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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 04621 (Preference Shares))

TRANSFER OF XINHUAI FUND SHARES

The board of directors is pleased to announce that on March 22, 2023, Huaihe Holding, as the winning bidder, entered into a transfer agreement with the Company and Xinhuai Fund based on the results of the Company's public listing on the JD.COM Asset Disposal Platform. Accordingly, the Company agreed to sell to Huaihe Holding all of the preference shares of the Xinhuai Fund held by the Company and its interests therein (the "**Transfer**"); Upon completion of the Transfer, the Company will no longer hold the preference shares of Xinhuai Fund, and Huaihe Holding is going to negotiate and reenter into a partnership agreement with the parties to the original partnership agreement in connection with the Transfer (together with the "**Transfer**", the "**Transactions**").

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries together hold 55.45% equity interests in Cinda Real Estate, which is a subsidiary of the Company. Huainan Mining Group currently holds more than 10% equity interests in Cinda Real Estate and therefore constitutes a connected person at the subsidiary level of the Company. At the same time, Huaihe Holding is the controlling shareholder of Huainan Mining Group, therefore Huaihe Holding is an associate of the connected person. Accordingly, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the Transactions are more than 5%, but as Huaihe Holding is only an associate of the connected person at the subsidiary level of the Company and the directors of the Company (including the independent non-executive directors) have approved the Transactions and consider that the terms of the Transactions are on normal commercial terms, fair and reasonable to the Company and in the interests of the Company and its shareholders as a whole. Accordingly, the Transactions are subject to the reporting and announcement requirements under Rule 14A.101 of the Listing Rules, but are exempt from the circular, independent financial adviser's opinion and shareholders' approval requirements.

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TRANSFER AGREEMENT

Date

March 22, 2023

Parties

The Company, Huaihe Holding and Xinhuai Fund

Underlying Shares

The underlying shares are the Company's preference shares and its interests in Xinhuai Fund. As of December 31, 2022, the Company held a book value of RMB3,469.6591 million in the preference shares of Xinhuai Fund.

The preference shares under the Transfer represent 100% of the remaining preference shares of Xinhuai Fund and 77.06% of the entire remaining capital contributions of Xinhuai Fund.

Transfer Price and Payment Method

According to the public listing results, the consideration for the Transfer is the sum of the balance of the preference share of RMB3,519.5443 million and the outstanding current underlying earnings receivable, which is the same as the transfer reserve price.

Outstanding current underlying earnings receivable = RMB3,519.5443 million (balance of preference share) * 6% * actual days in the current period/360, where the actual days in the current period = December 31, 2022 to the date of actual payment of the Transfer. Based on the expected payment date (March 24, 2023), the outstanding current underlying earnings receivable is RMB48.6870 million and the maximum consideration for the Transfer is RMB3,568.2313 million.

The transfer reserve price is based on the balance of the capital contribution of the preference shares of Xinhuai Fund and the Value Analysis Report (Wan Hua An Ping Zi Zi [2023] No. 001) issued by Anhui Hua'an Assets Appraisal Office Co., Ltd., and the final price is determined on the basis of the transaction price confirmed by the public bidding activity. The Value Analysis Report was made using the comprehensive factor analysis method based on the characteristics of the preference shares of Xinhuai Fund and, with an appraisal base date of December 31, 2022 and an appraisal price of RMB3,519.5443 million.

Huaihe Holding has paid RMB10 million as deposit at the time of bidding. After the Transfer Agreement becoming effective, this deposit will be automatically converted to the transaction payment. Huaihe Holding shall make the remaining transfer payment, net of the deposit, in full and in one lump sum to the account designated by the Company within 5 business days after the effective date of the Transfer Agreement.

From the date of completion of the payment of the Transfer, Huaihe Holding shall enjoy the entire interests and assume the obligations relating to the preference shares of Xinhuai Fund. The Company shall no longer enjoy any interest or assume any obligation relating to the preference shares, except as otherwise agreed in accordance with the Partnership Law and the Transfer Agreement.

Underlying Earnings of Preference Shares

From the date of the completion of payment of the Transfer, Huaihe Holding enjoys the underlying earnings of the preference shares of Xinhuai Fund calculated at 3.49% per year based on the preference shares it acquired by Xinhuai Fund, and the underlying earnings will be enjoyed and distributed in accordance with the partnership agreement entered into by the Company, Huaihe Holding, Shanghai Huaikuang, Cinda Capital and Huainan Xinhuai.

Related Matters

The Company and Huaihe Holding shall sign a new partnership agreement with other relevant parties and assist Xinhuai Fund in completing the registration procedures for industrial and commercial changes of the transfer within 60 working days after the full payment of the transfer price.

The transaction service fee for the Transfer shall be borne by Huaihe Holding. Various other taxes and fees incurred as a result of the transfer of the preference shares as described in the Transfer Agreement shall be paid by the parties in accordance with the provisions of relevant PRC laws, regulations and policies.

From the date of completion of the payment of the transfer to the date of modification registration of Xinhuai Fund shall be taken as a transition period. The proceeds obtained by the Company from holding the preference shares of Xinhuai Fund during the transition period shall be enjoyed by Huaihe Holding. Taxes and fees arising from the enjoyment of earnings shall also borne by Huaihe Holding.

The parties agreed to sign a new partnership agreement with other related parties after the payment of the transfer to extend the duration of Xinhuai Fund for 5 years, which is from the date of obtaining the business license for the first time to May 17, 2029; and agreed that the investment decision committee of Xinhuai Fund shall be composed of 3 members, including 1 member appointed by the Company, 1 member appointed by Shanghai Huaikuang and 1 member appointed by Huaihe Holding.

Liability for Breach of the Agreement

If Huaihe Holding failed to perform its payment obligations in accordance with the Transfer Agreement, the Company shall be entitled, at its option, to exercise one or more of the following rights simultaneously or separately:

- (1) Terminate the Transfer Agreement. Huaihe Holding shall pay liquidated damages and compensate all losses to the Company within 5 working days from the date of the Company's written request for termination of the Transfer Agreement. The liquidated damages amount to RMB100 million. If the total amount already received by the Company is not enough to cover the liquidated damages and make up for all the losses of the Company, the Company still has the right to claim against Huaihe Holding.
- (2) Require Huaihe Holding to continue to perform the Transfer Agreement and pay liquidated damages. The liquidated damages shall be calculated on the basis of the unpaid transfer price payable by Huaihe Holding and shall be calculated at the rate of 0.04% per day from the date of default to the date of correction of the default, and any price already paid by Huaihe Holding to the Company shall be credited against the liquidated damages in priority.

Provided that other partners of Xinhuai Fund cooperate in completing the Transfer, Huaihe Holding shall have the right, at its option, to exercise one or more of the following rights, either simultaneously or individually, if the Company breaches the delivery obligation of the Transfer Agreement:

- (1) Terminate the agreement. The Company shall return the transfer payment by Huaihe Holding and pay liquidated damages of RMB100 million within 5 working days from the date of written request for termination of the Transfer Agreement from Huaihe Holding.
- (2) Require the Company to continue to perform the Transfer Agreement and pay liquidated damages. The liquidated damages shall be calculated on the basis of the outstanding transfer price to be refunded by the Company and shall be calculated at the rate of 0.04% per day from the date of default to the date of correction of the default, and any price already paid by the Company to Huaihe Holding shall be credited against the liquidated damages in priority.

SIGNING OF PARTNERSHIP AGREEMENT

After the completion of the Transfer, the Company holds RMB235.8211 million of subordinate shares of Xinhuai Fund. Huaihe Holding is going to negotiate and reenter into a partnership agreement with the parties to the original partnership agreement. If, during the duration of the Xinhuai Fund, after the disposal of the assets of Xinhuai Fund and the distribution of the proceeds of disposal, the proceeds received by the preference share contributor (i.e. Huaihe Holding) of Xinhuai Fund still fail to reach the distribution amount agreed in the partnership agreement, the shortfall should be borne by the subordinate share contributors (in the ratio of 22.6%:77.4% between the Company and Shanghai Huaikuang). At the same time, the duration of Xinhuai Fund can be extended accordingly. If, after the disposal of the assets of Xinhuai Fund and the distribution of the disposal proceeds, the proceeds received by the preference share contributor of Xinhuai Fund (i.e. Huaihe Holding) still fail to reach the distribution amount as stipulated in the partnership agreement, or upon the expiration of the duration of Xinhuai Fund, after the liquidation in accordance with the provisions of the partnership agreement, if the proceeds received by the preference share contributor still fail to reach the distribution amount as agreed in the partnership agreement, the Company and Shanghai Huaikuang shall acquire the preference

shares held by the preference share contributor in the proportion of 22.6%:77.4%. The acquisition consideration shall be the difference between the sum of the paid in capital contribution and the underlying earnings of 3.49% per yer attributable to the preference share contributor and the actual distribution received by the preference share contributor. Based on the preference share contribution amount of Xinhuai Fund of RMB3,519.5443 million and the underlying earnings of 3.49% per yer, the maximum possible amount of liability and the acquisition consideration undertaken by the Company in proportion are RMB934.2173 million.

FINANCIAL IMPACTS AND USE OF PROCEEDS

Upon completion of the Transfer, the Company will no longer hold the preference shares of Xinhuai Fund.

It is expected that the net disposal gains from the Transfer will be approximately RMB17 million, representing the proceeds from the investment after deducting the cost of capital and audit and evaluation expenses. The financial impact disclosed above is for illustrative purposes only and any actual gain or loss on the Transfer is subject to review.

The net proceeds from the Transfer will be used for distressed asset operation.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are in line with the Company's business strategy, which is conducive to the Company's focus on its main business, achieving project capital recovery and obtaining certain income, and improving the capital utilization efficiency.

The directors of the Company (including the independent non-executive directors) are of the view that the terms of the Transactions are on normal commercial terms, fair and reasonable to the Company and in the interests of the Company and its shareholders as a whole. None of the directors of the Company has any material interest in the Transactions and therefore none of the directors is required to disqualify themselves from voting on the relevant Board resolutions.

GENERAL INFORMATION

The Company

With a focus on operation of distressed assets, the Company provides customers with tailor-made financial solutions and differentiated asset management services through a collaborative and diversified business platform. The ultimate beneficial owner of the Company is the Ministry of Finance of the People's Republic of China.

Huaihe Holding

Huaihe Holding is a limited liability company incorporated in China in 2018. It is mainly engaged in the production, sales and technical research and services of coal, electricity and natural gas, logistics, investment and asset management. As of the date of this announcement, the ultimate beneficial owner of Huaihe Holding is Anhui SASAC.

Xinhuai Fund

Xinhuai Fund is a limited partnership established in 2018. It is mainly engaged in industrial investment, investment consulting and investment management. As of the date of this announcement, the Company directly and indirectly holds 82.24% of the entire remaining capital contribution of Xinhuai Fund, and Huaihe Holding indirectly holds 17.76% of the entire remaining capital contribution of Xinhuai Fund.

Set out below are the key financial figures of Xinhuai Fund for the two financial years ended December 31, 2021 and 2022 in accordance with the PRC Accounting Standards for Business Enterprises:

Unit: RMB'0,000

	For the year ended December 31, 2022	For the year ended December 31, 2021
Profit/(loss) before tax	18,613.09	16,551.58
Profit/(loss) after tax	18,613.09	16,551.58

As at December 31, 2022, the net asset value of Xinhuai Fund is RMB4,567,425,303.19.

Cinda Capital

Cinda Capital is a company established under the laws of the PRC with limited liability and is a subsidiary of the Company. Its principal business is entrusted management of private equity investment funds. It is engaged in investment and financing management and related advisory services.

Huainan Xinhuai

Huainan Xinhuai is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Huaihe Holding. Its main business covers the management of non-publicly offered funds, asset management, investment management, equity investment, and entrusted management of equity investment fund enterprises. It also engages in advisory services related to investment management.

Shanghai Huaikuang

Shanghai Huaikuang is a limited company established under the laws of the PRC and is a wholly-owned subsidiary of Huaihe Holding. Its main business covers asset management, industrial investment, investment consulting, financial consulting, corporate management consulting, intellectual property agency and domestic trade (except for those subject to special regulations). It also engages in import and export of goods and technology.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries together hold 55.45% equity interests in Cinda Real Estate, which is a subsidiary of the Company. Huainan Mining Group currently holds more than 10% equity interests in Cinda Real Estate and therefore constitutes a connected person at the subsidiary level of the Company. At the same time, Huaihe Holding is the controlling shareholder of Huainan Mining Group, therefore Huaihe Holding is an associate of the connected person. Accordingly, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the Transactions are more than 5%, but as Huaihe Holding is only an associate of the connected person at the subsidiary level of the Company and the directors of the Company (including the independent non-executive directors) have approved the Transactions and consider that the terms of the Transactions are on normal commercial terms, fair and reasonable to the Company and in the interests of the Company and its shareholders as a whole. Accordingly, the Transactions are subject to the reporting and announcement requirements under Rule 14A.101 of the Listing Rules, but are exempt from the circular, independent financial adviser's opinion and shareholders' approval requirements.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Cinda Capital”	Cinda Capital Management Co., Ltd., a company established under the laws of the PRC with limited liability and a subsidiary of the Company, holds a share of RMB1 million in Xinhui Fund as the general partner as of the date of this announcement
“Cinda Real Estate”	Cinda Real Estate Co., Ltd., a subsidiary of the Company
“Company”	China Cinda Asset Management Co., Ltd.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“director(s)”	the director(s) of the Company
“Huaihe Holding”	Huaihe Energy Holding Group Co., Ltd.
“Huainan Mining Group”	Huainan Mining (Group) Co., Ltd.
“Huainan Xinhui”	Huainan Xinhui Fund Management Co., Ltd., a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Huaihe Holding, holds a share of RMB3,424,700 in Xinhui Fund as the general partner as of the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“original partnership agreement”	the Wuhu Xinhuai Investment Partnership (Limited Partnership) Partnership Agreement signed by the Company, Shanghai Huaikuang, Cinda Capital and Huainan Xinhuai on April 13, 2018
“outstanding current underlying earnings receivable”	Outstanding current underlying earnings receivable from contributors of preference Class A funds
“preference share(s)”	preference Class A capital share of Xinhuai Fund
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Huaikuang”	Shanghai Huaikuang Asset Management Co., Ltd., a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Huaihe Holding, holds a subordinated share of RMB807,635,200 in Xinhuai Fund as of the date of this announcement
“subordinate share(s)”	subordinate Class B capital share of Xinhuai Fund
“Transfer Agreement”	the Agreement on the Transfer of Preferred Class A Capital Shares of Wuhu Xinhuai Investment Partnership (Limited Partnership) signed by the Company, Huaihe Holding and Xinhuai Fund on March 22, 2023
“Xinhuai Fund”	Wuhu Xinhuai Investment Partnership (Limited Partnership)
“%”	percent

By Order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Weidong
Chairman

Beijing, the PRC
March 22, 2023

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Weidong, Mr. LIANG Qiang and Mr. ZHAO Limin as executive directors, Mr. HE Jieping, Mr. WANG Shaoshuang, Mr. CHEN Xiaowu, Ms. ZHANG Yuxiang, Mr. TANG Jiang and Mr. LIU Chong as non-executive directors, and Mr. LU Zhengfei, Mr. LAM Chi Kuen, Mr. WANG Changyun and Mr. SUN Maosong as independent non-executive directors.