

COMPANY BRIEF

Headquartered in Beijing, China Investment Corporation (CIC) was incorporated on September 29, 2007 as a wholly state-owned company under the Company Law of China, with a registered capital of \$200 billion. The company was established as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.

In 2014, the overseas investment of CIC generated a net return of 5.47%, realizing a net cumulative annualized return of 5.66% since CIC's inception. By the end of 2014, CIC's overseas portfolio had grown more than \$60 billion, while its total assets exceeded \$740 billion.

DING XUEDONG

Chairman & Chief Executive Officer

Mr. Ding Xuedong is Chairman & CEO of CIC. Prior to this, Mr. Ding served as Deputy Secretary General of the State Council. He held several positions in the Ministry of Finance, including Vice Minister, Assistant Minister, Director General of the Department of Education, Science and Culture, Director General of the Department of Agriculture and Director General of the Department of State-owned Capital Administration. In his earlier career, Mr. Ding served as Director General of the Department of Property Rights and Director General of the Department of Human Resources & Head of the General Office, State-owned Asset Administration Bureau.

Mr. Ding Xuedong, has been appointed as CICC's Chairman and member of the Board of Directors in 2014.

Mr. Ding was born in 1960 and holds a Ph.D. in economics from the Research Institute for Fiscal Science, Ministry of Finance.

Could you brief on the development and achievements of CIC in the US?

As the biggest economy in the world, the United States is a major financial market, and all institutional investors aspire to expand their business here. CIC is no exception. In December, 2007, CIC invested \$5.6 billion in



Ding Xuedong

Morgan Stanley, only three months after it was established, overlapped with the 2008 financial crisis, and that not only bring the United States more actual cash, more importantly it injected vigor into the financial market by restoring people's confidence. 8 years later, we have invested nearly \$80 billion, more than one third of our overseas assets in the United States, which is the biggest recipient country of CIC's overseas investment. To some extent, CIC's investment in the United States has helped to boost its economic development, financial stability and employment.

Could you share CIC's experience of investing in the United States for the past 8 years?

As a country, China is an old one with a history of over five thousand years. As a company, we have a history of less than 8 years. That makes us one of the youngest buy-side investment institutions in the world. As the problems facing every newborn thing, we may be confronted with a steep learning curve, but with a pioneering spirit to build upon past achievements and strive for renewed progress, we will explore new business opportunities and improve our management skills through innovative reforms as part of efforts to expand our overseas investments and refine our corporate governance.

As a long term financial investor, CIC's idea of investment is to pursue reasonable financial returns within acceptable risk tolerance. Our intention to invest is purely commercial. We don't seek control of enterprises or industries in our portfolio, or directly engage in their operations. In our investment, we strictly abide by local laws and regulations, and seek to become a responsible institutional investor. Therefore, CIC has been recognized by the US government and regulatory bodies, established partnership with numerous peer institutions and fund managers, built a favorable platform for investment and gained a good reputation internationally. After 8 years of efforts, we have cultivated a high-caliber team of professionals by global recruitment and internal training, which will significantly improve our deal sourcing and investment management capabilities. However, constrained by some complex, redundant and opaque regulations, CIC's investment in the United States is mainly in the public market. As the United States shows a strong momentum for economic expansion and the expectation of Fed interest

rate increase brings more opportunities, we are willing to expand our direct investment here.

We know that CIC is engaged in many direct investment projects. I heard that at the beginning of this year CIC established its arm of overseas investment, CIC Capital. Does that mean CIC will step up its efforts in the area of direct investment?

CIC has been making direct investment aside from its investment in the public market since its inception. We invested in AES Corporation, Heathrow Airport, Thames Water, etc. Now, drawing on international practices, CIC Capital has been set up as an investment arm, which is mandated to make direct investments and manage bilateral and multilateral fund investments in order to pursue long-term financial returns and promote international investment cooperation. The entire department that used to take charge of overseas direct investment was merged into the new vehicle. The organization structure of CIC Capital is under further optimization. Our initial registered capital was \$5 billion, and in the future, when more opportunities present themselves, we will channel more capital through multiple sources. CIC Capital operates globally, and given the role that it plays in the international financial market, the United States will be an important recipient country of CIC Capital's investment.

What are CIC's expectations of the United States as the main recipient country of its direct investment against the background of more presence of Chinese enterprises in the United States?

Serving as a bridge between Chinese and overseas businesses by promoting commercially based cooperation, we facilitate cooperation between both sides by relying on our investment expertise, global networks and solid track record as a responsible investor. And guided by commercial principles, we expect to engage partners in the United States with local governments, business organizations and like-minded investors to jointly explore good investment opportunities and pursue mutually beneficial, proactive and pragmatic collaboration. While the legal and regulatory system in the United States is relatively mature, we expect the government to ensure a level playing field, moderately relax market access and regulatory restriction, streamline approval procedures, make relative policies more stable and transparent, thus mitigating the negative investment protectionism and to foster an open, fair, transparent and non-discriminatory environment for international investment. Only by continually improving and reinventing itself can an institution grow from strength to strength. Through the challenges and opportunities that lie ahead, we will prove our worth as a responsible long-term financial investor, and continue to share experience in corporate management, explore potential investment opportunities and cooperate with all stakeholders for a win-win situation.



In 2015, CICC celebrated its 20th birthday. This is the year of extraordinary significance to CICC.

Two decades ago, CICC was born along with the massive wave of China's opening-up and reform.

In the 1990s when China put forward the agenda for economic opening-up and reform, it faced the pressing needs for developing the capital markets to provide alternative financing channels, as well as restructuring the large SOEs to improve their productivity. The State Council leaders pinpointed the crucial role of a China-based investment bank that understands international capital market practices, and instructed to found CICC to take the lead in major financing transactions to fund the restructuring of large SOEs and other major infrastructure and industrial projects. CICC was expected to be developed into a world-class China-based investment bank with full-scope service capability and an international presence, and to set up a role model for its followers in the domestic securities sector.

In July 1995, CICC was founded jointly by several leading domestic and foreign financial institutions including China Construction Bank and Morgan Stanley. As the first joint-venture investment bank in China, CICC, from the very first day of founding, built in a complete operating adopting process in line with the practices of first-class investment banks of the Street, an international-standard incentive mechanism and a professional team with global background and vision, placing itself upon an unprecedented ground base.

Over the past two decades, CICC grew as a witness to rising Chinese economy, the transformation of large SOEs, and the evolving domestic capital market, wrote itself a successful story of joint-venture investment banks in China.

After successfully listing China Mobile on the Hong Kong Stock Exchange in October 1997, CICC, leveraging its strong combination of local knowledge and international knowhow, acted as a trusted advisor to the Chinese government in the reform of multiple pillar industries, including telecom, petroleum, petrochemical, iron and steel, metallurgical, aviation, insurance, banking, coal, and railway industries, and managed the restructuring and IPOs of dozens of mega-sized SOEs. From 1995 to June 2015, CICC ranked No. 1 among all investment banks acting as bookrunners for the onshore and offshore equity offerings of PRC-based companies, with an aggregate offering amount of US\$312.9 billion. CICC helped its corporate clients establish a modern governance structure, access to the capital markets, and accompanied

them usher into the rank of Global Fortune 500. In the year of CICC's founding, only 3 Chinese companies were listed among the Global Fortune 500. The group expanded to 92 as of 2014, among which 72 are covered by CICC's investment banking team.

While helping the corporate clients establish a modern and global image, CICC has put in place a sustainable business model itself, built on balanced business lines covering investment banking, sales & trading, fixed income, wealth management and investment management. It has built up a premier image of servicing high-end clients in the domestic and foreign capital markets.

CICC is the first domestic investment bank that has introduced a research-based service model, i.e. leveraging strong research coverage to drive the sponsorship and underwriting business in the primary market, brokerage business in the secondary market and investment management business. It has an unparalleled presence among domestic mutual funds, QFIIs, RQFIIs and insurance companies and enjoys extensive relations with hundreds of renowned foreign financial institutions.

The company ushered into the retail sector in 2007, and rapidly grew itself into a pioneer in introducing an advice-driven service model for wealth management services, providing tailored products and services to high-net-worth clients. The company continues to differentiate itself by its highly regarded asset allocation research capabilities.

CICC has been executing its global strategy in a well-managed manner. By opening offices in four major international financial hubs including Hong Kong, New York, London and Singapore, it can reach out to institutional investors all around the world. In 2014, revenue from overseas operations accounted for 27.9% of CICC's total revenues, which is the highest among all publicly listed Chinese securities firms.

Over the past 20 years' history, CICC has shared the fruits of robust economic growth, and also weathered through economic downturn. It has enjoyed the prosperity of the domestic capital markets and also suffered setbacks in business model transformation. However, what remains unchanged is its unshakable hold-on to linking international standard to China reality and accessing Chinese corporates to capital markets at home and abroad. Starting from a 20-banker team and US\$ 100 million initial investment, today's CICC has 2,000 employees, increased capital by over US\$ 1.2 billion. In 2014, the company realized revenue of over US\$ 1.0 billion.

Today, CICC is embracing the historical opportunities from a "new normal" Chinese economy to build itself into a world-class China-based international bank.

In July 2015, CICC officially submitted A1 filing to the Hong Kong Stock Exchange. The move to seek an IPO will help the company overcome the capital constraints, strengthen the coherent corporate culture and ramp up organic growth and transformation. It is a gift to commemorate the 20th anniversary and a strong demonstration of the Company's confidence in capturing future market opportunities to achieve a leap in development.

Against the backdrop of a "new normal" Chinese economy, the new round of SOE reform, rapid capital market expansion, ongoing transformation of the securities industry and a prospering internet-finance business, CICC is uniquely positioned to take the advantage of the opportunities of this particular era due to its leading position in investment banking, high quality client base and outstanding cross-border execution capabilities. CICC will continue to uphold its founding philosophy of unexhausted pursuit for excellence by continuing to stay ahead of the market trends and offer innovative solutions to clients. In the coming years, CICC will sharpen its focus on capital-based products and services to better facilitate its clients' trading and funding needs.

Compared to boutique investment banks on the Street, the 20 years old company is like a young hawk soaring to new highs. CICC stays persistent on its course towards a position that is consummate with today's Chinese economy, which is a relentless pursuit, a dream and a historical mission for all CICCers. As is described in its prospectus:

"CICC is a premier China-based investment bank with extensive international reach. CICC has built a distinguished market presence with an excellent team, client base and brand name, which enables the company to capture market opportunities. CICC's goal is to become a world-class financial institution with global influence."