

2024 Interim Results Announcement

China Cinda Asset Management Co., Ltd.

August 2024

A pioneer and leader in distressed assets management
industry in China



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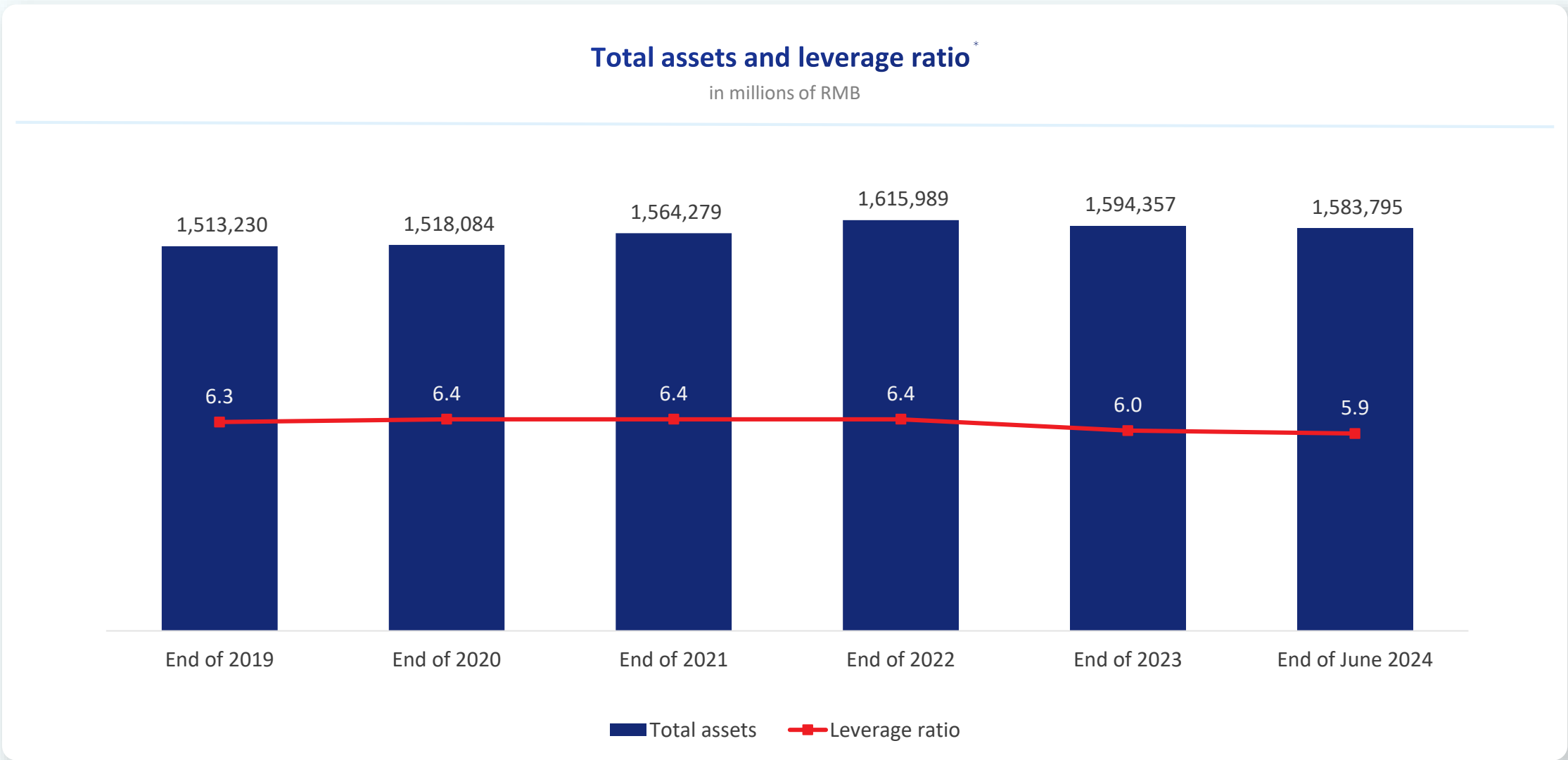
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Contents

- 01** Performance Overview • P₅
- 02** Business Development • P₁₂
- 03** Future Prospect • P₂₁

Performance Overview

Remained asset scale stable and stabilized leverage level with slight decline

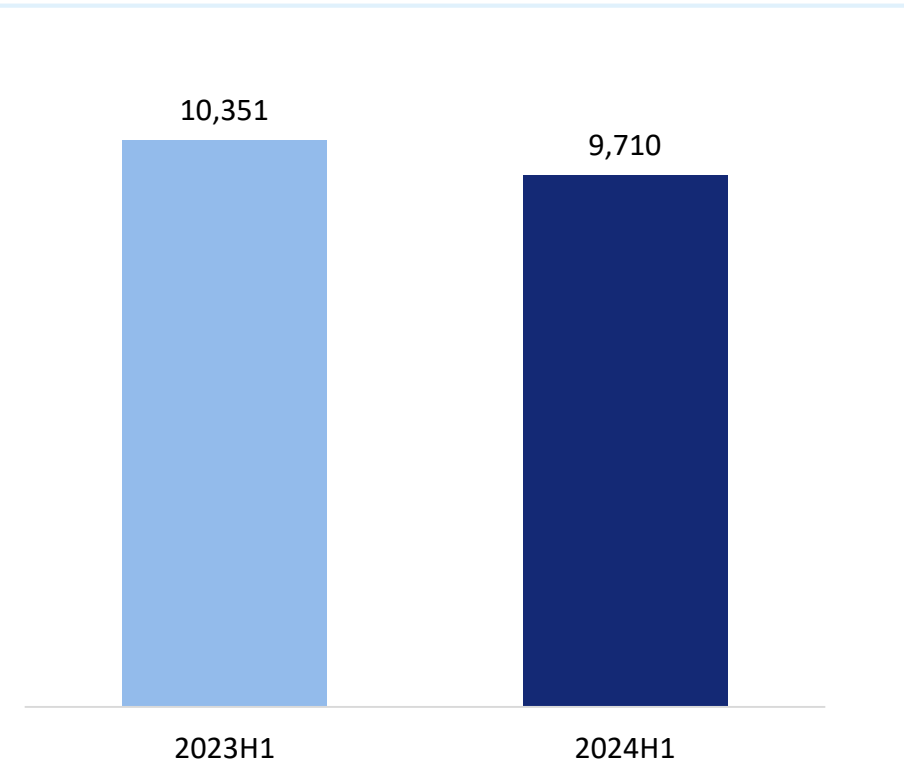


*Leverage ration=interest-bearing liabilities/equity

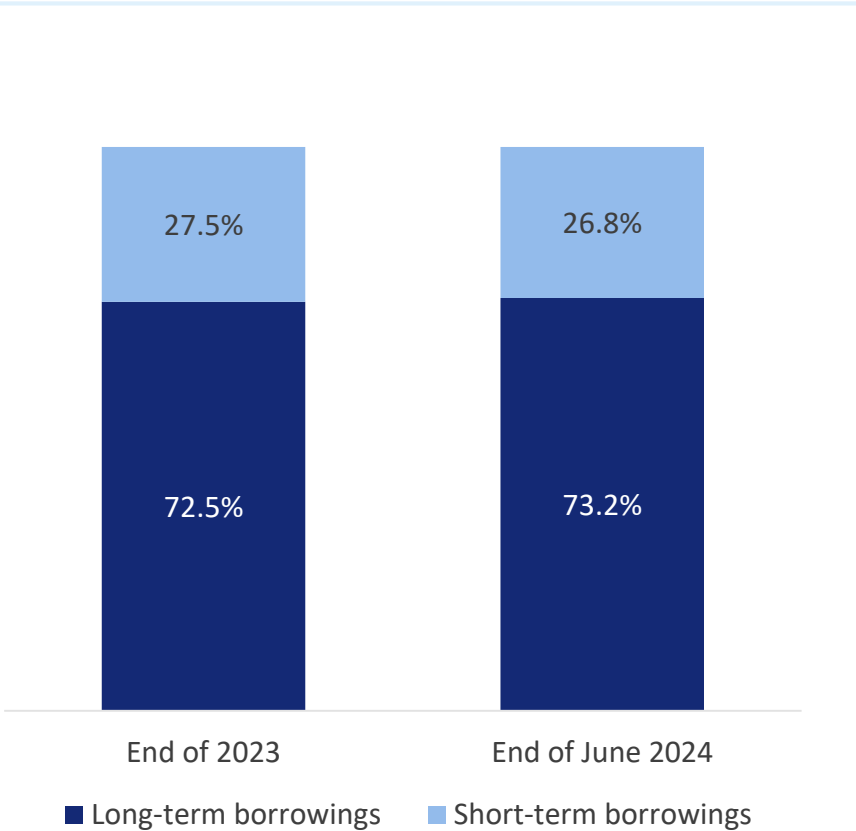
Achieved remarkable financing management and continuously optimized the debt structure

Parent company's interest expense decreased

in millions of RMB

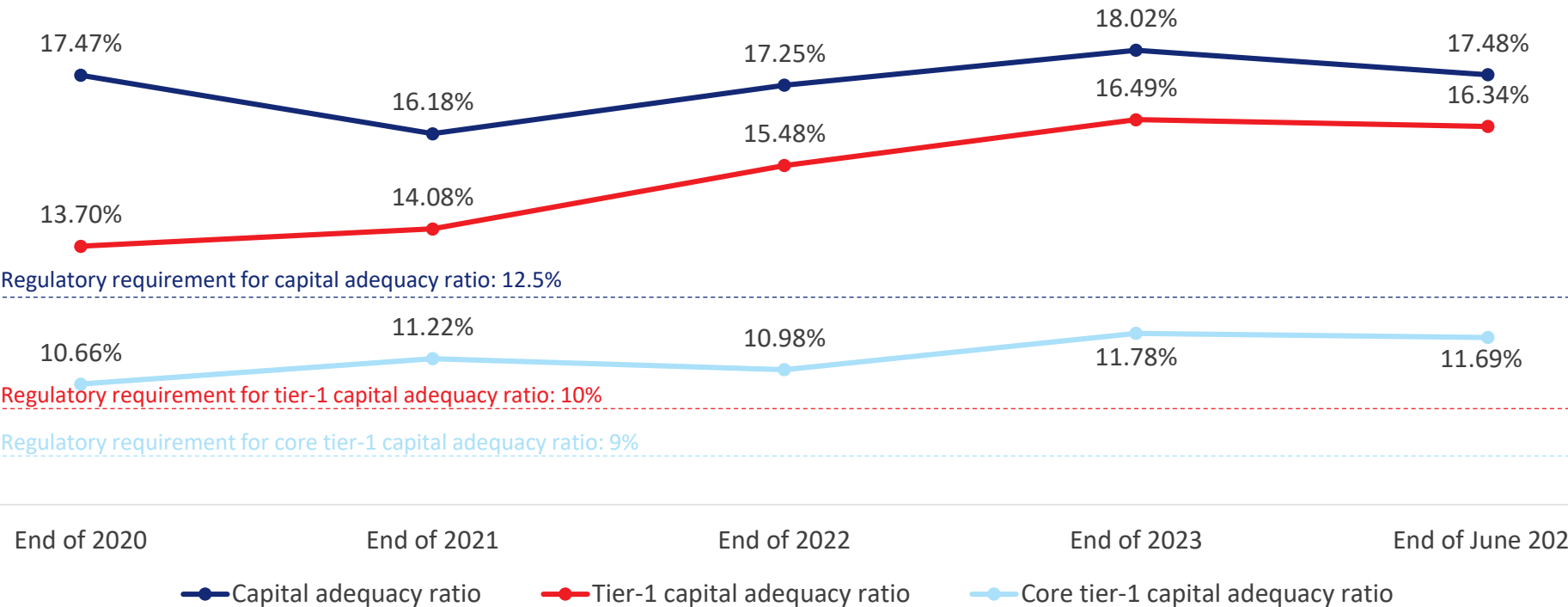


The proportion of long-term borrowing increased



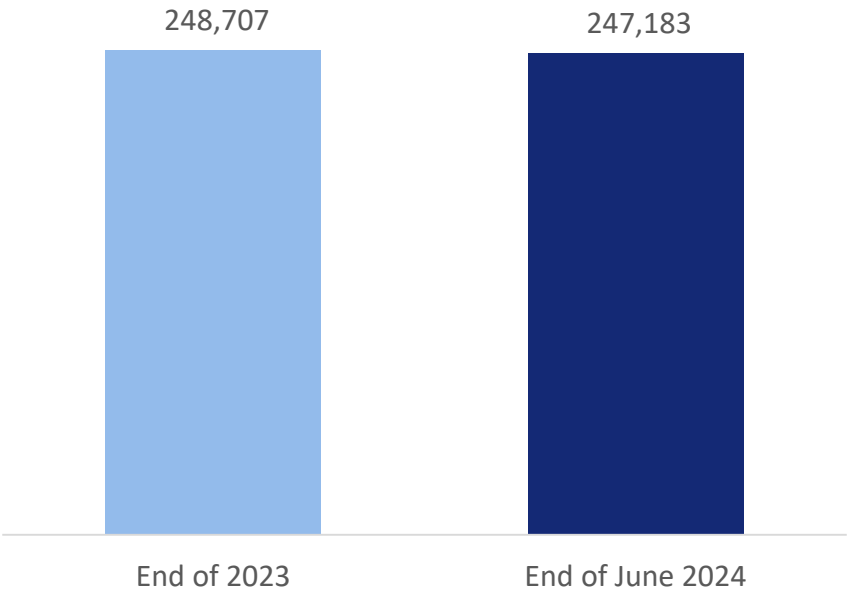
Maintained resonable and abundant capital level and well risk resilience

Capital adequacy ratio

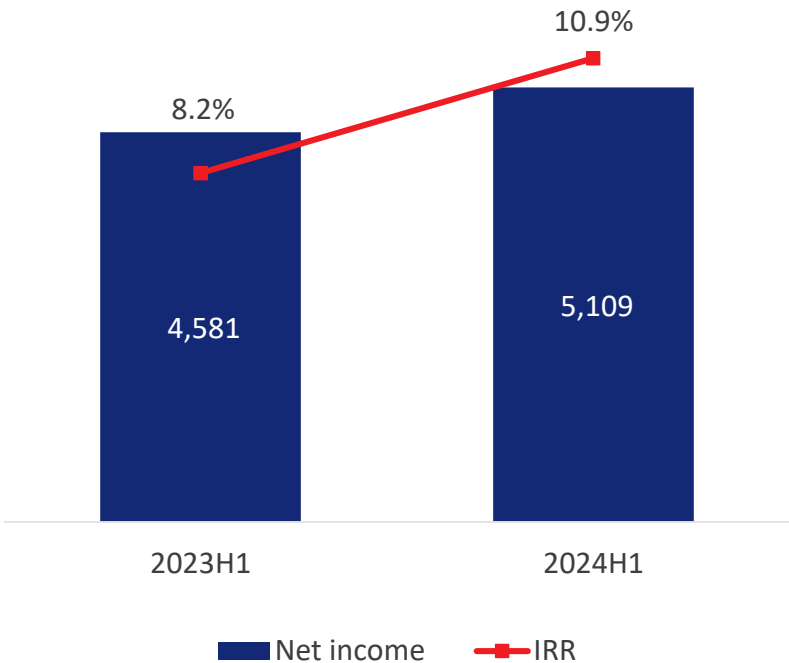


Steadily developed the core business with industry-leading profitability

Net balance of Acquisition-operation Distressed Assets
in millions of RMB



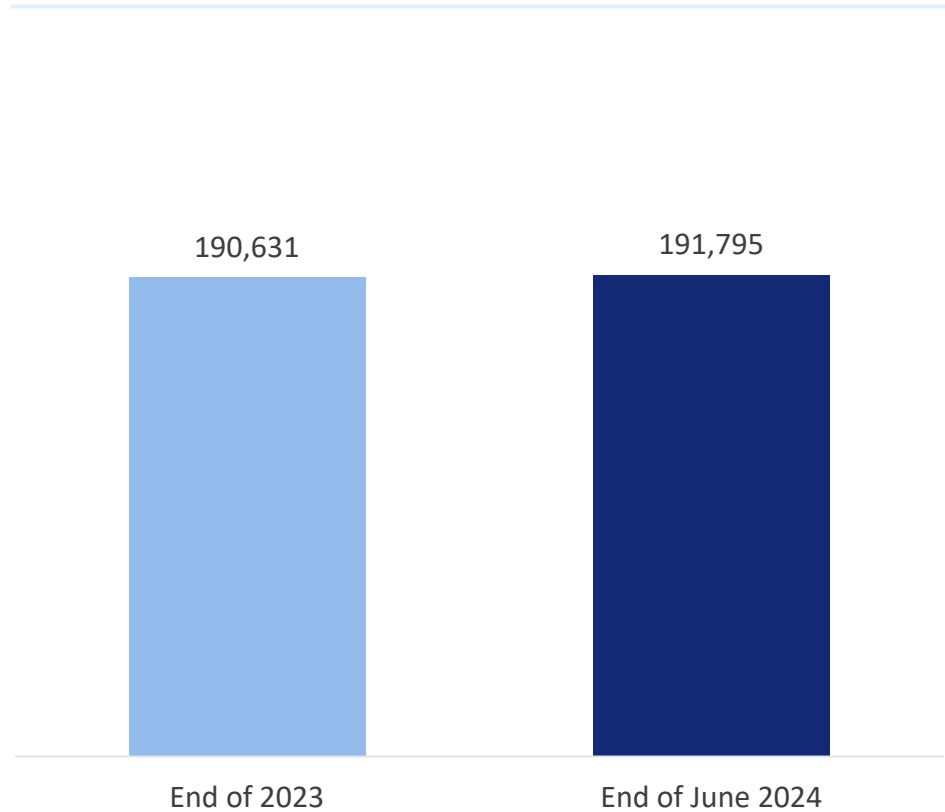
Net income from Acquisition-operation Distressed Assets
in millions of RMB



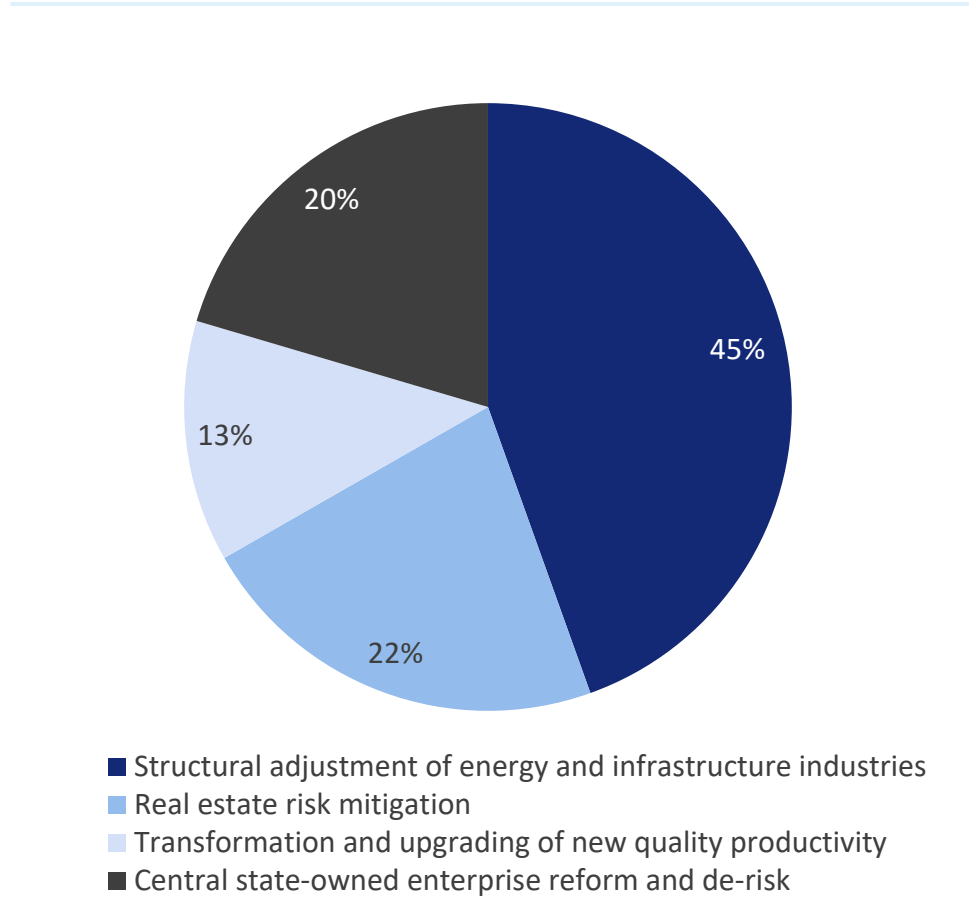
Consistently advanced the business transformation with efforts made to serve the real economy

Balance of other distressed asset businesses

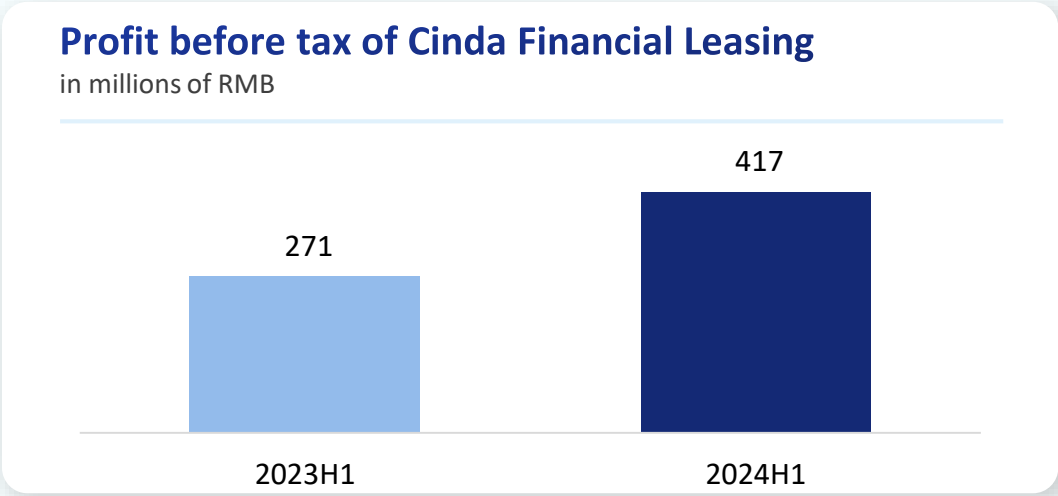
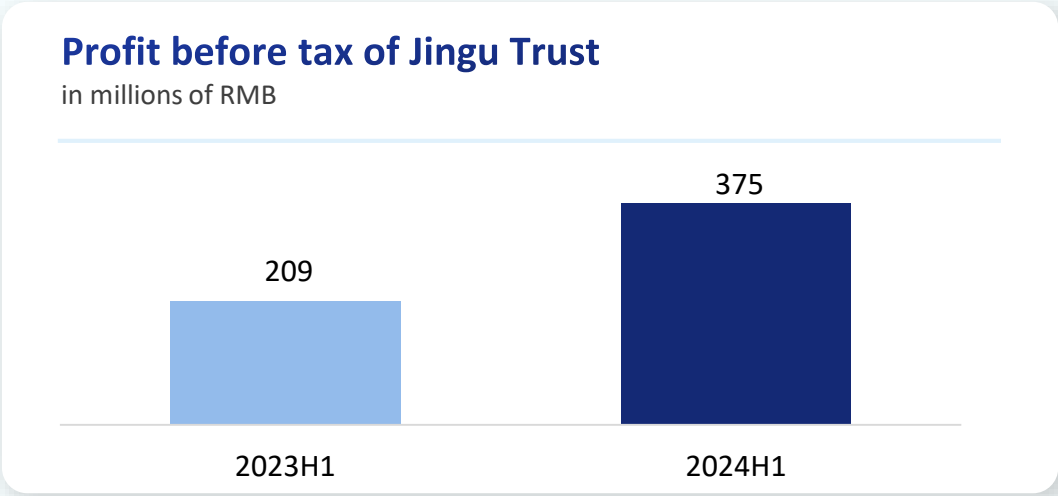
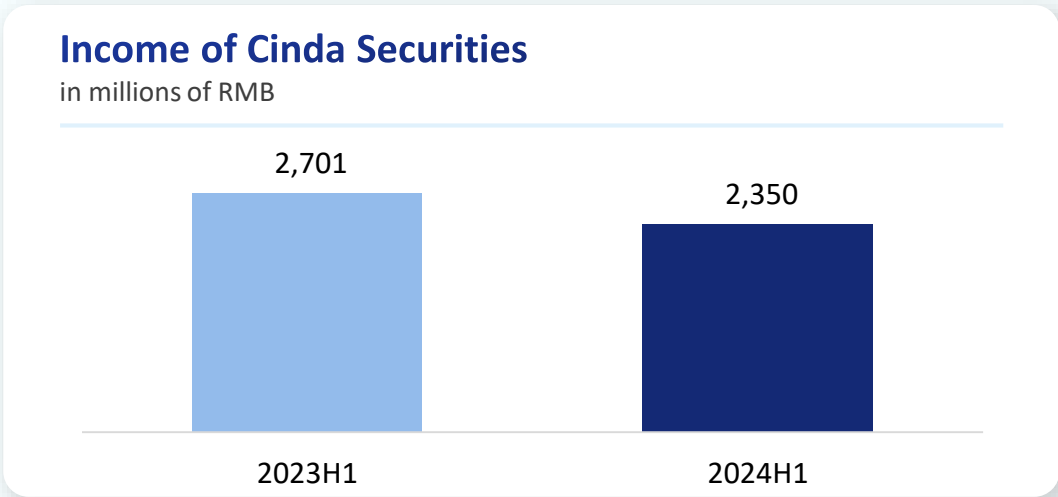
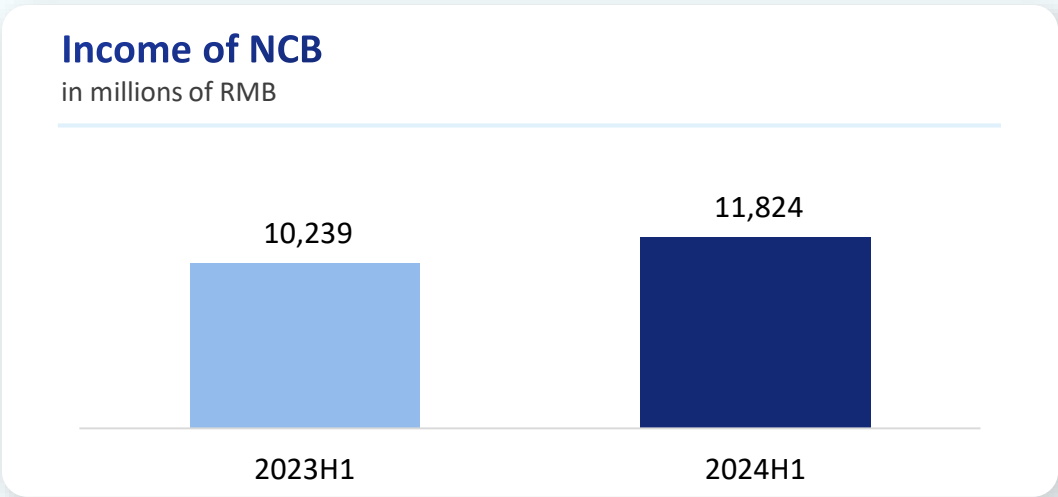
in millions of RMB



Sector distribution of new investments in other distressed assets



Gradually deepened the market-based reform and retained firm operating performance of subsidiaries in general



Business Development

Focus on risks in key areas and actively exert the function of financial risk prevention and resolution

Small and medium-sized financial institutions

Actively participate in the reforms and risk mitigation for small and medium-sized financial institutions and give full play to AMC's experience advantages in risk assessment, due diligence valuation, and asset disposal



Business model

Distressed assets divestiture and entrusted disposal

Professional consulting service

Industry bailout

Replenish capital



Acquisitions*

Acquisition of distressed assets of small and medium-sized banks

RMB**30** billion

Specifically, acquisition of counter-consignment and structured transactions

RMB**15.9** billion

Entrusted Disposal

RMB**10.7** billion



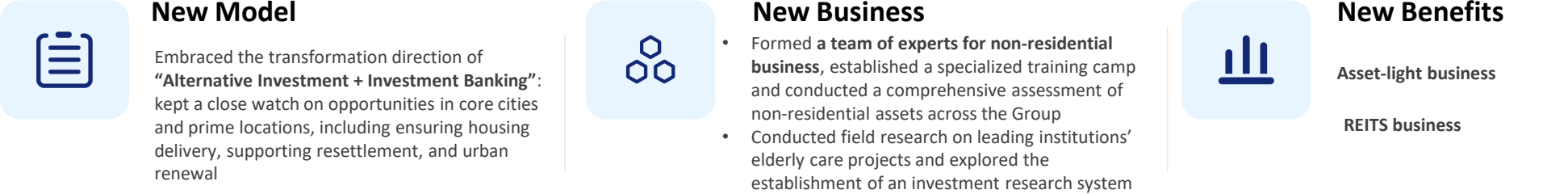
Achievements

- Establish an internal expert database, support policies such as optimizing internal fund privilege, and improve business incentive mechanisms
- Participate in the reforms and risk mitigation for local small and medium-sized banks in multiple provinces and cities to effectively maintain regional financial stability

Focus on risks in key areas and actively exert the function of financial risk prevention and resolution

Real Estate

Deeply engaged in real estate risk mitigation and adhered to making targeted efforts. Participated in the restructuring and reorganization of distressed real estate companies and projects, aiming to develop innovative models for real estate development



Local Debts

Actively and prudently participated in local debt risk mitigation, with positive progress made in the exploration of localized debt business models based on market-oriented and law-based principles, with tailored strategies for each region



Make solid efforts in the “five priority” to enhance the quality and efficiency of services to the real economy

Technology Finance

Focus on full life-cycle services for strategic emerging industries, and intensify efforts in the technology finance sector

Business Development

- Startup Phase: Provide early-stage investments to address issues such as insufficient R&D funding and unstable revenue for technology enterprises
- Growth Phase: Utilize tools like the S Fund and debt-to-equity swaps to help companies meet needs for deleveraging and stock revitalization
- Maturity Phase: Support leading companies in enhancing the competitiveness of and reinforcing the industrial chain through mergers & acquisitions and reorganizations, as well as capital market bailout
- Decline Phase: Collaborate with industry leaders to participate in the bankruptcy reorganization of real enterprises

Green Finance

Focus on green, low-carbon, and circular economy to develop green finance and support the national “dual carbon” strategy

Business Development

- Released strategies for new energy power and new energy vehicles
- Participated as a co-creator in establishing the “China All-Solid-State Battery Industry-University-Research Institution Collaborative Innovation Platform”
- Co-established a RMB5 billion green carbon fund with Zhejiang Provincial Energy Group Company Ltd. and China Orient Asset Management Co., Ltd.
- Actively empowered traditional energy enterprises in their transformation and development, supporting the modern coal chemical industry’s advancement toward high-end and low-carbon goals

Make solid efforts in the “five priority” to enhance the quality and efficiency of services to the real economy

Inclusive Finance

Focus on livelihood and specific groups to drive inclusive finance, supporting small and micro enterprises and contributing to rural revitalization

Business Development

- Actively participated in the disposal of distressed assets related to micro, small and medium-sized enterprises and in the field of agriculture, rural areas and rural residents, and supported the private enterprises bailout
- Expanded into the individual loan distressed asset market
- NCB launched the “SME Financing Guarantee Program”
- Cinda Financial Leasing focused on retail leasing business
- Cinda Securities provided comprehensive financial services to innovative small and medium-sized enterprises
- Jingu Trust expanded into trust products for small and micro enterprises, public welfare/charitable trusts, and others

Pension Finance

Focus on health and the elderly care industries, actively develop pension finance business

Business Development

- Explored business cooperation with leading industry pension operation institutions through funds
- NCB actively explored age-friendly financial services
- Jingu Trust, as a financial institution, launched its first “asset management + payment” type pension trust product in collaboration with a private pension enterprise

Digital Finance

Emphasize efficiency and security to promote digital finance development, continuously promote the construction of Digital Cinda, and strengthen digital empowerment

Business Development

- Continuously optimized the Group’s full-process integrated business platform, enriching and improving system functions and business scenarios
- Advanced pilot projects for new technologies such as AI large model and RPA; promoted the construction of an enterprise-level unified mobile workspace to enhance mobility capabilities
- Upgraded “Smart Search”, introduced investment insights and opportunities from external institutions and partners, and established direct connections with platforms such as Alibaba, JD.com, and Shanghai United Assets and Equity Exchange

Build a new pattern of serving regional development based on major national strategies

In the first half of the year, the Company held over 70 joint meetings on regional collaboration and engaged in exchange and cooperation with 72 provincial and municipal governments, facilitating the implementation of 8 key projects for group strategic clients.

Serve national energy security



Assisted key energy enterprises in Hebei, Henan, and Shanxi with the construction of their coal mines, addressing financing and merger & acquisition needs under the “dual joint ventures” framework of coal and coal-fired power, and coal-fired power and new energy.

Serve the construction of a strong agricultural nation and rural revitalization



Established an integrated and professional agricultural investment and research team to support the conversion of agricultural research results, and diligently implemented assistance tasks.

Foster and drive business transformation and upgrading, with continuous development of innovative business

Based on the role of preventing and defusing risks and serving the real economy, the Company explored business transformation and innovative development, continuously enhancing the scale of asset management, entrusted disposal, bankruptcy reorganization, and distressed asset ABS businesses.



Expand Asset Management Services

Initiated thematic funds such as green carbon special fund and state-owned enterprise stock optimization and upgrading fund

Participated in public REITS issuance for infrastructure



Develop Entrusted Disposal Services

For local and nonlocal distressed asset projects of a local small and medium-sized bank, a “basic service + reward service” business model was used to reach a trustee management agreement, laying the foundation for subsequent participation in the overall risk mitigation plan for the bank



Leverage special situations in Bankruptcy Reorganization

Deeply involved in the reorganization of a certain group company, introduced various resources and service solutions, achieved the bankruptcy reorganization and resolved the delisting crisis of the publicly listed company



Innovate in the Issuance of Distressed Asset ABS

Issued the industry’s first market-making quoted ABS

Issued the industry’s first and the largest “advanced manufacturing” ABS in the entire market

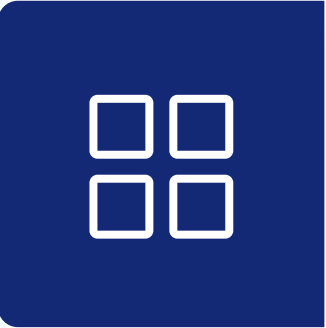
Accelerate the development of strategic customer groups and ecosystems, and improve the client marketing system of the Company



Comprehensive marketing activities of “10 Provinces and 20 Cities”

Engaged with 9 provincial-level governments and 45 city-level governments, and signed strategic cooperation agreements with the governments of Guangzhou and Beijing Dongcheng District

Held promotional conferences in 4 cities, inviting over 500 high-quality clients to attend in person



Themed marketing activities for key sectors and industries

- Steel
- S Fund
- Iron carbonate lithium
- Aviation



Subsidiary-specific marketing events

Cinda Securities hosted the Bank Reform and Risk Resolution and Banking-Securities Cooperation Business Exchange Meeting

Cinda Capital partnered with China Equities Liquidity Development Forum to hold a Sub-Forum on Revitalization of Stock Assets

Strengthen the development of the talent team and effectively enhance the core competencies of employees



Business Training

- Updated **109** business training courses
- Conducted **6** practical training camps, with **268** business backbone personnel engaging in practical training centered on **34** real projects

Team Building

- Established **131** flexible organizations for key tracks and key projects
- Organized cross-unit, cross-region, cross-position and cross-profession exchanges and training for **11** middle-level cadres and over **100** cadres at division level and below

Future Prospects

Potential business opportunities

Background

- Given accelerated century-long changes and frequent local conflicts and turmoil, the global economic growth momentum remains weak and different regions show a differentiated growth pattern.
- China's development has entered a period characterized by coexistence of strategic opportunities and risks, with an increase in uncertain and unpredictable factors. However, the fundamental trend of long-term economic improvement and the essential conditions supporting high-quality development have not changed.
- Financial asset management companies face vast market space in the fields of revitalization and disposal of non-performing assets and optimization of corporate asset-liability structures.

Target market and business opportunities

- 1 The supply of financial non-performing assets is stable, the tasks such as the reform and risk mitigation of small and medium-sized financial institutions, and clearing of risks in non-bank financial institutions are progressing continuously, and new business opportunities, such as structured transactions and non-performing businesses of individual loans, are gradually maturing
- 2 The construction of a new model for real estate development is being accelerated. During the process of high-quality industry development, there is a significant business demand in areas such as project revitalization, merger and reorganization, and construction of the "three major projects"
- 3 The reform of state assets and state-owned enterprises is further promoted, and the layout optimization and structural adjustments of state-owned enterprises are further advanced, increasing business opportunities for resource integration, including mergers and acquisitions and bankruptcy restructuring
- 4 The development of new quality productivity brings business opportunities for industrial transformation and upgrading, as well as innovative allocation of production factors, and there is an urgent need for specialized financial services related to optimization of corporate asset-liability structures

Key works in the second half of 2024

Prevent and defuse risks and serve the real economy

Leverage the advantages of financial asset management companies and participate in risk mitigation in key areas



Actively participate in the reforms and risk mitigation of small and medium-sized financial institutions, and explore innovative business models such as entrusted disposal and structured transactions



Deeply engage in real estate risk mitigation, and participate in the restructuring and reorganization of distressed real estate companies and projects



Actively and prudently participate in the risk mitigation of local debts, and explore localized debt resolution models based on market-oriented and law-based principles

Focus on the “five priority” to enhance the quality and efficiency of services to the real economy



Focus on the “dual carbon” goals and actively participate in the business opportunities brought by the green transformation of traditional energy and the rapid development of new energy



Enhance the quality and effectiveness of comprehensive financial services throughout the entire chain and lifecycle for technology-based enterprises and strategic industries, improving the level of financial support for the manufacturing industry



Continuously expand the stock revitalization business of central and local state-owned enterprises and support mergers and acquisitions as well as resource integration in the industry



Strengthen the construction of digital finance, continuously improve the new generation of business systems, and enhance the level of digital empowerment

Promote high-quality transformation and development, and enhance competitiveness of main responsibilities and business



Continue to carry out customer marketing activities and strengthen the construction of business customer groups and “ecosystem”



Focus on synergistic efforts in main business to promote the specialized and distinctive development of subsidiaries



Consolidate and expand financing channels, optimize financing terms and costs, and effectively manage liquidity in a coordinated manner

Appendix

Financial Information

Summary of Consolidated Statement of Profit or Loss

(in millions of RMB)

	2024H1	2023H1	Change
Fair value changes on distressed debt assets	4,949	2,836	74.5%
Fair value changes on other financial instruments	5,354	4,906	9.1%
Income from distressed debt assets at amortized cost	1,956	3,912	(50.0%)
Investment income	254	259	(1.8%)
Interest income	16,560	16,120	2.7%
Revenue from sales of inventories	2,597	2,133	21.7%
Other income and other net gains or losses	3,407	4,131	(17.5%)
Total income	35,076	34,298	2.3%
Impairment losses on assets	(4,914)	(3,112)	57.9%
Interest expenses	(21,905)	(21,558)	1.6%
Purchases and changes in inventories	(2,026)	(1,813)	11.8%
Other costs and expenses	(5,644)	(6,138)	(8.0%)
Total costs and expenses	(34,489)	(32,621)	5.7%
Profit before tax	2,935	5,350	(45.1%)
Profit for the period	2,657	4,521	(41.2%)
Profit attributable to equity holders of the Company	2,156	4,068	(47.0%)

Summary of Consolidated Statement of Financial Position

(in millions of RMB)

	2024.6.30	2023.12.31	Change
Cash and balances with central banks	13,168	15,238	(13.6%)
Deposits with banks and financial institutions	84,044	81,998	2.5%
Financial assets at fair value through profit or loss	510,114	518,310	(1.6%)
Financial assets at fair value through other comprehensive income	176,146	170,876	3.1%
Financial assets at amortized cost	97,149	119,750	(18.9%)
Loans and advances to customers	393,935	403,162	(2.3%)
Others	309,240	285,025	8.5%
Total assets	1,583,795	1,594,357	(0.7%)
Borrowings	549,553	558,871	(1.7%)
Bonds issued	276,814	302,762	(8.6%)
Due to customers	371,821	339,220	9.6%
Others	167,779	176,349	(4.9%)
Total liabilities	1,365,967	1,377,201	(0.8%)
Total equity	217,828	217,156	0.3%
Equity attributable to equity holders of the Company	193,602	192,829	0.4%
	2024H1	2023H1	Change
ROAA	0.33%	0.56%	(0.23%)
ROAE	2.04%	4.50%	(2.46%)
Cost-income ratio	21.15%	22.25%	(1.10%)