

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Cinda Asset Management Co., Ltd.

中國信達資產管理股份有限公司

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

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

CONNECTED TRANSACTION ABSORPTION AND MERGER OF HUAINAN MINING GROUP

THE ABSORPTION AND MERGER

The Board hereby announced that the Company as one of the Existing Shareholders of Huainan Mining Group together with other Existing Shareholders of Huainan Mining Group as a party to the agreement, entered into the Absorption and Merger Agreement with Huainan Mining Group and Huaihe Energy recently, pursuant to which, the Parties including the Company agreed that Huaihe Energy would absorb and merge Huainan Mining Group by a combination of issuing shares and paying cash to Existing Shareholders. Upon completion of the Absorption and Merger, the Company will become a shareholder of Huaihe Energy.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries jointly hold 55.45% equity interests in Cinda Real Estate. Cinda Real Estate 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 of the Company at the subsidiary level. At the same time, Huainan Mining Group currently holds 56.61% equity interests in Huaihe Energy, and therefore Huaihe Energy is an associate of such connected person. Accordingly, the Absorption and Merger Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

One or more applicable percentage ratio(s) with respect to the transaction of the Company contemplated under the Absorption and Merger Agreement is/are higher than 1%, and potentially, higher than 5%, but Huainan Mining Group is only a connected person of the Company at the subsidiary level and the Directors of the Company (including the independent non-executive Directors) have approved the Absorption and Merger Agreement and considered that the terms are normal commercial terms, which are fair and reasonable to the Company and in the interest of the Company and its shareholders as a whole. Therefore, pursuant to rule 14A.101 of the Listing Rules, the Absorption and Merger Agreement and the connected transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular, advice from independent financial advisor and shareholders' approval requirements.

The Absorption and Merger involves debt-to-equity swap business, which is the principal business of the Company.

INTRODUCTION

References are made to the Company's announcement dated July 19, 2017 in relation to the acquisition of the Target Equity Interests by Cinda Real Estate by issuing Consideration Shares and connected transaction announcement dated October 26, 2018 in relation to the capital increase in Huainan Mining Group. On October 26, 2018, the Company entered into the DES Agreement, pursuant to which, the Company contributed capital to Huainan Mining Group at a consideration of approximately RMB3,000 million. As at the date of this announcement, the Company holds 8.32% equity interests in Huainan Mining Group.

The Board hereby announced that the Company as one of the Existing Shareholders of Huainan Mining Group together with other Existing Shareholders of Huainan Mining Group as a party to the agreement, entered into the Absorption and Merger Agreement with Huainan Mining Group and Huaihe Energy recently, pursuant to which, the Parties including the Company agreed that Huaihe Energy would absorb and merge Huainan Mining Group by a combination of issuing shares and paying cash to Existing Shareholders. Upon completion of the Absorption and Merger, the Company will become a shareholder of Huaihe Energy.

ABSORPTION AND MERGER AGREEMENT

Date

October 21, 2019

Parties

- 1) Huaihe Energy
- 2) Huainan Mining Group
- 3) Existing Shareholders

Huainan Mining Group is a connected person of the Company at the subsidiary level. Huainan Mining Group holds 56.61% equity interests in Huaihe Energy prior to the completion of the Absorption and Merger Agreement. Therefore, Huaihe Energy is an associate of the Company's connected person, Huainan Mining Group.

Absorption and Merger Proposal

Overview of the Absorption and Merger Proposal

The Parties agreed that Huaihe Energy could absorb and merge Huainan Mining Group by a combination of issuing shares and paying cash to Existing Shareholders, among which, Huaihe Energy is the merging party and the surviving party after the Absorption and Merger, and Huainan Mining Group is the merged party.

After the completion of the Absorption and Merger, Huaihe Energy will be the surviving company to undertake and inherit all the assets, liabilities, businesses, personnel and all other rights and obligations of Huainan Mining Group. The legal person status of Huainan Mining Group will be cancelled, and all the shares of Huaihe Energy held by Huainan Mining Group will be cancelled due to the Absorption and Merger at the same time.

After the completion of the Absorption and Merger, the Existing Shareholders will become shareholders of Huaihe Energy.

The price of the Subject Assets

The Parties have agreed that the price of the Subject Assets shall be determined based on the appraised value of Huainan Mining Group's shareholders' total equity as at the Valuation Reference Date confirmed in the asset valuation report prepared by an appraisal agency with securities practice qualifications and approved by/filed with competent authorities.

As of the signing date of the Absorption and Merger Agreement and the date of this announcement, the relevant audit and valuation work is in progress, and the estimated value and transaction price of the Subject Assets as at the Valuation Reference Date have not been determined. After the appraised value of the Subject Assets is determined and the Parties agree on the transaction details such as the transaction price of the Subject Assets, the Parties will separately enter into a supplementary agreement to determine the transaction price of the Subject Assets. But in any event, the consideration to be paid to the Company will be the shares of Huaihe Energy rather than cash.

The main arrangement for the payment of transaction consideration by issuing shares under the Absorption and Merger

Class and par value of shares to be issued: The class of shares to be issued under the Absorption and Merger is the domestically listed RMB ordinary share (A share) with a par value of RMB1.00 per share.

Subscribers: The subscribers of shares to be issued under the Absorption and Merger are the Existing Shareholders.

Issue price: The price per share of the shares to be issued under the Absorption and Merger is 90% of the average price of the shares of Huaihe Energy for the sixty (60) trading days prior to the Price Determination Date, i.e. RMB2.53 per share. During the period from the Price Determination Date to the issue date of the shares to be issued under the Absorption and Merger, in case of any ex-rights or ex-dividends events of Huaihe Energy, including distribution of dividends, issuance of bonus shares, conversion of capital reserve into share capital, or rights issue, the issue price will be adjusted accordingly.

Number of shares to be issued: The number of shares to be issued under the Absorption and Merger = the transaction consideration of the Subject Assets determined under the Absorption and Merger by way of issuance of consideration shares / issue price. The final number of shares to be issued shall be approved by Huaihe Energy's shareholders' general meeting and approved by the CSRC. During the period from the Price Determination Date to the issue date of the shares to be issued under the Absorption and Merger, in case of any ex-rights or ex-dividends events of Huaihe Energy, including distribution of dividends, issuance of bonus shares, conversion of capital reserve into share capital, or rights issue, the number of shares to be issued will be adjusted accordingly.

Lock-up period: The Company has undertaken not to transfer any of the new shares of Huaihe Energy subscribed based on the Restructuring during twelve months from the date on which the issuance is completed, in any way, including but not limited to public transfer via securities markets or transfer via agreements, other than transfers permitted by applicable laws.

Additional shares in Huaihe Energy increased with respect to the aforementioned shares due to Huaihe Energy's issuance of bonus shares and conversion into share capital during the lock-up period shall also be subject to the above undertaking, by which, they will be locked from the date of share registration and will be simultaneously unlocked with the aforementioned shares.

Transfer and trading of such shares upon the expiration of such lock-up period shall be subject to the applicable laws and regulations as well as provisions and rules of the CSRC and the SSE in force. The lock-up period above shall be adjusted accordingly by Huaihe Energy and the Company according to the relevant securities regulatory authorities' latest regulatory opinions if it goes against such regulatory opinions.

Arrangement for accumulated profits: The undistributed profits of Huaihe Energy accumulated before the issuance of shares under the Absorption and Merger will be shared pro rata by new and existing shareholders of the listed company (as surviving company) formed upon the Restructuring (including the Absorption and Merger).

Place of listing: the SSE.

Effective Conditions

The Absorption and Merger Agreement shall be established on the date of signing by the legal representatives or authorized representatives of the Parties with their respective official seals affixed, and shall be effective subject to the following conditions at the same time:

- 1) Approvals for the Absorption and Merger are obtained from the board of directors and the general meeting of shareholders of Huaihe Energy.
- 2) Approvals for the Absorption and Merger are obtained from the internal authorities, including the board of directors, shareholders' meeting or general meeting of shareholders of Huainan Mining Group and Existing Shareholders.

- 3) The Subject Assets under the Absorption and Merger are valued by an appraisal agency with securities practice qualifications and the valuation report is approved by/filled with competent authorities.
- 4) Approvals for the Absorption and Merger are obtained from competent authorities.
- 5) Approvals for the Absorption and Merger are obtained from the CSRC.

REASONS FOR AND BENEFITS OF THE RESTRUCTURING UNDER THE ABSORPTION AND MERGER AGREEMENT

The overall equity operation of Huainan Mining Group is a comprehensive pilot project of the Company to serve for the supply-side structural reform and support state-owned enterprises in strengthening and improving their competitiveness. The overall listing of Huainan Mining Group is also an important goal for the Company's operation of debt-to-equity swap projects. The equity interests of Huainan Mining Group currently held by the Company can be replaced by the new shares of Huaihe Energy through this Restructuring, which is conducive to realizing the liquidity and improving the value of the Company's equity interests.

The Directors (including the independent non-executive Directors) consider that the terms of the Absorption and Merger Agreement are normal commercial terms, which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

INFORMATION ABOUT HUAINAN MINING GROUP

Huainan Mining Group, which was established in the PRC on November 2, 1981, is principally engaged in coal selection, thermal power generation and logistics trading.

The audited key financial data of Huainan Mining Group for the two financial years ended December 31, 2017 and 2018 are set out below (on consolidated basis):

	<i>Unit: RMB10,000</i>	
	December 31, 2017	December 31, 2018
Total assets	<u>15,618,099.56</u>	<u>13,353,272.07</u>
	For the year ended December 31, 2017	For the year ended December 31, 2018
Total profits	<u>182,596.34</u>	<u>264,516.23</u>
Net profits attributable to shareholders of the parent	<u>111,581.05</u>	<u>262,179.38</u>

As at December 31, 2018, the net assets value of Huainan Mining Group amounted to RMB14,289,273,300.

INFORMATION ABOUT HUAIHE ENERGY

Huaihe Energy (a company listed on the SSE (Stock Code: 600575)) was established in November 2000. It was initiated by the original Wuhu Port Administration and is now a state-owned listed company controlled by Huainan Mining Group. Its principal businesses include coal production, sales and railway transportation business, thermal power generation business and electricity sales business, coal trading business, etc.

The audited key financial data of Huaihe Energy for the two financial years ended December 31, 2017 and 2018 are set out below (on consolidated basis):

	<i>Unit: RMB10,000</i>	
	December 31, 2017	December 31, 2018
Total assets	<u>1,726,317.98</u>	<u>1,677,728.28</u>

	For the year ended December 31, 2017	For the year ended December 31, 2018
Total profits	<u>55,369.08</u>	<u>68,053.90</u>
Net profits attributable to shareholders of the parent	<u>31,991.67</u>	<u>41,607.83</u>

As at December 31, 2018, the net assets value of Huaihe Energy amounted to RMB8,662,202,000

INFORMATION ABOUT THE GROUP

The Group is principally engaged in distressed asset management, and provides customized financial solutions and differentiated asset management services to its clients through its diversified business platforms.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries jointly hold 55.45% equity interests in Cinda Real Estate. Cinda Real Estate 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 of the Company at the subsidiary level. At the same time, Huainan Mining Group currently holds 56.61% equity interests in Huaihe Energy, and therefore Huaihe Energy is an associate of such connected person. Accordingly, the Absorption and Merger Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

One or more applicable percentage ratio(s) with respect to the transaction of the Company contemplated under the Absorption and Merger Agreement is/are higher than 1%, and potentially, higher than 5%, but Huainan Mining Group is only a connected person of the Company at the subsidiary level and the Directors of the Company (including the independent non-executive Directors) have approved the Absorption and Merger Agreement and considered that the terms are normal commercial terms, which are fair and reasonable to the Company and in the interest of the Company and its shareholders as a whole. Therefore, pursuant to rule 14A.101 of the Listing Rules, the Absorption and Merger Agreement and the connected transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular, advice from independent financial advisor and shareholders' approval requirements.

The Absorption and Merger involves debt-to-equity swap business, which is the principal business of the Company.

As no Directors have a material interest in the Absorption and Merger Agreement and the connected transaction contemplated thereunder, no Directors were required to abstain from voting at the Board meeting to approve relevant resolutions.

The Company did not manage to announce such agreement and connected transactions thereunder on the date of signing the Absorption and Merger Agreement due to its failure in identifying the connected transaction in a timely manner. As there would be a significant time interval between the signing and completion of the Absorption and Merger Agreement according to its specific terms, as at the date of this announcement, from the commercial and economic perspective, the Company's position is not materially different from its position on the date of signing the Absorption and Merger Agreement. The terms of the Absorption and Merger Agreement are normal commercial terms, which are fair and reasonable to the Company and in the interest of the Company and its shareholders as a whole. The Company intends to engage legal advisers to strengthen the training, so as to further improve the procedures of identification and disclosure of connected transactions.

DEFINITIONS

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

“Absorption and Merger Agreement”	Absorption and Merger Agreement between Huaihe Energy (Group) Co., Ltd. and Huainan Mining Industry (Group) Co., Ltd. entered into among the Existing Shareholders, Huainan Mining Group and Huaihe Energy on October 21, 2019
“Absorption and Merger”	In accordance with the Absorption and Merger Agreement, Huaihe Energy shall issue shares and pay cash to the Existing Shareholders to absorb and merge Huainan Mining Group, in which Huaihe Energy is the merging party and the surviving party after the Absorption and Merger, and Huainan Mining Group is the merged party. The entire assets, liabilities, businesses, personnel and all other rights and obligations of Huainan Mining Group shall be undertaken and inherited by Huaihe Energy. The legal person status of Huainan Mining Group shall be cancelled, and all the shares of Huaihe Energy held by Huainan Mining Group shall be cancelled due to the Absorption and Merger.
“Board”	the board of directors of the Company
“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 meanings ascribed to it under the Listing Rules

“Consideration Shares”	the new ordinary shares (A shares) with a nominal value of RMB1.00 each issued by Cinda Real Estate to the Company and Huainan Mining Group to settle the consideration for the purchase of the 100% equity interests of Huainan Mining Real Estate Co., Ltd., which were listed on the Shanghai Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“DSE Agreement”	the Market-oriented Debt-to-Equity Swap Agreement of Huainan Mining Industry (Group) Co., Ltd. entered into among the Company, Huainan Mining Group and Huaihe Energy Holdings Group Co., Ltd. on October 26, 2018
“Existing Shareholders”	all shareholders of Huainan Mining Group (including the Company), holding 100% equity interests in Huainan Mining Group in aggregate
“Group”	the Company and its subsidiaries
“Huaihe Energy”	Huaihe Energy (Group) Co., Ltd.
“Huainan Mining Group”	Huainan Mining Industry (Group) Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	collectively, Huaihe Energy, Huainan Mining Group and Existing Shareholders
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region, the PRC and Taiwan
“Price Determination Date”	the date of announcement of the resolutions of the 18th meeting of the sixth session of the board of directors of Huaihe Energy on considering the Absorption and Merger (i.e. October 22, 2019)
“Restructuring”	for the purpose of the Company only, the share issuance and cash payment by Huaihe Energy to the Existing Shareholders to absorb and merge Huainan Mining Group

“RMB”	Renminbi, the lawful currency of the PRC
“SSE”	Shanghai Stock Exchange
“Subject Assets”	for the purpose of the Company only, the 100% equity interests of Huainan Mining Group held by the Existing Shareholders in aggregate
“Valuation Reference Date”	September 30, 2019
“%”	per cent

By order of the Board
China Cinda Asset Management Co., Ltd.
ZHANG Zi'ai
Chairman

Beijing, the PRC
November 28, 2019

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi'ai as an executive director, Mr. HE Jieping, Mr. XU Long, Ms. YUAN Hong, Mr. ZHANG Guoqing and Mr. LIU Chong as non-executive directors, and Mr. ZHU Wuxiang, Mr. SUN Baowen, Mr. LU Zhengfei and Mr. LAM Chi Kuen as independent non-executive directors.