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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)**

**PROPOSED NON-PUBLIC ISSUANCE OF  
OFFSHORE PREFERENCE SHARES  
AND  
PROPOSED AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION**

**PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE  
SHARES**

The Board is pleased to announce that, on May 10, 2016, the Board considered and approved the Offshore Issuance Plan, pursuant to which the Company shall conduct a non-public issuance of not more than 300 million Offshore Preference Shares to raise proceeds not exceeding RMB30 billion or its equivalent to replenish the Company's Additional Tier 1 Capital.

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

The issuance of the Offshore Preference Shares is subject to certain conditions including, among other things, (i) the approval by the Domestic Shareholder at the Domestic Share Class Meeting, by the H Shareholders at the H Share Class Meeting and by the Shareholders at the AGM, in each case, as a special resolution; and (ii) the approval by or filing with competent regulators.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In connection with the proposed issuance of Offshore Preference Shares and in order to satisfy the relevant requirements on the corporate governance of the Company, the Company has proposed relevant amendments to the Articles. Details of the proposed amendments to the Articles will be set out in the circular to be dispatched to the Shareholders in relation to such proposal. The proposed amendments to the Articles are subject to the approval by Shareholders at the AGM as a special resolution, and the approval by the CBRC. The amended Articles will become effective upon obtaining the approval of the CBRC.

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

## **1 PROPOSED NON-PUBLIC ISSUANCE OF OFFSHORE PREFERENCE SHARES**

In order to improve the overall competitiveness of the Company and to ensure continuous business development of the Company, the Company plans to conduct a non-public issuance of not more than 300 million Offshore Preference Shares to raise proceeds not exceeding RMB30 billion or its equivalent to replenish the Company's Additional Tier 1 Capital.

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

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

On May 10, 2016, the Board considered and approved the Offshore Issuance Plan and resolved to submit this proposal to the AGM and the Class Meetings for consideration and approval. The proposed issuance of Offshore Preference Shares will be subject to the approval of the Domestic Shareholder at the Domestic Share Class Meeting, the approval of the H Shareholders at the H Share Class Meeting and the approval of the Shareholders at the AGM, in each case, as a special resolution. Proposal will also be submitted to the AGM and the Class Meetings to authorise the Board to exercise the full power to handle all matters relating to the issuance of Offshore Preference Shares in accordance with the Offshore Issuance Plan.

Upon approval by the Shareholders at the AGM and the Class Meetings, the proposed issuance of Offshore Preference Shares is also subject to approval by or filing with competent regulators.

For details of the Offshore Issuance Plan, please refer to Appendix 1 to this announcement.

## **2 PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In connection with the proposed issuance of Offshore Preference Shares and in order to satisfy the relevant requirements on the corporate governance of the Company, the Company has proposed relevant amendments to the Articles, in accordance with the State Council Guidance Opinion, the AMC Administrative Measures and other applicable laws, regulations and regulatory documents, with reference to relevant provisions of the Administrative Measures, the Joint Guidance Opinion, the Guidance on the Innovation of Capital Instruments of Commercial Banks, and the Guidelines on the Corporate Governance of Commercial Banks and taking into account the Offshore Issuance Plan and the actual situation of the Company.

On May 10, 2016, the Board considered and approved the proposal on the amendments to the Articles, and resolved to submit this proposal as a special resolution to the AGM for consideration and approval. Proposal will also be submitted to the AGM to authorise the Board, and the Board will then delegate the authority to the Chairman of the Board or any other persons authorised by the Chairman of the Board, to individually and jointly make appropriate amendments to the Articles pursuant to relevant laws and regulations and based on the comments of the relevant regulatory authorities.

The proposed amendments to the Articles, upon approval by the AGM, are subject to approval by the CBRC. The amended Articles will become effective upon obtaining the approval of the CBRC.

Details of the proposed amendments to the Articles will be set out in the circular to be dispatched to the Shareholders in relation to such proposal.

### 3 DISPATCH OF CIRCULAR

A circular containing the notice of the AGM, notice of the H Share Class Meeting, and information on, among other things, the proposed issuance of Offshore Preference Shares and the proposed amendments to the Articles is expected to be dispatched to Shareholders on or around May 16, 2016.

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

### 4 DEFINITIONS

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

“Additional Tier 1 Capital”	has the meaning given to it in the Rules Governing Capital Management of Commercial Banks (Provisional) issued by the CBRC on June 7, 2012, which became effective on January 1, 2013
“Administrative Measures”	the Trial Administrative Measures on Preference Shares issued by the CSRC on March 21, 2014
“AGM”	the 2015 annual general meeting of the Company to consider and approve, among other things, the issuance of Offshore Preference Shares and the amendments to the Articles
“AMC Administrative Measures”	the Administrative Measures on Financial Asset Management Companies jointly issued by the CBRC, Ministry of Finance, People’s Bank of China, CSRC and China Insurance Regulatory Commission on August 14, 2014 and effective on January 1, 2015
“Articles”	the articles of association of the Company as amended from time to time
“CBRC”	China Banking Regulatory Commission
“Class Meeting(s)”	the Domestic Share Class Meeting and the H Share Class Meeting, or any adjourned meeting thereof

“Company”	China Cinda Asset Management Co., Ltd. ( 中國信達資產管理股份有限公司 ), a joint stock limited company incorporated in the PRC with its H shares listed on the Stock Exchange (stock code: 1359)
“CSRC”	China Securities Regulatory Commission
“Domestic Share Class Meeting”	the 2016 first class meeting for Domestic Shareholder of the Company to be held on the date of the AGM, at which the Domestic Shareholder will consider and approve the issuance of Offshore Preference Shares
“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
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“H Share Class Meeting”	the 2016 first class meeting for H Shareholders of the Company to be held on the date of the AGM, at which H Shareholders will consider and approve the issuance of Offshore Preference Shares
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Joint Guidance Opinion”	the Guidance Opinion on Issuance of Preference Shares by Commercial Banks for Replenishing Tier 1 Capital jointly issued by the CBRC and the CSRC on April 3, 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offshore Issuance Plan”	the Plan for Non-public Issuance of Offshore Preference Shares by the Company
“Offshore Preference Shares”	the preference shares of an aggregate amount of not more than RMB30 billion or its equivalent, proposed to be issued by the Company in the offshore market pursuant to the Offshore Issuance Plan as set out in Appendix 1 to this announcement
“Offshore Preference Shareholder(s)”	holder(s) of Offshore Preference Shares

“PRC”	the Peoples’ Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)” or “Ordinary Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)” or “Ordinary Shareholder(s)”	holder(s) of the Share
“State Council Guidance Opinion”	the Guidance Opinion on the Launch of Preference Shares Pilot Scheme issued by the State Council on 30 November 2013
“%”	per cent.

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

Beijing, the PRC  
May 10, 2016

*As at the date of this announcement, the Board of the Company consists of Mr. HOU Jianhang and Mr. ZANG Jingfan as executive Directors, Mr. LI Honghui, Mr. SONG Lizhong, Ms. XIAO Yuping, Ms. YUAN Hong and Mr. LU Shengliang as nonexecutive Directors, and Mr. LI Xikui, Mr. QIU Dong, Mr. CHANG Tso Tung, Stephen and Mr. XU Dingbo as independent nonexecutive Directors.*

## **Appendix 1:**

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

### **Plan for Non — public Issuance of Offshore Preference Shares**

The Company has the following plan for the non-public issuance of Offshore Preference Shares:

#### **1 Type of preference shares to be issued**

The type of preference shares to be issued in the offshore market will be preference shares that comply with the requirements of the PRC and overseas laws, regulations and regulatory documents (the “**Offshore Preference Shares**”).

#### **2 Number of preference shares to be issued and issue size**

The aggregate number of the Offshore Preference Shares to be issued will not exceed 300 million (inclusive), with an aggregate amount to be issued not exceeding RMB30 billion or its equivalent (inclusive). The actual issue size is to be determined by the Board within the above-mentioned limit, in accordance with the authorization given by the Shareholders’ general meeting.

#### **3 Par value and issue price**

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

#### **4 Maturity**

The Offshore Preference Shares will not have any maturity date.

#### **5 Method of issuance and target investors**

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



Each series of Offshore Preference Shares will be offered to no more than 200 qualified investors who comply with the requirements under relevant regulatory rules and other laws and regulations. All target investors shall subscribe for the Offshore Preference Shares in cash.

## **6 Lock-up period**

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

## **7 Dividend Distribution Terms**

### ***7.1 Principles for determining the dividend rate***

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

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

The dividend rate of the Offshore Preference Shares will not be higher than the weighted average return on equity of the Company for the last two financial years before issuance.

### ***7.2 Conditions for distribution of dividends***

**7.2.1** If the Company has distributable after-tax profits<sup>1</sup> after making up for previous years' losses and contributing to the statutory reserve and general reserve, the Company may pay dividends to the Offshore Preference Shareholders in accordance with the Articles, provided that the capital adequacy of the Company meets regulatory requirements. The Offshore Preference Shareholders shall rank in priority to the Ordinary Shares in terms of dividend distribution. Distribution of dividends will not be affected by the rating of the Company and will not be adjusted as a result of any change to such rating.

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<sup>1</sup> Distributable after-tax profits is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with Chinese Accounting Standards or International Financial Reporting Standards, whichever amount is lower



**7.2.2** In order to meet the regulatory requirements for the eligibility criteria for Additional Tier 1 Capital instruments, the Company shall have the right to cancel dividend payments on the Offshore Preference Shares in whole or in part at its discretion and this will not constitute an event of default. The Company, at its discretion, may use any dividend so cancelled to repay other debts that are due. The cancellation of any dividend payment to the Offshore Preference Shareholders will only constitute a restriction on the payment of dividend to the Ordinary Shareholders and will not constitute any other restrictions on the Company. Any declaration and payment of all of the dividends on the Offshore Preference Shares by the Company will be determined by the Board in accordance with the authorisation given by the Shareholders' general meeting. Any cancellation of all or part of the dividends on the Offshore Preference Shares shall be subject to the consideration and approval by the Shareholders' general meeting. Any cancellation by the Company of any dividends on the Offshore Preference Shares shall be notified to the Offshore Preference Shareholders at least ten working days prior to the dividend payment date.

**7.2.3** If the Company cancels all or part of the distribution of dividends on the Offshore Preference Shares, the Company shall not distribute any profits to the Ordinary Shareholders from the next day following the resolution being approved at the Shareholders' general meeting until the resumption of payment of dividends in full<sup>2</sup>.

### ***7.3 Method of dividend payment***

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

### ***7.4 Dividend accumulation***

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

### ***7.5 Distribution of residual profits***

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

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<sup>2</sup> Resumption of payment of dividends in full means that the Company decides to resume payment of dividends in full to the Offshore Preference Shareholders. However, as the Offshore Preference Shares have adopted a non-cumulative dividend approach, the Company will not pay any dividends which have been cancelled in previous years.

## **8 Terms of mandatory conversion**

### ***8.1 Mandatory conversion trigger events***

Unless the losses of the Company can be fully absorbed by the Offshore Preference Shareholders prior to assumption of the losses, in accordance with the relevant requirements of the CBRC, upon the occurrence of the following trigger events, the Company shall have the right to convert, without the approval of the Offshore Preference Shareholders, all or part of the Offshore Preference Shares then issued and outstanding into H Shares based on the aggregate value of such Offshore Preference Shares. Upon conversion of the Offshore Preference Shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances. Unless otherwise required by the CBRC, a trigger event means the earlier of the following events: (a) the CBRC having concluded that without a decision on the conversion into ordinary shares, the Company would become non-viable, and (b) the relevant authorities such as the Ministry of Finance and the People's Bank of China having concluded that without a decision on a public sector injection of capital or equivalent support, the Company would become non-viable.

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

### ***8.2 Mandatory conversion period***

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

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

The initial mandatory conversion price of the Offshore Preference Shares will be equal to the net asset value per share attributable to equity holders of the parent company as disclosed in the Company's audited consolidated financial statements as at the end of 2015 and denominated in Hong Kong dollars (which shall be converted with reference to the Central Parity Rate of Renminbi to Hong Kong dollars used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System on the trading day prior to the announcement date of the Board resolution on the Offshore Preference Share issuance plan and rounded up to the nearest 2 decimal places) and which shall be HK\$3.35 per share.

In the event that the Company, among other things, distributes bonus shares with respect to its H Shares, makes capitalisation issues, issues H Shares below the market price of the H Shares (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Company that are convertible into ordinary shares)

or makes any rights issues, after the date the Board approves the Offshore Preference Share issuance plan, the Company will adjust the mandatory conversion price to reflect the above events on a cumulative basis and in the order of the occurrence of such events. The distribution of cash dividends to the Ordinary Shareholders will not result in any adjustment to the mandatory conversion price. The mandatory conversion price will be adjusted based on the following:

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

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

Where, “P1” denotes the effective mandatory conversion price after adjustment; “P0” denotes the effective mandatory conversion price before adjustment; “N” denotes the aggregate number of H Shares before such bonus share issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; “n” denotes the number of new H Shares issued as a result of such bonus share issuance, capitalisation issue, issuance of new H Shares below the market price of the H Shares or rights issue; “A” denotes the price for such issuance of new H Shares below the market price of the H Shares or rights issue; and “M” denotes the closing price of H Shares on the trading day preceding the date of announcement of such issuance of new H Shares below the market price of the H Shares or rights issue (namely, announcement containing the effective and irrevocable terms of such issuance or rights issue).

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

#### ***8.4 Principles for determining the ratio and number for mandatory conversion***

Upon the occurrence of a trigger event, the Board will, in accordance with the approval of the CBRC and the authorisation given by the Shareholders’ general meeting, confirm the aggregate amount of the Offshore Preference Shares for mandatory conversion and implement mandatory conversion of the Offshore Preference Shares then issued and outstanding in whole or in part. The formula for determining the number of shares to be converted shall be:  $Q = V/P \times \text{conversion exchange rate}$ . Where: “Q” denotes the number of H Shares that shall be converted from the Offshore Preference Shares held by each Offshore Preference Shareholder; “V” denotes the amount of the Offshore Preference Shares held by each Offshore Preference Shareholder that is subject to mandatory conversion (namely, the number of the Offshore Preference Shares held by such Offshore Preference Shareholder multiplied by the issue price, similarly construed hereinafter);

“P” denotes the effective mandatory conversion price for the Offshore Preference Shares; and the “conversion exchange rate” refers to the cross rate between Hong Kong dollars and the currency in which the Offshore Preference Shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trading System on the trading day preceding the date of the announcement of the Board resolution in respect of the Offshore Preference Share issuance plan. Any fractional share will be dealt with by the Company in accordance with relevant regulatory requirements. Where it is not specified in the regulatory requirements, any fractional share will be rounded down to the nearest integral number.

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

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

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

## **9 Terms of conditional redemption**

### ***9.1 Redemption right***

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

### ***9.2 Redemption conditions and period***

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

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

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

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

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

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

## **10 Restrictions on voting rights and terms of restoration of voting rights**

### ***10.1 Restrictions on voting rights***

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

**10.1.1** amendments to the Articles that relate to preference shares;

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

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

**10.1.4** issuance of preference shares by the Company; or

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

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



### ***10.2 Terms of restoration of voting rights***

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

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

### ***10.3 Cancellation of restoration of voting rights***

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

## **11 Order of distribution on liquidation and procedures for liquidation**

In accordance with the Articles, the residual assets of the Company will be distributed to Shareholders in proportion to their shareholdings after the payment of the liquidation costs, employees' salaries, social insurance and statutory compensation and taxes in arrears, and the settlement of the Company's debts.

When the Company is in winding-up proceedings due to any of its dissolutions or bankruptcies or other reasons, the residual assets of the Company after the settlement under laws, administrative regulations, departmental rules and the aforesaid provisions of the Articles, shall be preferentially distributed to the Offshore Preference Shareholders in an amount equal to the aggregate value of the Offshore Preference Shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient residual assets, the distribution will be made ratably according to the aggregate value of the Offshore Preference Shares held by each Offshore Preference Shareholder as a proportion of the aggregate value of all preference shares.

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

## **12 Rating Arrangements**

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

## **13 Security Arrangements**

The Offshore Preference Shares will not have any security arrangements.

## **14 Use of proceeds**

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

## **15 Listing/trading arrangements**

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

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

The Offshore Preference Share issuance plan will be valid for 36 months from the date on which the resolution is approved at the Shareholders' general meeting.

## **17 Matters relating to authorisation**

### ***17.1 Matters authorised in connection with the issuance of Offshore Preference Shares***

To ensure the successful implementation of the issuance of Offshore Preference Shares, it is proposed that the Shareholders' general meeting authorise the Board, and the Board delegate the authority to the Chairman of the Board or any other person authorised by the Chairman of the Board, to exercise, under the framework and principles approved at Shareholders' general meeting, the full power to jointly or individually deal with the



matters in connection with the issuance of the Offshore Preference Shares within the validity period of the authorisation for the issuance of the Offshore Preference Shares, including but not limited to those set out below:

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

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

17.1.2 if there are any new laws, regulations, regulatory rules or policies by relevant regulatory authorities on preference shares or any changes to market conditions occurring prior to the issuance of the Offshore Preference Shares, to amend the issuance plan accordingly to reflect such changes, except for amendments that requires a separate vote at a Shareholders' general meeting according to relevant laws, regulations and the Articles;

17.1.3 to produce, amend, execute and file the application materials relating to the issuance and transfer of the Offshore Preference Shares, and the documents relating to the issuance and transfer of the Offshore Preference Shares (such as offering circular, issuance circular, prospectus and etc., as applicable) and to deal with related matters, such as approval, registration, filing, authorisation and consent by relevant regulatory authorities according to the requirements of such relevant regulatory authorities;

17.1.4to amend, execute, implement, submit and publish all contracts, agreements and documents (including but not limited to underwriting agreements and other agreements entered into with intermediaries in respect of the issuance of the Offshore Preference Shares, agreements relating to the issuance proceeds, subscription agreements entered into with investors, announcements, circulars and other disclosure documents) in relation to the issuance of the Offshore Preference Shares;

17.1.5to make appropriate amendments, adjustments and supplements to the issuance terms of the Offshore Preference Shares (including but not limited to the relevant terms in relation to mandatory conversion) in accordance with the opinions of the relevant regulatory authorities and the actual circumstances of the Company to the extent permitted by laws and regulations; and

17.1.6to deal with other matters relating to the issuance of the Offshore Preference Shares.

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

## ***17.2 Matters authorised in connection with Offshore Preference Shares that remain outstanding***

So long as the Offshore Preference Shares remain outstanding, it is proposed that the Shareholders' general meeting authorise the Board to exercise full power to deal with, under laws and regulations, the Articles, relevant regulatory rules and in accordance with the framework and principles approved at the Shareholders' general meeting, the following matters:

17.2.1to deal with all matters relating to conversion of the Offshore Preference Shares during the conversion period upon occurrence of any trigger event for mandatory conversion of the Offshore Preference Shares, including but not limited to, determining the timing of conversion, conversion ratio and implementing the procedures for conversion, issuing related H Shares, amending the relevant provisions of the Articles, dealing with regulatory approvals, registering with the administration for industry and commerce for the change in registered capital of the Company as well as other matters.

17.2.2to decide on matters relating to redemption of the Offshore Preference Shares during the redemption period with reference to market conditions and other factors, and to deal with all matters relating to redemption as approved by the CBRC and other regulatory authorities; and

17.2.3to determine and deal with matters in relation to dividend payment to Offshore Preference Shareholders in accordance with the requirements of the issuance documents. However, cancellation of preference share dividends in whole or in part shall still require the approval of the Shareholders' general meeting.