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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 04607 (Preference Shares))

CONNECTED TRANSACTION CAPITAL INCREASE IN HUAINAN MINING GROUP

CAPITAL INCREASE

The Board hereby announced that, on 26 October 2018, the Company entered into the DES Agreement with Huainan Mining Group and Huaihe Energy, pursuant to which, the Company agreed to contribute capital to Huainan Mining Group by way of debt-to-equity swap with a total capital increase amount of RMB3,000 million. Huaihe Energy agreed to forfeit the pre-emptive right to subscribe the additional registered capital under the Capital Increase. Upon completion of the Capital Increase, the Company will hold approximately 9.12% equity interests in Huainan Mining Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries jointly held 55.45% equity interests in Cinda Real Estate. Cinda Real Estate is a subsidiary of the Company. As Huainan Mining Group holds more than 10% equity interests in Cinda Real Estate, which constitutes a connected person of the Company at the subsidiary level, pursuant to Chapter 14A of the Listing Rules, the DES Agreement and the transaction contemplated thereunder shall constitute a connected transaction of the Company.

As one or more applicable percentage ratio(s) with respect to the transaction contemplated under the DES Agreement is/are higher than 1% but lower than 5% and Huainan Mining Group is a connected person of the Company at the subsidiary level, pursuant to Chapter 14A of the Listing Rules, the DES Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular, advice from independent financial advisor and shareholders' approval requirements.

INTRODUCTION

Reference is made to the announcement of the Company dated 19 July 2017 in relation to the acquisition of the Target Equity Interests by Cinda Real Estate by issuing Consideration Shares.

The Board hereby announced that, on 26 October 2018, the Company entered into the DES Agreement with Huainan Mining Group and Huaihe Energy, pursuant to which, the Company agreed to contribute capital to Huainan Mining Group by way of debt-to-equity swap with a total capital increase amount of RMB3,000 million. Huaihe Energy agreed to forfeit the pre-emptive right to subscribe the additional registered capital under the Capital Increase. Upon completion of the Capital Increase, the Company will hold approximately 9.12% equity interests in Huainan Mining Group.

DES AGREEMENT

Date

26 October 2018

Parties

- 1) Huaihe Energy
- 2) the Company
- 3) Huainan Mining Group

Huainan Mining Group is a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Huaihe Energy and its ultimate beneficial owners are independent third parties of the Company and are not connected with the Company. Pursuant to the relevant approval from Anhui SASAC, Huainan Mining Group will be entirely transferred to Huaihe Energy. Upon completion of transfer and before the completion of the Capital Increase, Huaihe Energy will hold 100% equity interests in Huainan Mining Group.

Capital Increase Proposal

The Company agreed to contribute capital to Huainan Mining Group by way of debt-to-equity swap with respect to the debt of Huainan Mining Group entitled by the Company in accordance with the laws with a total capital increase amount of RMB3,000 million.

Based on the Special Audit Report, as of 31 August 2018, the net assets per share of Huainan Mining Group amounted to RMB1.9920. Therefore, the price of the Capital Increase is RMB1.9920 per share in the registered capital. The Company will contribute capital and subscribe additional 1,506,024,096 shares of Huainan Mining Group by way of debt-to-equity swap.

The latest month-end profit or loss recorded by Huainan Mining Group during the period from the day following the Audit Reference Date of the Special Audit Report (i.e. 1 September 2018) to the Completion Date shall be solely entitled or borne by the old shareholder of Huainan Mining Group (i.e. Huaihe Energy). If the Completion Date falls on a date prior to the 15th of the current month (including the 15th), the latest month-end from the Completion Date shall be the month-end of the preceding month. If the Completion Date falls on a date after the 15th of the current month, the latest month-end from the Completion Date shall be the month-end of the current month. The profit or loss for the period entitled by the old shareholder of Huainan Mining Group shall be based on the audit results of the special audit report issued by the audit firm appointed by Anhui SASAC.

From the day following the Completion Date, the Company shall cease to calculate the Restructuring Compensation with respect to the relevant debt used for the Capital Increase. The Restructuring Compensation which is calculated with respect to the relevant debt up to the Completion Date shall be paid to the Company on the Completion Date. Any Restructuring Compensation unpaid and overdue shall be deemed a default on the part of Huainan Mining Group and Huainan Mining Group shall pay a default penalty of 0.06% of the unpaid and overdue amount on a daily basis.

Effective Conditions

DES Agreement shall take effect upon fulfilment of the following conditions:

- (1) the legal representative or authorised representative of each party having signed and sealed the DES Agreement with company chop;
- (2) the registration for the 100% equity interests held by Huaihe Energy in Huainan Mining Group having been completed with the State Administration for Industry and Commerce.

SHAREHOLDING PERCENTAGE OF THE COMPANY IN HUAINAN MINING GROUP BEFORE AND AFTER THE CAPITAL INCREASE

The shareholding percentage of the Company in Huainan Mining Group before and after the completion of the Capital Increase is set out below:

	Shareholding percentage before the completion	Shareholding percentage after the completion
The Company	–	9.12%

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE PURSUANT TO THE DES AGREEMENT

The Directors consider that, the Capital Increase is a part of Huainan Mining Group Overall Restructuring Proposal in response to the needs of policy-oriented DES corporate customers of the Company. Through market-oriented debt-to-equity swap, the leverage ratio of the enterprise can be reduced, which is conducive to the enterprise's subsequent equity diversification reform to activate the vitality of the state-owned enterprise. At the same time, it can also activate and enhance the value of the existing equity assets of the Company, which is of significant importance to the innovation of the debt-to-equity swap business model of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the DES 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 2 November 1981, is principally engaged in coal selection, thermal power generation and logistics trading. As at the date of this announcement, Huainan Mining Group had a registered capital and paid-in capital of RMB15,006,660,400.

Huainan Mining Group was formerly a state-owned enterprise controlled by Anhui SASAC. On 18 October 2018, pursuant to the Provincial SASAC's Approval for Share Transfer of Huainan Mining Industry (Group) Co., Ltd. (Wan Guo Zi Chan Quan Han [2018] No.655) issued by Anhui SASAC, it is approved that the entire Huainan Mining Group be transferred to Huaihe Energy. Upon completion of transfer and before the completion of the Capital Increase, Huaihe Energy will hold 100% equity interests in Huainan Mining Group.

The audited key financial data of Huainan Mining Group for the two financial years ended 31 December 2016 and 2017 are set out below (on consolidated basis):

Unit: RMB10,000

	As at 31 December 2016	As at 31 December 2017
Total assets	<u>15,248,215.43</u>	<u>15,618,099.56</u>
	For the year ended 31 December 2016	For the year ended 31 December 2017
Total profits	<u>102,420.43</u>	<u>182,596.34</u>
Net profits attributable to shareholders of the parent	<u>67,206.36</u>	<u>111,581.05</u>

As of the Valuation Reference Date, the appraised value of the assets of Huainan Mining Group amounted to RMB36,485,198,500.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT HUAIHE ENERGY

Huaihe Energy is a company incorporated and validly subsisting under the laws of the PRC with limited liability and a wholly state-owned company whose capital is contributed by Anhui SASAC. Huaihe Energy's business scope includes production and sales of coal, electricity, natural gas and technology research and services; logistics; investment; and asset management. As at the date of this announcement, Huaihe Energy had a registered capital and paid-in capital of RMB50 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and its subsidiaries jointly held 55.45% equity interests in Cinda Real Estate. Cinda Real Estate is a subsidiary of the Company. As Huainan Mining Group holds more than 10% equity interests in Cinda Real Estate, which constitutes a connected person of the Company at the subsidiary level, pursuant to Chapter 14A of the Listing Rules, DES Agreement and the transaction contemplated thereunder shall constitute a connected transaction of the Company.

As one or more applicable percentage ratio(s) with respect to the transaction contemplated under DES Agreement is/are higher than 1% but lower than 5% and Huainan Mining Group is a connected person of the Company at the subsidiary level, pursuant to Chapter 14A of the Listing Rules, DES Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular, advice from independent financial advisor and shareholders' approval requirements.

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

DEFINITIONS

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

“Anhui SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Anhui Province
“Articles of Association”	the articles of association of the Company as amended from time to time
“Audit Reference Date”	31 August 2018
“Board”	the board of directors of the Company
“Capital Increase”	the contribution of capital totaling RMB3,000 million by the Company to Huainan Mining Group by way of debt-to-equity swap pursuant to the DES Agreement
“Cinda Real Estate”	Cinda Real Estate Co., Ltd., a subsidiary of the Company
“Company”	China Cinda Asset Management Co., Ltd.

“Completion Date”	the date of completion of registration with the State Administration for Industry and Commerce for the Capital Increase
“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 issued by Cinda Real Estate to the Company and Huainan Mining Group to settle the consideration for the purchase of the Target Equity Interests, which were listed on the Shanghai Stock Exchange
“DES 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 on 26 October 2018
“Director (s)”	director (s) of the Company
“Group”	the Company and its subsidiaries
“Huaihe Energy”	Huaihe Energy Holdings Group Co., Ltd.*
“Huainan Mining Group”	Huainan Mining Industry (Group) Co., Ltd.
“Huainan Mining Group Overall Restructuring Proposal”	the Overall Restructuring Proposal of Huainan Mining Industry (Group) Co., Ltd., including the Share Repurchase, the issuance of Consideration Shares by Cinda Real Estate to purchase the Target Equity Interests and the Capital Increase by way of debt-to-equity swap between the Group and Huainan Mining Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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

* For identification purpose only

“Restructuring Compensation”	the amount of restructuring compensation receivable by the Group with respect to the relevant debt based on the interest calculation method agreed under a series of debt restructuring agreements entered into between the Group and Huainan Mining Group and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Share Repurchase”	the reduction of capital and repurchase of the Company’s equity interests in Huainan Mining Group by Huainan Mining Group pursuant to the Huainan Mining Group Overall Restructuring Proposal
“Special Audit Report”	the Special Audit Report (Tian Jian Wan Shen [2018] No.685) issued by Pan-China Certified Public Accountants LLP, Anhui Branch and filed with and approved by Anhui SASAC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interests”	100% equity interests of Huainan Mining Real Estate Co., Ltd.
“Valuation Reference Date”	30 November 2017
“%”	per cent

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

Beijing, the PRC
26 October 2018

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi’ai and Mr. CHEN Xiaozhou as executive directors, Mr. HE Jieping, Mr. XU Long, Ms. YUAN Hong, Mr. ZHANG Guoqing and Mr. LIU Chong as non-executive directors, and Mr. CHANG Tso Tung, Stephen, Mr. XU Dingbo, Mr. ZHU Wuxiang and Mr. SUN Baowen as independent non-executive directors.