	27,846.03	19.02%	26,061.71	23.90%
Elimination	(51,970.30)	(4.45%)	(15,809.63)	(2.23%)	(8,542.20)	(5.84%)	(4,784.24)	(4.39%)
Total	1,168,603.02	100.00%	708,945.52	100.00%	146,370.84	100.00%	109,039.17	100.00%

**(III) Disaster contingency plan and construction of recovery base**

General budget for the disaster contingency plan and construction of recovery base was RMB1,186 million. Budget for the disaster contingency plan and construction of recovery base in 2016 was RMB94.70 million, of which, RMB25.15 million was actually completed and the budget implementation rate was 27%. As at the end of 2016, disaster contingency and construction of recovery base of the project was basically completed in phases. In 2017, the final account of such phase will be completed and the construction of records center will be continued.

Such resolution has been considered and approved at the second meeting and the first regular meeting of the Board in 2017, and is hereby submitted to the Shareholders' general meeting for consideration and approval in accordance with the Articles and the procedural rules on the Shareholders' general meeting of the Company.

**IV. TO CONSIDER AND APPROVE THE PROFIT DISTRIBUTION PLAN FOR 2016**

According to the audited financial report for 2016 of the Company, the Group recorded a net profit attributable to owner of the parent company of RMB15,512 million and the Company recorded a net profit of RMB12,559 million in 2016. Proposed profit distribution plan for 2016 is as follows:

- (I) In accordance with the PRC Company Law and the Articles, an appropriation of RMB1,256 million, or 10% of the net profit for 2016 of the Company of RMB12,559 million, was made to the statutory surplus reserve.
- (II) Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Caijin [2012] No. 20) issued by the Ministry of Finance, the balance of the general reserve shall be maintained at not less than 1.5% of the balance of the risk assets at the end of the reporting period. According to such requirement, the general reserve for 2016 of the Company amounted to RMB1,757 million.
- (III) Cash dividends for 2016 of RMB1.220 per 10 Shares (tax inclusive), totaling approximately RMB4,656 million, would be distributed to all Shareholders (Shareholders whose names appear in the register of shareholders after the close of business on July 11, 2017).

Such resolution has been considered and approved at the second meeting and the first regular meeting of the Board in 2017, and is hereby submitted to the Shareholders' general meeting for consideration and approval in accordance with the Articles and the procedural rules on the Shareholders' general meeting of the Company.

**V. TO CONSIDER AND APPROVE THE APPOINTMENT OF ACCOUNTING FIRMS FOR 2017**

In accordance with the requirements under the Administrative Measures of the Tendering Procedures for the Appointment of Accounting Firms by Financial Enterprises (Provisional) (Caijin [2010] No. 169) issued by the MOF and Rules for Centralized Procurement Management of the Company, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young as the onshore and offshore accounting firms for 2015 by means of invited tendering to take charge of the audit of annual financial statements, review of the interim financial statements, audit of internal control and other professional services for 2015. The year 2015 is the first service year of Ernst & Young Hua Ming LLP and Ernst & Young.

In accordance with Administrative Measures of the Appointment of Accounting Firms by Financial Enterprises (Caijin [2016] No. 12) issued by the MOF, once the accounting firms have won the bid, the validity period shall not exceed five years. During the validity period of the tender, if the financial enterprise reappoints the same accounting firms, tendering is not required and the reappointment shall be subject to the company's governance process.

The Company proposed to continue the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the onshore and offshore accounting firms for 2017 to take charge of the audit of financial statements, review of the interim financial statements, audit of internal control and other professional services for 2017. The total auditing fee will be RMB12.17 million (excluding audit fees of subsidiaries), which includes the audit (review) fees of financial reports of RMB10.72 million, and the audit fees of internal control of RMB1.45 million.

Such resolution has been considered and approved at the second meeting and the first regular meeting of the Board in 2017, and is hereby submitted to the Shareholders' general meeting for consideration and approval in accordance with the Articles and the procedural rules on the Shareholders' general meeting of the Company.

#### **VI. TO REVIEW THE WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR 2016**

In accordance with the Articles and other relevant provisions, the independent non-executive Directors of the Company are required to submit a work report to the Shareholders' general meeting on an annual basis. The work report of independent non-executive Directors of the Company has been reviewed and finalized by each independent non-executive Director.

The above-mentioned report is hereby submitted to the Shareholders' general meeting. The work report of independent non-executive Directors for 2016 is set out in Appendix IV of this circular for the Shareholders to review. However, it is not subject to the approval of Shareholders.

**CHINA CINDA ASSET MANAGEMENT CO., LTD.**  
**WORK REPORT OF THE BOARD FOR 2016**

2016 was the starting year of the Second Five-year Plan after the restructuring of the Company. In face of complex domestic and international economic environment and various uncertainties, the Board of the Company upheld the overall principle of stable progression and innovative development, forging ahead with determination, making scientific decisions, promoting reform and transformation, improving the Company's corporate governance and enhancing overall risk management and internal control system. The Company's strategic layout was more optimized, the structural adjustment was more reasonable, the management foundation was consolidated on an ongoing basis, the operation performance continued to grow and it achieved a good start for the Second Five-Year Plan.

As of December 31, 2016, the consolidated total assets of the Group amounted to RMB1,174.481 billion, representing an increase of 64.50% as compared to the previous year; net profit of the Group amounted to RMB15.982 billion, representing an increase of 8.69% as compared to the previous year; equity and net profit attributable to equity holders of the Company were RMB139.217 billion and RMB15.512 billion, representing increases of 36.88% and 10.58% respectively as compared to the corresponding period of the previous year; return on average shareholders' equity (ROE) was 14.1% and return on average total assets (ROA) was 1.7%.

The Board of the Company strictly complied with the requirements of the relevant laws and regulations and performed their duties duly and diligently. In 2016, the Board held five Shareholders' general meetings, at which 18 resolutions were considered and approved and one work report was reviewed, and held nine board meetings, at which 40 resolutions were considered and nine work reports were reviewed. In addition, the special committees of the Board held 26 meetings, at which 39 resolutions were considered and 15 work reports were reviewed. The Board has carefully implemented such resolutions as passed at the Shareholders' general meetings. The primary work schedule for 2016 is hereby reported by the Board as follows:

**I. MAKING SOLID PROGRESS ON THE IMPLEMENTATION OF STRATEGIES TO CONTRIBUTE TO A PROMISING START OF THE SECOND FIVE-YEAR PLAN**

To facilitate the healthy and sustainable development of the Company and the effective, crucial operation of the Company's leading strategies, based on domestic and international economic and financial environment and the Company's own conditions for development, the Board prepared the Second Five-year Plan of the Company, determined the strategic positioning, development direction and strategic focuses of the Company, and gave new thoughts on future operation transformation and development planning. In order to ensure successful implementation of the Second Five-year Plan, the Company, led by the Board, established the strategic management leading group, and arranged for particular implementation work and specified the requirements. Regarding the strategic position of

“providing customer with integrated financial services concentrating on distressed asset management”, the Company created more opportunities and conditions for reform through business development, strengthened points of business weakness by platforms integration and improve operation efficiency with the support of optimized resource allocation, so as to lay a solid foundation for the continuous and sound development during the Second Five-year period, refine strategic layout for changes of business models, which is, to facilitate the transformation of principle business from concentrating on distressed assets management to laying equal stress on distressed assets and entities, the transformation of development model from scale expansion to structure optimization, quality improvement and efficiency enhancement, the change of the marketing model from product-orientation to customer-orientation, and the change of the competition model from separate competition to group coordination. At the beginning of the second Five-Year Plan, the Group’s assets crossed over RMB1 trillion and major operation indicators such as operating income and net profit maintained modest growth, reflecting the importance of the Second Five-year Plan in leading the Company’s reform and development.

## II. INTEGRATING THE GROUP’S STRATEGIC RESOURCES AND PROMOTING THE OPTIMISATION AND UPGRADING OF PLATFORMS FOR SUBSIDIARIES

According to the development strategies of the Second Five-Year Plan for subsidiaries of the Company, the Board started with integration of human resources of platforms for subsidiaries, made use of market instrument, optimized resource allocation, supported outstanding development of major subsidiaries, and facilitated the establishment of a subsidiary framework with reasonable structure and strong coordination.

### *(I) Successful completion of the closing and smooth transfer of Nanyang Commercial Bank*

On May 30, 2016, the Company and Bank of China (Hong Kong) Limited completed the equity transfer of Nanyang Commercial Bank, Limited (the “NCB”), which marked an important step in the transformation and development of the Company. The Company, led by the Board, took a series of measures to ensure smooth transfer of NCB and enable its stable operation, performance improvement and in-depth integration with the Group’s business. The Company built its competitive edges of “full licenses” in financial services to effectively facilitate its capacities of business synergy and integrated financial service following the successful consolidation of NCB, providing unprecedented convenience for customer sharing, product synergy, cooperation between domestic and overseas businesses and capital supervision. Being a new momentum for group development, a new platform for transformation and a new hub of collaboration, NCB has gradually leveraged its strengths within the Group with the emergence of growth potential.

*(II) Subscription of the new shares issued by Happy Life and transfer of control of Cinda P&C*

Happy Life Insurance Co., Ltd. (“**Happy Life**”) is a key strategic platform of the Company. In order to implement the Second Five-year Plan, give full play to the synergy effect of Happy Life and improve its long-term sustainability, in 2016, the Board approved the subscription of the new shares issued by Happy Life in proportion to the Company’s existing shareholdings with an amount not exceeding RMB3,557 million. Through capital replenishment, Happy Life would be able to expedite the adjustment of its business structure, improve its profitability and promote rapid development.

After an intensive analysis and study on property and casualty insurance industry as well as an assessment of value of synergy between Cinda P&C Cinda Property and Casualty Insurance Co., Ltd. (“**Cinda P&C**”) and the main business of the Company, the Board approved the transfer of 41% equity interests in Cinda P&C and introduction of new strategic investors to promote equity reform of subsidiaries and expedite the business transformation of Cinda P&C. In December 2016, Shenzhen Investment Holding Co., Ltd. acquired the 41% equity interests in Cinda P&C in consideration of RMB4.22 billion. The Company successfully transferred the control in Cinda P&C with an investment gain, thus realizing its strategic intention and laying a sound foundation for subsequent development of Cinda P&C.

**III. ENHANCING CAPITAL MANAGEMENT AND FURTHER OPTIMISING CAPITAL STRUCTURE**

*(I) Preparing capital management plan and enhancing capital management capability*

Through in-depth analysis of international economic and financial situations, domestic and overseas capital regulation and new requirements for capital management in the development of the Company, the Board formulated 2016-2018 medium-term capital management planning. Integrated with development strategy, operation plan, risk conditions and regulatory requirements, the medium-term capital planning will provide reliable guidance for the Company’s capital management. Through means such as enhancing profitability and maintaining stable growth rate of assets, the Company made appropriate use of market financing and diversified capital instrument to maintain a high quality of capital and an adequate capital level while capital management served as a protection and driving force for the implementation of strategic planning, so as to maintain an integrated balance among capital, efficiency and risks and support sustainable, healthy and stable development of the Group’s business.

*(II) Innovating capital replenishment instruments and consolidating sustainability*

While optimizing business structure, improving profitability and enhancing the capability of internal resources in capital replenishment, the Board timely took advantage of market conditions to actively innovate and explore new capital replenishment instruments in accordance with regulatory requirements. The Company issued tier-2 capital bonds of RMB10 billion in June 2016, issued preference shares with proceeds of USD3.2 billion in September 2016 and completed the private placement of new H Shares with proceeds of HKD6.15 billion in December, which effectively enhanced the Company's capital reserve, further optimized its capital structure and laid a solid foundation for future business development and risk resistance.

**IV. PERFECTING CORPORATE GOVERNANCE MECHANISM AND IMPROVING CORPORATE GOVERNANCE STANDARD CONSTANTLY***(I) Completing the re-election of Board and optimizing the Board structure*

The term of the second session of the Board of the Company expired in June 2016. In order to ensure on-time re-election and smooth implementation of the work of the Board, in strict accordance with laws, regulations and the Articles, the Board carried out critical assessment of the member structure of the Board, selected Directors candidates who possess professional qualifications and are familiar with the Company's operation, timely convened board meetings and shareholders' meetings, orderly performed the corporate governance procedures relating to re-election of the Board, successfully completed the re-election of the Board and elected the members of special committees based on the professional background and career experience of Directors, which enhanced the expertise of special committees and allowed the special committees to better perform the role of professional advisory.

*(II) Making amendments to the Articles and further consolidating the system foundation*

In order to satisfy the requirements for proposed issuance of preference shares and the needs of corporate governance of the Company, the Board made amendments to the Articles taking into account the issuance plan of preference shares and the actual situation of the Company. The amendments to the Articles clearly stated the rights and obligations of holders of preference shares, the restrictions and restoration of voting rights, the conversion and redemption and preference share, the profit distribution of preference share, the allocation of residual assets etc. The amended Articles would be able to ensure smooth issuance of preference shares effectively, comply with the latest regulatory requirements and consolidate the system foundation of corporate governance.

*(III) Constantly optimizing operating mechanism of the Board and enhancing the effectiveness of corporate governance*

The Board adhered to the principle of sound corporate governance and constantly enhanced its own structure. Through resolution communication meeting, business briefing, non-executive Director forum, management meetings, daily information support and other mechanisms, the Company improved the mechanism of communication and exchange between the Board and management members, communication between the Board and the Board of supervisors as well as communication among Directors. All the Directors seriously fulfilled their duties, attended the meetings on time, fully discussed the proposals and voiced their own opinions. During the adjournment of the Board meetings, the Directors constantly concerned the strategic implementation and operating management of the Company, actively participated in field research and research studies of special committees, carefully compiled research reports, took the initiative to communicate with management members and the Board of Supervisors and timely shared their research results. Also, through trainings, field research and other means, the Directors learned from outstanding corporate governance to optimize the operating mechanism of the Board pursuant to the laws, regulations and regulatory requirements based on the actual situation of the Company. In 2016, the Company once again won the “Stars of China – Best Corporate Governance Award” by the Global Finance of USA.

**V. STRENGTHENING RISK MANAGEMENT AND ENHANCING INTERNAL CONTROL AND AUDITING SUPERVISION**

*(I) Improving overall risk management system and enhancing risk management*

In 2016, the Board adhered strictly to its risk management concept of “managing risks proactively and holding the bottom-line”. Through establishment of comprehensive risk management system matching the Company’s development strategy, the Company optimized its risk management structure and conducted regular review on the effectiveness of its risk management system according to the requirements of the Listing Rules of the Hong Kong Stock Exchange. The Company enhanced its informatization level of risk management through continuous construction of information system for risk management. The Company refined its risk management system to satisfy the regulatory requirements and its internal management needs, and also further improved relevant management policies and working procedures. The Company enhanced the risk management techniques and methods, so as to improve the overall risk control ability of the Group and enhance the effectiveness and responsiveness of risk prevention and solution to ensure a stable operation of all businesses, which laid a solid foundation for the realization of the Company’s strategic development targets and operating plans.

***(II) Enhancing internal control and auditing supervision and carrying out operation in compliance with laws and regulations***

In 2016, the Board put a great emphasis on the establishment of internal control system and conducted regular review on the effectiveness of its internal control system according to the requirements of the Listing Rules. In compliance with the regulatory requirements and the development strategies of the Company, the Board enhanced its management system and internal control manual and strengthened compliance inspection and problem rectification to improve the effectiveness of internal control. In 2016, the Board fully completed the annual internal audit plan as approved by the Board. In accordance with the regulatory requirements for listing companies, based on its risk profile and focusing on effectiveness, the Board planned as a whole, and continuously innovated audit contents and methods to improve the audit quality and effectively perform the internal audit's function of supervision management and advisory service, which further enhanced the focus and effectiveness of internal audit. The Board regularly received work report and management recommendations for external auditors and monitored the services of external auditors to facilitate improvements in audit quality and ensure compliance of operations with laws and regulations.

**VI. CONSTANTLY IMPROVING INFORMATION DISCLOSURE AND THE STANDARD OF INVESTOR RELATIONSHIP MANAGEMENT**

***(I) Constantly improving the quality of information disclosure to protect investors' rights to know***

In 2016, the Board strictly complied with the true, accurate, complete, timely, and fair principles, and carried out information disclosure conscientiously. The Board continuously enhanced the disclosure quality of regular reports, enriched the disclosure contents from perspective in favour of investors' understanding of the Company's development strategies and business operation, strengthened the focus and effectiveness of the disclosure in regular reports, disclosed temporary announcements in a timely manner, actively promoted voluntary disclosure, continuously increased the transparency in information disclosure, protected investors' right to know, continuously improved the working mechanism of information disclosure, regularly conducted training on information disclosure, and strengthened the building of the Company's compliance culture. The Board also strictly carried out the insider registration system for inside information to prevent insider trading and protect the legitimate interests of investors.

***(II) Enhancing investors relationship management and deepening the communication with capital market***

The Board attached high importance to communication with investors and listened to their views and suggestions. The Company communicated with investors through announcement of results, non-deal roadshows, large-scale investment forums and summits, and daily receptions to introduce the corporate strategy development plans, its operation and development values and the development conditions of the Company and promptly answered investors' enquiries with a view to enhancing investors' faith in the Company and boosting recognition of the Company in the capital market as well as its influence in the financial industry, thereby being widely recognized in the capital market and by the investors. Moreover, the Company actively participated in the regular press conferences in the bank industry organized by the CBRC, introducing the conditions of the Company when it promoted the structural reform on the supply side, relieved the financial risks and supported the real economy and helping the understanding of the competitive edge and the management and development conditions of the Company.

**VII. CAPITALIZING ON THE DUTIES OF THE SPECIAL COMMITTEES TO SUPPORT SCIENTIFIC AND EFFECTIVE DECISION MAKING OF THE BOARD**

In 2016, each special committee of the Board focused on the major works for the year. Adhering to the Articles and relevant Rules of Meeting, the special committees of the Board capitalized on their professional advantages to duly carry out their duties and provide professional advice to the Company on aspects including strategic development, risk management, related party transaction control, supervision of audit work, nomination of senior management and management of remuneration. These efforts supported the scientific decision making of the Board.

The Strategic Development Committee of the Board convened six meetings to consider 13 resolutions, including the final financial account plan for 2015, the operation plan for 2016, the fixed assets investment budget for 2016, the strategic development plan of the company (2016-2020), the non-public issuance of Offshore Preference Shares by the Company, and the private placement of H Shares of the Company for 2016, and received corporate governance report of the Company for 2015.

The Audit Committee convened six meetings to review eight resolutions including the 2015 annual report (the annual results announcement), the internal control evaluation report for 2015, the risk management report for 2015, the internal audit work plan for 2016, the appointment of external accounting firms, the interim report (interim results announcement) for 2016 and the implementation plan for internal control evaluation of the Company, and received five reports including the special audit report on the infrastructure project of operation support center of the Group, report on relevant management suggestions from auditors for 2015 and audit plan for financial statements for 2016. The Audit Committee ensured the effectiveness of risk management and internal control system of the Company through reviewing the annual risk management report and the evaluation report on internal control.

The Risk Management Committee convened four meetings to review and receive five reports, mainly including reviewing the 2015 risk management report and the internal control evaluation report for 2015 and receiving quarterly risk management reports of the Company. The Risk Management Committee ensured effective and stable risk management and internal control system of the Company through reviewing the annual risk management report and the evaluation report on internal control, regularly receiving reports on risk management at operational level, investigation and research on site and other means.

The Nomination and Remuneration Committee convened six meetings to consider 12 resolutions, including the nomination of candidates for the Directors and the President of the Company, the nomination of the members of the Strategic Development Committee, the nomination of the Chairmen and members of the Audit Committee, the Risk Management Committee, and the Connected Transaction Control Committee of the Company, the preliminary verification of the qualification of candidates for Senior Management; the remuneration settlement scheme of Directors and Senior Management for 2015; the review of the structure, size and composition of the Board (in respect of knowledge, skills and experience), the duty performance of Directors and the independence of independent non-executive Directors.

The Connected Transaction Control Committee convened four meetings to consider and receive nine resolutions, mainly including the identification of connected persons of the Company, the 2015 connected transaction management report, the report of the construction of the connected transaction management information system and the internal transaction report of the Group for 2015.

In 2017, the Board will advocate the concept of innovation and development, adapt to as well as to grasp and direct the new normal of economic development, seize market opportunities of supply side structural reform, deepen the transformation and reform of business, promote the implementation of the Second Five-year Plan and support the development of real economy. With a view to accomplish the business targets of the Company, the Board will uphold the principle of sound corporate governance, constantly improve corporate governance, strengthen the construction of comprehensive risk management and internal control system and enhance the standard of information disclosure and investor relationship management to generate fruitful business results to shareholders and contribute to the society.

**CHINA CINDA ASSET MANAGEMENT CO., LTD.**  
**REPORT OF THE BOARD OF SUPERVISORS FOR 2016**

In 2016, pursuant to the national laws and regulations, the Articles and regulatory requirements, in response to new challenges on risk control brought by New Normal economic development, the Board of Supervisors carefully implemented the Administrative Measures on Financial Asset Management Companies on the overall operation development and focused on the improvement of compliance effectiveness. With excellent performance training programs and team building, the Board of Supervisors efficiently discharged its supervisory duties in respect of performance, risk, internal control and finance. These efforts facilitated the standardized operation of corporate governance and sustainable healthy development of the Company.

**I. MAJOR WORK COMPLETED**

**The Board of Supervisors duly promoted the performance and supervision evaluation.** In accordance with the new regulatory requirements such as the Administrative Measures on Financial Asset Management Companies and the actual situation of the Company, it prepared and issued the Key Areas of the Performance Supervision and Evaluation of Directors and Senior Management for 2016 for better supervision relevance. It also focused on the implementation of the decision-making system, establishment of the internal control system, preparation of the risk appetite and information disclosure, and established a supervision record. It issued performance evaluation reports of Directors and Senior Management on the basis of the routine supervision and annual evaluation, and submitted such reports to the Shareholders' general meetings and relevant regulatory authorities, and informed the Board and Senior Management in accordance with relevant requirements.

**The Board of Supervisors deepened risk and internal supervision continuously.** The Board of Supervisors promoted the concept of comprehensive risk management, held joint supervision meetings regularly, paid attention to the comprehensive risk management of the Company and timely provided opinions and suggestions on risk prevention. It conducted investigations on the intra-group transactions regulated by CBRC and the group collaboration and conducted special investigations on some subsidiaries and formed reports thereon. Focusing on the establishment of the internal control system of the company, especially the improvement of the business system, business approval system and risk accountability system, etc., it reviewed reports regarding major issues identified during internal audits, and the implementation of internal control suggestions and rectifications, participated internal control, "Two Reinforcements and Two Containments" and other special review projects to promote the standardized operation of the Company.

**The Board of Supervisors duly conducted financial supervision and review.** The Board of Supervisors supervised based on the review of annual and interim reports and enhanced its communication with external auditors. Emphasis was laid on the compliance of report preparation, review and disclosure, impacts of the transformation of business tax to value-added tax and the implementation of the new accounting standards, and the impacts of

consolidating Nanyang Commercial Bank into the financial statements of the Group on financial indicators. It also analyzed major findings in audit which may affect the truthfulness, accuracy and completeness of financial reports and made timely notices.

**The Board of Supervisors conducted special research on new businesses.** The Board of Supervisors conducted case studies on various aspects of major projects including the fund-raising, transaction structure, coordination mechanism and post-investment management with the focus on the Company's special situations investment business. It also conducted investigations on the current situations and trends of China's wealth management market, analysed the Company's opportunities and challenges on wealth management and issued corresponding opinions and suggestions.

**The Board of Supervisors focused on the enhancement of self-improvement.** The Board of Supervisors comprehensively sorted out and systematically amended the existing governance system of the Board of Supervisors, which fully reflected the regulatory requirements and requirements of the Company's party building system. It successfully completed the selection of external supervisor and the general election of the Board of Supervisors and established the Nomination Committee of the Board of Supervisors accordingly. The preliminary establishment of the information system for the Board of Supervisors was completed through enriching and improving the supervision information database and combining the data warehouse building and the development of the Company's consolidated statements index system. It also timely organized the study of the latest regulatory policies and business developments, carried out exchanges with the boards of supervisors from the same industry and subsidiaries, explored new methods constantly so as to improve the comprehensive supervision capability.

**The Board of Supervisors improved the efficiency of the Board of Supervisors meetings.** In 2016, the Board of Supervisors held six meetings to review and approve 21 resolutions, including the reports of the Board of Supervisors, the annual work plans of the Board of Supervisors, the internal control evaluation report and performance evaluation report. All members of the Board of Supervisors duly performed their duties, attended meetings of the Board of Supervisors as scheduled, and studied issues in accordance with laws and regulations. The governance standard has been improved effectively.

## **II. INDEPENDENT OPINIONS ON RELEVANT MATTERS**

### **Lawful operation**

During the reporting period, the operation of the Company was in compliance with laws and regulations, and its decision-making procedures conformed to the relevant requirements under the laws, regulations and Articles of Association. Directors and senior management duly performed their duties. The Board of Supervisors is not aware of any breach of laws, regulations and Articles of Association or any act detrimental to the interests of the Company by any of the Directors or senior management in performing their duties.

**Financial reports**

The financial reports for the year reflect the financial position and operating results of the Company truthfully and fairly.

**Opinions on the performance evaluation of Directors and Senior Management of the Company**

The results of the performance evaluation of all Directors and senior management for 2016 were that they were competent.

**Internal control**

During the reporting period, the Company continued to improve its internal control and the Board of Supervisors had no objections to the evaluation opinions on internal control of the Company for 2016.

**Implementation of resolutions passed at Shareholders' general meetings**

During the reporting period, the Board of Supervisors had no objections to the matters submitted to Shareholders' general meetings for consideration. The Board seriously implemented the resolutions approved at the Shareholders' general meetings.

**Performance of social responsibilities**

During the reporting period, the Company duly performed its social responsibilities and the Board of Supervisors had no objections to the Report on Social Responsibilities of the Company for 2016.

**CHINA CINDA ASSET MANAGEMENT CO., LTD.  
WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS  
FOR 2016**

In 2016, the independent non-executive Directors of the Company strictly complied with PRC Company Law, Securities Law, the Listing Rules, Corporate Governance Code (Appendix 14 of the Listing Rules), other domestic and foreign laws and regulations, as well as the Articles of Association and working procedures of independent Directors as well as inherent requirement set on independent non-executive Directors for achieving sound corporate governance, performed their duties faithfully and diligently in accordance with the law, duly attended meetings of the Board and its special committees, actively participated in the study, discussion and decision of relevant matters to be considered and approved. The independent non-executive Directors of the Company actively exerted their independence and professionalism and provided powerful support to the operation management and scientific decision making of the Company. The performance of the independent non-executive Directors of the Company is reported as follows:

**I. INFORMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

From January 1, 2016 to October 24, 2016, there were four independent non-executive Directors of the Company, namely Mr. Li Xikui, Mr. Qiu Dong, Mr. Chang Tso Tung, Stephen and Mr. Xu Dingbo. On June 30, 2016, the members of the new session of the Board were elected on the AGM for 2015 of the Company. The terms of office of Mr. Li Xikui and Mr. Qiu Dong were expired, and Mr. Zhu Wuxiang and Mr. Sun Baowen were elected as independent non-executive Directors. In order to ensure the the Company's compliance regarding its Board composition and the normal performance of duties of the special committees of the Board, Mr. Li Xikui and Mr. Qiu Dong continued to perform their duties until the qualifications of Mr. Zhu Wuxiang and Mr. Sun Baowen (the newly elected independent non-executive Directors) were approved by the CBRC. On October 25, 2016, Mr. Zhu Wuxiang and Mr. Sun Baowen officially assumed their offices after obtaining the qualification approval from the CBRC. Three special committees of the Company, namely the Audit Committee, the Connected Transaction Control Committee and the Nomination and Remuneration Committee, were all chaired by independent non-executive Directors. The number of independent non-executive Directors accounted for over one-third of the members of the Board, which complied with the Articles, the procedural rules of Board meetings and relevant regulatory requirements.

**(I) Biographies of independent non-executive Directors**

**Mr. Li Xikui**, has served as an independent non-executive Director of the Company from June 2010 to October 2016. Mr. Li successively served as deputy director, deputy department director, vice president of head office, and director of the Research Institute of China Construction Bank Corporation from August 1982 to January 1994. He worked as vice general manager of Shougang Group and president of Hua Xia Bank Co., Limited from January 1994 to February 2000. He served as vice president of China Galaxy

Securities Co., Ltd. from February 2000 to February 2006, chairman of the Board of Galaxy Fund Management Co., Ltd. from February 2006 to April 2010, and independent non-executive director of Chiho-Tiande Group Limited from July 2010 to December 2014. Mr. Li graduated from Liaoning Finance and Economics College (currently known as Dongbei University of Finance and Economics) in 1970, and graduated from the Finance Science Institute of the MOF with a master's degree in economics in 1982. He was accredited as a researcher of the head office by China Construction Bank in 1993, and receives special allowance from the State Council.

**Mr. Qiu Dong**, has served as an independent non-executive Director of the Company from June 2010 to October 2016. Mr. Qiu served successively as professor, vice president and president of Dongbei University of Finance and Economics from January 1985 to March 2005. From March 2005 to March 2009, he was a professor of Central University of Finance and Economics. From January 2009 to June 2015, Mr. Qiu served as an independent non-executive director of Agricultural Bank of China Limited. He is currently the chairman of the academic committee of the National Accounting Research Institute of Beijing Normal University, member of the National Appraisal Group of Philosophy, Social Science and Planning, member of the Disciplines Evaluation Panel of the Academic Degrees Committee of the State Council, member of the Advisory Committee of NBSC, vice president of the National Accounting Society of China, vice president of the Statistical Education Society of China, vice president of the China Association of Market Information and Research; vice chairman of the National Statistical Teaching Material Editing and Censoring Committee, member of Selection Committee for Science and Technology Progress Award on Statistics of China; an adjunct PhD supervisor of Tianjin University of Finance and Economics, an adjunct professor of Zhejiang Gongshang University, Jinan University, Zhongnan University of Economics and Law, Shanxi University of Finance and Economics, Zhejiang University of Finance and Economics, Southwest University of Finance and Economics, and member of Editorial Board of Statistical Research. Mr. Qiu graduated from Dongbei University of Finance and Economics in 1990 with a doctoral degree in economics. He is a PhD supervisor, representative of the 10th NPC, expert entitled to Government Special Allowance by the State Council and distinguished guest professor of Changjiang Scholars Program.

**Mr. Chang Tso Tung, Stephen**, has been an independent non-executive Director of the Company since June 2013. Mr. Chang has been practising as a certified public accountant in Hong Kong for about 30 years and has extensive experience in accounting, auditing and financial management. Mr. Chang has been the vice chairman and professional service management partner in Greater China Region of Ernst & Young, and also the chairman in charge of auditing and advisory service of Ernst & Young until his retirement in 2004. Mr. Chang is currently a member of the Investment Committee of Shanghai Fudan University Education Development Foundation and Shanghai Fudan University Education Development Foundation (Overseas). Mr. Chang currently serves as an independent non-executive director of Kerry Properties Limited, an independent

non-executive director of Hua Hong Semiconductor Limited, as well as an independent non-executive director of China Life Insurance Co. Limited. Mr. Chang graduated from the University of London in 1973 with a bachelor's degree in science. He is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, respectively.

**Mr. Xu Dingbo**, has been an independent non-executive Director of the Company since June 2013. Mr. Xu was a teaching assistant in the University of Pittsburgh and the University of Minnesota and an assistant professor in the Hong Kong University of Science & Technology from 1986 to 2003, and was an adjunct professor in Peking University from April 1999 to April 2009. Mr. Xu joined China Europe International Business School in January 2004 where he currently serves as the Essilor Chair Professor of Accounting, Associate Dean and a member of Management Committee. Mr. Xu is currently an independent non-executive Director and the chairman of the Audit Committee of The People's Insurance Company (Group) of China Limited, an independent director and the chairman of the Audit Committee of DongyiRisheng Home Decoration Group Limited Company, an independent director and the chairman of the Audit Committee of Shanghai Shyndec Pharmaceutical Co., Ltd., an independent director and the chairman of the Audit Committee of Sany Heavy Industry Co., Ltd., an independent director and chairman of Audit Committee of Kweichow Moutai Co., Ltd. and an independent director, the chairman of the Audit Committee and the chairman of the Related Party Transaction Committee of Societe Generale (China) Ltd. Mr. Xu graduated from Wuhan University in 1983 and 1986 with a bachelor's degree in science and a master's degree in economics, respectively. Mr. Xu graduated from the University of Minnesota in 1996 with a doctoral degree in accounting. He is a member of the American Accounting Association.

**Mr. Zhu Wuxiang**, has been independent non-executive Director of the Company since October 2016. He is a professor of the Department of Finance of Tsinghua University School of Economics and Management, a PhD tutor and the director of the Research Institute of Business Models and Industrial Finance of China Center for Financial Research of Tsinghua University. Mr. Zhu has successively served as a teaching assistant, lecturer, associate professor and professor of Tsinghua University School of Economics and Management since January 1990. He has also been a standing director of China Society for Finance and Banking and a committee member of the second session of Expert Advisory Committee for Merger, Acquisition and Restructuring under the China Securities Regulatory Commission. Mr. Zhu currently serves as an independent Director of China Fortune Land Development Co., Ltd., an independent non-executive director of Beijing Properties (Holdings) Limited, an independent director of Offshore Oil Engineering Co., Ltd., an independent non-executive director of ZTE Corporation, an independent director of Dongxing Securities Corporation Limited, a supervisor of Unisplendour Co., Ltd., and an external supervisor of Everbright Securities Company Limited. Mr. Zhu was an independent director of Rongxin Power Electronic Co., Ltd. from June 2013 to March 2016. Mr. Zhu graduated from Tsinghua University in 1987, 1989 and 2002 with a bachelor's degree in engineering, a master's degree in engineering and a doctoral degree in economics, respectively.

**Mr. Sun Baowen**, has been independent non-executive Director of the Company since October 2016. He is a PhD in economics, professor, PhD tutor and a specialist entitled to the special government allowances of the State Council. Mr. Sun was a lecturer of Central University of Finance and Economics from January 1989 to October 1997 and an associate professor of Central University of Finance and Economics from October 1997 to October 2003, and he has been a professor and PhD tutor of in Central University of Finance and Economics since October 2003. Mr. Sun currently serves as a professor of Internet Economic Research Institute of Central University of Finance and Economics, chief consultant of Capital Research Base for Internet and Economic Development in Key Research Base for Philosophy and Social Science in Beijing, member of Steering Committee of Professional E-commerce Education under the Ministry of Education, member of National Expert Committee for Accessible Construction and executive member of China Disability Research Society. Mr Sun currently serves as an independent Director of Loften Environmental Technology Co., Ltd., independent director of Tianshui Zhongxing Bio-Technology Co., Ltd. and independent director of Dareway Software Co., Ltd. Mr. Sun obtained a bachelor's degree and a master's degree in engineering from Northeastern University in 1986 and 1989, respectively, and a doctoral degree in economics from Central University of Finance and Economics in 2004.

## **(II) Independence of independent non-executive Directors**

The qualification, number and proportion of the independent non-executive Directors of the Company have complied with the requirements of regulatory authorities. The independent non-executive Directors do not have any business or financial interest in the Company and its subsidiaries and do not hold any management position in the Company. The Company has received annual confirmation letters from each of the independent non-executive Directors to confirm their independence and consider them to be independent.

## **II. ANNUAL PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **(I) Attendance of meetings and relevant resolutions**

In 2016, the Company held two extraordinary general meetings, one annual general meeting, one class meeting of domestic shareholders and one class meeting of H shareholders to consider 18 resolutions and review one report. The Company held nine Board meetings to consider 40 resolutions and review nine reports. The Company held 26 meetings of special committees to consider 39 resolutions and review 15 reports. The independent non-executive Directors of the Company performed their duties diligently, exercised voting rights in an independent, prudent and cautious manner based on sufficient studies and communications before the meeting, provided professional opinions to facilitate the Board's scientific decision making in strategic planning, corporate governance, risk control and internal control supervision, expressed independent opinions on significant matters such as profit distribution plan, issuance of preference shares, remuneration of the Directors and senior management and appointment of senior management. No opinion expressed was of a qualified, dissent or unable to present nature.

The attendance of independent non-executive Directors of the Company at Shareholders' general meetings, and meetings of the Board and its special committees during the reporting period is as follows:

Directors	Number of meetings attended/required to attend					
	Shareholders' general meetings	The Board	Special committees under the Board			
			Strategic Development Committee	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee
						Related Party Transaction Management Committee
Li Xikui	3/4	7/7	4/4	4/4		4/4
Qiu Dong	4/4	7/7				4/4
Chang Tso Tung, Stephen	5/5	9/9	6/6	6/6		
Xu Dingbo	5/5	9/9		6/6	4/4	
Zhu Wuxiang	1/1	2/2				2/2
Sun Baowen	1/1	2/2	2/2	2/2		2/2

*Note:* "Number of meetings attended" includes on-site attendance, attendance through telephone conference and other directors as proxies for the exercise of voting rights.

## (II) Operation of the Board and its special committees

- The Board.** In 2016, the Company held nine Board meetings to consider 40 resolutions and review nine reports. The resolutions which were considered by the Board included 12 resolutions on operation and management matters, two resolutions on major transaction, five resolutions on work reports, 12 resolutions on appointment or dismissal of employees, three resolutions on remuneration and insurance and six other resolutions. Details of the approved resolutions involve numerous aspects of the Company's operation and management and its significant projects.
- Special committees of the Board.** The Board has five special committees, namely the Strategic Development Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Related Party Transaction Management Committee. The operation of special committees of the Board in 2016 is as follows:

The Strategic Development Committee conducted six meetings to consider 13 resolutions, mainly including the 2015 final financial account plan, the 2016 operation plan, the 2016 fixed assets investment budget, the strategic development plan of the Company (2016-2020), the non-public issuance of Offshore Preference Shares by the Company, and the private placement of H Shares of the Company for 2016, and received corporate governance report of the Company for 2015.

The Audit Committee conducted six meetings to review eight resolutions including the 2015 annual report (the annual results announcement), the internal control evaluation report for 2015, the risk management report for 2015, the internal audit work plan for 2016, the appointment of external accounting firms, the interim report (interim results announcement) for 2016 and the implementation plan for internal control evaluation of the Company, and received five reports including the special audit report on the infrastructure project of operation support center of the Group, report on relevant management suggestions for 2015 from auditors and audit plan for financial statements for 2016. The Audit Committee reviewed the annual risk management report and internal control assessment report to ensure the effectiveness of the Company's risk management and internal control system.

The Risk Management Committee conducted four meetings to consider and review five reports, mainly including considering the 2015 risk management report and the 2015 internal control assessment report and reviewing quarterly risk management reports of the Company. The Risk Management Committee of the Board considered the annual risk management report and internal control assessment report, reviewed the management's reports on the risk management of the Company regularly and conducted on-site investigation and research to ensure the effective and stable operation of the Company's risk management and internal control system.

The Nomination and Remuneration Committee conducted six meetings to consider 12 resolutions, including the nomination of candidates for the Directors and the President of the Company, the nomination of the members of the Strategic Development Committee, the nomination of the Chairmen and members of the Audit Committee, the Risk Management Committee, and the Connected Transaction Control Committee of the Company, the preliminary verification of the qualification of candidates for Senior Management; the remuneration settlement scheme of Directors and Senior Management for 2015; the review of the structure, size and composition of the Board (in respect of knowledge, skills and experience), the duty performance of Directors and the independence of independent non-executive Directors.

The Connected Transaction Control Committee conducted four meetings to consider and review nine resolutions, mainly including the resolution on identification of connected persons of the Company, the 2015 connected transaction management report of the Company, the report of the construction of connected transaction management information system of the Company and the internal transaction report of the Group for 2015.

**(III) Cooperation between the Company and independent non-executive Directors in work implementation**

In order to cooperate with the independent non-executive Directors in their effective performance of duties, through the Board office, the Company provided the independent non-executive Directors with various services and support for their duty performance, including offering a variety of convenient and flexible communication channels and timely offer of comprehensive information covering business operation and financial information, progress of significant projects, risk management and internal control, information disclosure, rules and regulations and supervisory system of the Company, which ensured that the independent non-executive Directors enjoy the same right to know as other Directors. The independent Directors received management reports on operational level, visited the branches for research, attended the resolution communication meetings of the Board, and obtained in-depth understanding of the Company's business and operation management. Based on their working experience and professional expertise, the independent directors made forward-looking reflection and constructive suggestions on issues such as strategic transformation, risk management, capital management, internal control construction, information system construction and related party transactions control and management, and played an important role in the decision-making of the Board.

**III. KEY CONCERNS ON THE PERFORMANCE OF DUTIES OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR**

The independent non-executive Directors of the Company attached great importance to a number of highlights such as the implementation of the "Second Five-year Plan", integration of the Group's strategic resources, capital management, qualification and remuneration of the senior management, control of related party transactions, information disclosure, implementation of internal control and appointment of accounting firms. They made clear judgment on relevant key matters in accordance with laws and regulations and provided the Company with independent and objective opinions and suggestions.

**(I) Implementation of the "Second Five-year Plan" of the Company**

In order to ensure the smooth implementation of the "Second Five-year Plan", under the leadership of the Board, the Company established a strategic management leading group to make plan for the detail implementation and set specific requirements. In 2016, the independent non-executive Directors provided the strategic management leading group of the Company with various professional and constructive opinions on the implementation of the Company's "Second Five-year Plan" through participating in strategic seminars on special topics and seminars of non-executive Directors and seeking professional advices. Based on the strategic position of "providing customer with integrated financial services concentrating on distressed asset management", the Company created more opportunities and conditions for reform through business

development, strengthened points of business weakness by platforms integration and improved the operation efficiency through optimization of resource allocation, which laid a solid foundation for the continuous and sound development of the Company during the period of “Second Five-year Plan”.

## **(II) Integration of strategic resources of the Group**

Based on the development strategies for subsidiaries under the “Second Five-year Plan” of the Company, the Board started with the integration of platform resources of the subsidiaries, carried out expansion and divestment, provided support to the development of major subsidiaries, and facilitated the formation of portfolio of subsidiaries with reasonable structure and effective collaboration. The independent non-executive Directors pointed out that the integration of resources of subsidiaries was important to the implementation of the Group’s strategic plan and provided professional opinions on the acquisition of Nanyang Commercial Bank, subscription of new shares issued by Happy Life, the transfer of equity in Cinda P&C and other matters, which promoted the successful acquisition and smooth transition of Nanyang Commercial Bank, facilitated the effective capital supplement of Happy Life, optimized the Company’s shareholding in Cinda P&C and served the strategic goal of the Group.

## **(III) Capital management of the Company**

With reference to the in-depth analysis on the global economic and financial conditions and domestic and overseas capital regulatory environment and based on the new requirements on capital management from the development of the Company, the Board formulated the mid-term capital management plan for 2016 to 2018. In 2016, the Company successfully issued Tier-2 capital bonds of RMB10 billion in June, issued preference shares to raise USD3.2 billion in September, and completed the placement of H Shares to raise HKD6.15 billion in December, which increased the capital reserve of the Company effectively, further optimized the capital structure, and laid a solid foundation for the business operation and prevention of external risks in the future. With extensive experience, the independent non-executive Directors provided effective guidance on the Company’s capital management, and pointed out that capital planning shall be made based on development strategies, operation plans, risk conditions and regulatory requirements.

## **(IV) Qualification and remuneration of the Directors and senior management**

During the reporting period, the term of office of the second session of the Board of the Company was expired on June 2016. In order to complete the election of a new session of the Board as scheduled, the independent non-executive Directors made careful assessment on the composition of the Board of the Company and conducted preliminary review on the qualifications of the candidates for Directors and senior management in strict compliance with the laws and regulations and the requirements of the Articles of

Association, and submitted it to the Board for consideration. The independent non-executive Directors also considered the annual remuneration settlement scheme for senior management and submitted the same to the Board for consideration based on the annual results of the Company.

**(V) Related party transactions**

The independent non-executive Directors regularly reviewed the matters concerning confirmation of related parties of the Company according to relevant laws and regulations and supervisory regulations and reviewed annual related party transaction management reports, providing opinions and recommendations on daily management of related parties and related party transactions. Additionally, they also continuously boosted the development of related party transaction management information system and enriched related party transaction management means to ensure related party transactions are conducted in accordance with laws and regulations and to protect the interests of minority shareholders.

**(VI) Implementation of information disclosure**

During the reporting period, the Company prepared the annual report for 2015 in accordance with the standards applicable to listed companies and the independent non-executive Directors duly reviewed such annual report, in particular the truthfulness, accuracy and completeness of the annual report, so as to ensure that there is no false information, misleading statements or material omission. The independent non-executive Directors continue to attach great importance to information disclosure, promoting a lawful disclosure of regular reports and interim announcements according to the regulatory requirements. Management of insiders with inside information was also enhanced, which ensured the fairness of information disclosure and maintenance of Shareholders' legitimate interests.

**(VII) Risk management and implementation of internal control**

In 2016, the Board attached great importance to the construction of risk management and internal control system, and conducted regular review on the effectiveness of the internal control system in accordance with the requirements of the Listing Rules of the Hong Kong Stock Exchange. The independent non-executive Directors received risk management reports of the Company, work reports and management recommendations from external auditors and internal control assessment reports on a regular basis. Through internal control assessment, the independent non-executive Directors approve the effectiveness of the Company's risk management and internal control, and are of the view that the Company has no major defects in internal control of financial reports and no major defects identified in internal control of non-financial reports.

**(VIII) Appointment of accounting firms**

In 2016, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young as the onshore and offshore auditors for 2016, respectively, responsible for the audit of financial reports, review of the interim financial reports, audit of internal control and other professional services. The independent non-executive Directors considered that the domestic and international accounting firms engaged by the Company were independent, objective and fair in the auditing and completed all work assigned by the Company.

**(IX) Cash dividend and other returns to investors**

The formulation and implementation of policy of cash dividend complied with the requirements of the Articles and the resolutions passed at the Shareholders' general meeting. The standards and proportion of dividends were clear and definite and the procedures and mechanism of decision-making were complete, which met the need of sustainable development of the Company and were considered and approved by the independent non-executive Directors. In 2017, the Company distributed RMB1.220 per 10 shares (tax included) of cash dividends for 2016 to all Shareholders, amounting to a total of approximately RMB4.656 billion.

**IV. GENERAL EVALUATION**

In 2016, the independent non-executive Directors of the Company paid close attention to the implementation of the Company's strategic plans, the integration of the resources of subsidiaries, capital supplement and other major operation management matters, gave full play to their expertise, provided independent and objective opinions, performed their duties diligently in accordance with laws and regulations, which improved the scientific decision-making quality of the Board and special committees and maintained legitimate interests of the Company and all Shareholders.

In 2017, in accordance with relevant regulatory requirements, the independent non-executive Directors of the Company will continue to perform their duties diligently, provide independent judgments, protect the interests of all Shareholders, provide constructive opinions for the decision making of the Board, and continue to offer advices and suggestions to facilitate the healthy and sustainable development of the Company.

It is hereby reported.

*Independent Non-executive Directors:*

**Li Xikui, Qiu Dong, Chang Tso Tung, Stephen, Xu Dingbo, Zhu Wuxiang, Sun Baowen**

March 2017

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## NOTICE OF AGM FOR 2016

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### **China Cinda Asset Management Co., Ltd.**

### **中國信達資產管理股份有限公司**

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

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

## **NOTICE OF AGM FOR 2016**

NOTICE IS HEREBY GIVEN that the annual general meeting of China Cinda Asset Management Co., Ltd. (the “**Company**”) for the year 2016 (the “**AGM**”) will be held at Conference Room 1111, 11th Floor, No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing, the PRC at 9:30 a.m. on Friday, June 30, 2017 for the purpose of considering and, if thought fit, passing the following resolutions:

### **Ordinary Resolutions**

1. To consider and approve the work report of the Board for 2016
2. To consider and approve the report of the Board of Supervisors for 2016
3. To consider and approve the final financial account plan for 2016
4. To consider and approve the profit distribution plan for 2016
5. To consider and approve the appointment of accounting firms for 2017

### **As Reporting Document**

1. To review the work report of the independent non-executive Directors for 2016

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## NOTICE OF AGM FOR 2016

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### Notice of Closure of Register of Members

The register of holders of H Shares of the Company will be closed from Wednesday, 31 May, 2017 to Friday, June 30, 2017 (both days inclusive), during which period no transfer of H Shares will be registered. Any holder of H Shares of the Company who wishes to attend the AGM shall deposit the share certificates together with the transfer documents at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Monday, 29 May, 2017. Shareholders whose names appear on the H Share register of members of the Company at the close of business on Monday, 29 May, 2017 will be entitled to attend the AGM.

The address of the H Share Registrar of the Company:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

Details of the above resolutions are set out in the circular for AGM for 2016 of the Company dated May 16, 2017. Unless otherwise stated, terms defined in the circular shall have the same meanings in this notice.

By order of the Board  
**China Cinda Asset Management Co., Ltd.**  
**Hou Jianhang**  
*Chairman*

Beijing, the PRC  
May 16, 2017

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## NOTICE OF AGM FOR 2016

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*Notes:*

1. The register of members of the Company will be closed from Wednesday, May 31, 2017 to Friday, June 30, 2017 (both days inclusive). Holders of H Shares and domestic shares whose names appear on the register of members of the Company at the close of business on Monday, May 29, 2017 shall be entitled to attend and vote at the AGM. Holders of H Shares of the Company who wish to attend and vote at the AGM shall lodge all transfer documents accompanied by the relevant 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 Monday, May 29, 2017.
2. The register of members of the Company will be closed from Thursday, July 6, 2017 to Tuesday, July 11, 2017 (both days inclusive). Holders of H Shares and domestic shares whose names appear on the register of members of the Company at the close of business on Tuesday, July 11, 2017 shall be entitled to receive cash dividend of RMB1.220 (tax inclusive) per 10 shares for 2016 subject to the approval of the Shareholders at the AGM. Dividend for H Shares will be paid in Hong Kong dollars, the actual amount of which shall be calculated on the basis of the average benchmark exchange rate between RMB and Hong Kong dollars as announced by the People's Bank of China in one week prior to the date of the AGM (including the date of the AGM). Holders of H Shares of the Company who wish to receive the cash dividend for 2016 shall lodge all transfer documents accompanied by the relevant 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 Wednesday, July 5, 2017. The last trading day for H Shares of the Company before ex-dividend will be Monday, July 3, 2017, and the ex-dividend shall start from Tuesday, July 4, 2017.

**Withholding and Payment of Enterprise Income Tax (also referred to as “withholding tax” hereinafter) for Foreign Nonresident Enterprise Shareholders**

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations and other relevant rules and regulations, the Company is required to withhold enterprise income tax at the rate of 10% when distributing the annual dividend for 2016 to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company. Any shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax. A Non-PRC Resident Enterprise shareholder which is entitled to a preferential tax rate under a tax agreement or an arrangement may, directly or through its entrusted agent or withholding agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

**Withholding and Payment of Individual Income Tax for Individual Foreign Shareholders**

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the PRC Individual Income Tax Law, the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) and other relevant laws and regulations and regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the final dividend for the year 2016 to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between mainland China and Hong Kong (or Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of dividend as individual income tax for the individual holders of H Shares:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of the annual dividend for 2016.
- For individual H Shareholders whose country (region) of domicile has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of the annual dividend for 2016.

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## NOTICE OF AGM FOR 2016

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- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax on behalf of the individual H Shareholders at the effective tax rate stipulated in the relevant tax treaty in the distribution of the annual dividend for 2016.
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of the annual dividend for 2016.

### Dividend Distribution for Investors of Southbound Trading

For investors of the Shanghai Stock Exchange or Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company (the “**Southbound Trading**”), the Company will distribute the cash dividend for 2016 to China Securities Depository and Clearing Corporation Limited which, as the nominee of the investors of H Shares of Southbound Trading, will then distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127), for domestic individual investors, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For domestic securities investment funds, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors which shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the H Shareholders of the Company. Should the H Shareholders of the Company have any doubts in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax impacts in mainland China, Hong Kong (or Macau) and other countries (regions) on the possession and disposal of the H Shares of the Company.

3. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his/her behalf. A proxy needs not to be a Shareholder of the Company, but he/she must attend the AGM in person to represent the relevant Shareholder.
4. 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 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 notarized.
5. In order to be valid, the proxy form, the notarized power of attorney or other authorization document (if any) must be delivered to the Board of Directors’ Office of the Company for holders of domestic shares and at 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 holders of H Shares not less than 24 hours before the time appointed for the holding of the AGM (i.e. no later than 9:30 a.m. on Thursday, June 29, 2017, Hong Kong time) 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 AGM or any adjournment thereof if he/she so wishes.
6. Holders of domestic shares and holders of H Shares who intend to attend the AGM in person or by proxy should deliver the reply slip at the Board of Directors’ Office of the Company and at the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong respectively on or before Saturday, 10 June 2017 by hand, by post or by fax (fax no: (852) 2865 0990 for Computershare Hong Kong Investor Services Limited).
7. Pursuant to the Articles of the Company, any vote of Shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice of the AGM will be voted by poll.
8. The AGM is expected to last for half a day. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents.
9. 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.