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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)

**MAJOR TRANSACTION
ACQUISITION OF ALL THE ISSUED SHARES
OF NANYANG COMMERCIAL BANK, LIMITED**

Financial Advisor to the Company

Morgan Stanley

Morgan Stanley Asia Limited

INTRODUCTION

We refer to the announcements published by the Company on 15 September 2015 and 27 August 2015 in relation to the Acquisition. The Board is pleased to announce that on 18 December 2015, Cinda Financial, an indirectly wholly-owned subsidiary of the Company, entered into a legally binding agreement with BOCHK and Cinda HK pursuant to which Cinda Financial has agreed to acquire all the issued shares of Nanyang Bank for a total consideration of HK\$68,000,000,000 payable in cash on the Completion Date.

Completion is conditional on the satisfaction of certain conditions precedent as further described in this announcement. If these conditions precedent have not been satisfied on or before 11:59 p.m. on the Long Stop Date, the SPA shall terminate automatically with immediate effect.

Upon Completion, Nanyang Bank will become an indirect wholly-owned subsidiary of the Company, and the financial results of Nanyang Bank will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition and the entering into the SPA constitute a major transaction of the Company. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information of Nanyang Bank; (iii) unaudited pro forma financial information of the Enlarged Group; and (iv) other information as required under the Listing Rules will be despatched to the Shareholders, along with a notice to convene the EGM, on or before 12 January 2016.

As Completion of the Acquisition is subject to the fulfilment of the conditions precedent set out in the SPA, the SPA may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

1. INTRODUCTION

We refer to the announcements published by the Company on 15 September 2015 and 27 August 2015 in relation to the Acquisition. The Board is pleased to announce that on 18 December 2015, Cinda Financial, an indirectly wholly-owned subsidiary of the Company, entered into a legally binding agreement with BOCHK and Cinda HK pursuant to which Cinda Financial has agreed to acquire the Target Shares. Cinda Financial had been confirmed by CFAE as the only qualified bidder in the Bidding Process and was invited to enter into negotiations with BOCHK on the terms of the Acquisition in accordance with the procedures, rules and requirements published on the website of CFAE on 15 July 2015.

2. PRINCIPAL TERMS OF THE SPA

(i) Date

18 December 2015

(ii) Parties

Seller:	BOCHK
Buyer:	Cinda Financial
Buyer's guarantor:	Cinda HK

Pursuant to the SPA, Cinda HK, in its capacity as Cinda Financial's guarantor, has agreed to provide an irrevocable and unconditional guarantee in favour of BOCHK for the due and punctual performance of each obligation of Cinda Financial under (i) the SPA and (ii) other transaction documents in connection with the Acquisition to which Cinda Financial is a party thereto.

(iii) The Acquisition

Subject to and in accordance with the terms and conditions of the SPA, Cinda Financial agreed to acquire, and BOCHK agreed to sell, the Target Shares.

(iv) Consideration and payment terms

The total amount of consideration payable by Cinda Financial for the Acquisition is HK\$68,000,000,000 (the “**Consideration**”). Pursuant to the terms of the SPA, Cinda Financial is required to pay BOCHK the total amount of Consideration on the Completion Date in immediately available funds by electronic transfer.

The Consideration will be funded by a combination of the Company’s internal cash resources and debt financing extended to Cinda HK.

(v) Basis for determination of the Consideration

As the Target Shares constitute state-owned financial assets, pursuant to the relevant PRC laws and regulations, BOCHK followed a public bidding process conducted through CFAE in its proposed disposal of the Target Shares.

During the Bidding Process, Cinda Financial submitted a final bidding price for an amount equal to HK\$68,000,000,000, which is the Consideration payable under the SPA.

The amount of Consideration payable for the Acquisition was determined based on various factors, including (i) the prospective profit contributions of Nanyang Bank to the Enlarged Group; (ii) the value of Nanyang Bank’s franchise and licenses in Hong Kong and mainland China; (iii) the quality of Nanyang Bank’s assets; (iv) the growth prospects, earnings potential, competitive advantages, potential synergies that can be achieved between Nanyang Bank and the Group; and (v) relevant valuation benchmarks.

On the basis of the above factors, the Board considers that the final bidding price submitted by Cinda Financial, and the amount of Consideration payable for the Acquisition, is fair and reasonable.

(vi) Conditions precedent

Pursuant to the terms of the SPA, Completion is conditional on the satisfaction of the following conditions precedent:

- (1) Cinda Financial and any holding company or other controller of Cinda Financial having been approved, or not having been objected to within the relevant period by the HKMA as a majority shareholder controller (as such term is defined in the Banking Ordinance) of Nanyang Bank under section 70 of the Banking Ordinance and the chief executive and directors of Nanyang Bank which Cinda Financial proposes to appoint on Completion having been approved by the HKMA under section 71 of the Banking Ordinance;
- (2) the Acquisition having been approved by the China Banking Regulatory Commission, and Cinda Financial having completed the foreign exchange registration of outbound investment with the PRC State Administration of Foreign Exchange in relation to the Acquisition;
- (3) the Acquisition having been approved by the Shareholders of the Company; and

- (4) if required under the Listing Rules, the Acquisition having been approved by the shareholders of BOCHK Holdings as permitted under the Listing Rules.

If these conditions precedent have not been satisfied on or before 11:59 p.m. on the Long Stop Date, the SPA shall terminate automatically with immediate effect.

(vii) Break fee

If Completion does not take place and the SPA is terminated pursuant to its terms due to the non-satisfaction of the conditions precedent set out in either paragraph (1) or (2) above by the Long Stop Date, Cinda Financial shall pay to BOCHK an amount equal to 1.5% of the Consideration in immediately available funds by electronic transfer in Hong Kong dollars by no later than five Business Days after the termination of the SPA.

(viii) Forfeiture or return of the Cash Deposit and Performance Bond

Pursuant to the SPA:

- (1) BOCHK shall be entitled to forfeit and retain the Cash Deposit in full and any accrued interest on the Cash Deposit and call on the full amount of the Performance Bond, if Completion does not take place and the SPA is terminated pursuant to its terms due to (i) the non-satisfaction of the condition precedent set out in paragraph (3) above by the Long Stop Date, or (ii) Cinda Financial fails to pay the Consideration in full at Completion;
- (2) if (A) Completion does not take place due to any reasons other than those relating to non-satisfaction of any of the conditions precedent set out in paragraphs (1) to (3) above, or (B) Completion does not take place or is not capable of taking place as a result of any applicable law prohibiting BOCHK or Cinda Financial from completing the Acquisition, BOCHK (in the case of (A)) or BOCHK and Cinda Financial (in the case of (B)) shall arrange for CFAE to return the Cash Deposit and any accrued interest on the Cash Deposit to Cinda Financial and shall return the Performance Bond; and
- (3) if Completion takes place in accordance with the SPA, the parties shall send a joint notice to CFAE on the Completion Date instructing the return of the Cash Deposit and any accrued interest on the Cash Deposit to Cinda Financial.

(ix) Pre-Completion undertakings

Pursuant to the SPA, BOCHK has undertaken that it shall procure that each of Nanyang Bank and NCB China will, among other things, carry on its business in the ordinary and usual course in all material respects between the date of the SPA and the Completion Date.

(x) Post-Completion arrangements

BOCHK, Nanyang Bank and Cinda Financial will enter into a transitional services agreement on the Completion Date, pursuant to which BOCHK will provide certain transitional support, IT and other assistance to Nanyang Bank and NCB China at service charges mutually agreed for a term of three years from the Completion Date (which may be extended to four years at the election of Cinda Financial) to facilitate the smooth transition

of Nanyang Bank from BOCHK to Cinda Financial. Representatives of BOCHK and Cinda Financial will form a preparatory committee to prepare for the implementation of the transitional services agreement.

3. INFORMATION ABOUT NANYANG BANK

Nanyang Bank is a commercial bank with its principal operations and branches in Hong Kong and mainland China. It offers a comprehensive range of personal and commercial banking services to its retail and corporate customers.

The audited net assets value of Nanyang Bank as at 30 September 2015 was HK\$36,667,781,000.

The audited net profit (before and after taxation) of Nanyang Bank for the two years ended 31 December 2013 and 2014, and the nine months ended 30 September 2015 were as follows:

	For the year ended 31 December		For the nine months ended 30 September
	2013	2014	2015
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Profit before taxation	3,359,210	3,366,679	2,617,867
Profit after taxation	2,828,657	2,751,499	2,188,343

Upon Completion, Nanyang Bank will become an indirect wholly-owned subsidiary of the Company, and the financial results of Nanyang Bank will be consolidated into the consolidated financial statements of the Group.

4. INFORMATION ABOUT THE PARTIES

Cinda Financial is a company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of the Company. Cinda Financial is a special purpose vehicle company established for the purposes of implementing the Acquisition and, following completion of the Acquisition, directly holding the Target Shares.

The Group is principally engaged in distressed asset management and provision of customised financial solutions and differentiated asset management services to its clients through the synergistic operation of its diversified business platforms.

Cinda HK is a direct wholly-owned subsidiary of the Company and it is principally engaged in offshore asset management business and provision of offshore financial services.

BOCHK is a wholly-owned subsidiary of BOCHK Holdings. BOCHK is a licensed bank in Hong Kong which offers a comprehensive range of financial products and services to retail and corporate customers. BOCHK is one of the three note issuing banks in Hong Kong and also the clearing bank for Renminbi business in Hong Kong.

BOCHK Holdings is an investment holding company and its subsidiaries are principally engaged in the provision of banking and financial services in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BOCHK and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition will further strengthen the Company's leading position in distressed asset management, and create significant synergies and cross-selling potential for the Company through Nanyang Bank's wide customer base, diversified product offerings and extensive distribution channels, both in Hong Kong and mainland China. The Directors expect that Nanyang Bank will become an important part of the Enlarged Group's future strategic development and its core financial services platform, which will significantly improve the Company's capabilities in providing comprehensive and differentiated financial services. The Directors believe that the Acquisition will enhance and optimise the Company's business model, promote long-term and sustainable growth and generate sustained and attractive returns for the Shareholders.

Having considered the above, the Directors are of the view that the Acquisition and the terms of the SPA (including the amount of Consideration payable for the Acquisition) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition and the entering into the SPA constitute a major transaction of the Company. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. GENERAL

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve, among other matters, the SPA and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information of Nanyang Bank; (iii) unaudited pro forma financial information of the Enlarged Group; and (iv) other information as required under the Listing Rules will be despatched to the Shareholders, along with a notice to convene the EGM, on or before 12 January 2016.

As Completion of the Acquisition is subject to the fulfilment of the conditions precedent set out in the SPA, the SPA may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

8. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Acquisition”	the acquisition of the Target Shares pursuant to the SPA
“Banking Ordinance”	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Bidding Process”	the public bidding process conducted via CFAE
“Board”	the board of Directors
“BOCHK”	Bank of China (Hong Kong) Limited, a company incorporated in Hong Kong being a directly wholly-owned subsidiary of BOCHK Holdings
“BOCHK Holdings”	BOC Hong Kong (Holdings) Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 02388)
“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong or the PRC
“Cash Deposit”	the cash deposit paid by Cinda Financial in connection with the Acquisition in the amount of HK\$3,400,000,000 which was received on 17 September 2015 in the escrow account maintained by the CFAE
“CFAE”	Beijing Financial Assets Exchange
“Cinda HK”	China Cinda (HK) Holdings Company Limited, a company incorporated in Hong Kong, being a directly wholly-owned subsidiary of the Company
“Cinda Financial”	Cinda Financial Holdings Co., Limited, a company incorporated in Hong Kong, being an indirectly wholly-owned subsidiary of the Company
“Company”	China Cinda Asset Management Co., Ltd., a company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 01359)
“Completion”	completion of the Acquisition in accordance with the SPA

“Completion Date”	the date which is 10 Business Days after the date on which the last of the conditions precedent set out in the SPA to be satisfied is satisfied (such date not being later than the Long Stop Date), or such other date as may be agreed in writing among BOCHK, Cinda Financial and Cinda HK
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the SPA and the transactions contemplated thereunder
“Enlarged Group”	the Company and its subsidiaries as enlarged by the Acquisition upon Completion
“Group”	the Company and its subsidiaries, including Cinda Financial
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKMA”	the Hong Kong Monetary Authority
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2016, or such other date as BOCHK, Cinda Financial and Cinda HK may agree in writing
“Morgan Stanley”	Morgan Stanley Asia Limited, a company incorporated in Hong Kong, that is licensed for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Nanyang Bank”	Nanyang Commercial Bank, Limited, a company incorporated in Hong Kong and a licensed bank in Hong Kong
“NCB China”	Nanyang Commercial Bank (China) Limited, a company established in the PRC being a wholly-owned subsidiary of Nanyang Bank
“Performance Bond”	the payment on demand performance bond for the amount of HK\$6,800,000,000 issued by China Construction Bank Corporation, Hong Kong Branch in favour of BOCHK dated 15 September 2015

“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including H shares and domestic shares
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“SPA”	the sale and purchase agreement dated 18 December 2015 entered into between BOCHK, Cinda Financial and Cinda HK in relation to the acquisition of the Target Shares by Cinda Financial from BOCHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Shares”	the 7,000,000 issued ordinary shares of Nanyang Bank to be acquired by Cinda Financial pursuant to the terms of the SPA, representing 100% of Nanyang Bank’s issued share capital as at the date of the SPA
“%”	per cent

Yours faithfully,
By order of the Board
China Cinda Asset Management Co., Ltd.
HOU Jianhang
Chairman

Beijing, PRC
18 December 2015

As at the date of this notice, the Board of the Company consists of Mr. HOU Jianhang and Mr. ZANG Jingfan as executive Directors, Mr. LI Honghui, Mr. SONG Lizhong, Ms. XIAO Yuping, Ms. YUAN Hong and Mr. LU Shengliang as non-executive Directors, and Mr. LI Xikui, Mr. QIU Dong, Mr. CHANG Tso Tung, Stephen and Mr. XU Dingbo as independent non-executive Directors.