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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))

DISCLOSEABLE TRANSACTION – TRANSFER OF EQUITY INTERESTS IN HAPPY LIFE

References are made to the announcement on the Inside Information, the Supplementary Notice of AGM for 2018 dated June 11, 2019, the announcement on Poll Results of the AGM for 2018 dated June 25, 2019, and the voluntary announcement on Progress on Transfer of Equity Interests in Happy Life dated November 19, 2019 of the Company, in relation to the Transfer.

On December 13, 2019, the Company (as transferor) finished the Listing for Sale Procedure on the Shanghai United Assets and Equity Exchange for the Transfer and entered into the Equity Transfer Agreement with Champion Insurance and DCIG (both are independent third parties and as joint transferee) for the purpose of the Transfer. The Transfer is subject to the approval of the CBIRC.

Upon completion of the Transfer, the Company will cease to have any interest in Happy Life, and the financial results of Happy Life will cease to be consolidated into the accounts of the Group.

As one or more of the applicable percentage ratio(s) in respect of the Transfer exceed(s) 5% but is(are) less than 25%, the Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On December 13, 2019, the Company (as transferor) finished the Listing for Sale Procedure on the Shanghai United Assets and Equity Exchange for the Transfer and entered into the Equity Transfer Agreement with Champion Insurance and DCIG (both are independent third parties and as joint transferee) for the purpose of the Transfer. The Transfer is subject to the approval of the CBIRC.

THE TRANSFER

The principal terms of the Transfer are as follows:

Subject of the Transfer: The Equity Interests, representing 50.995% of the equity interests in Happy Life held by the Company as at the date of this announcement.

Happy Life is a joint stock company established in the PRC with limited liability and is principally engaged in various types of life insurance, health insurance and personal accident insurance, as well as reinsurance in relation to personal insurance. It's owned as to 50.995% of its entire equity interests by the Company as at the date of this announcement.

THE EQUITY TRANSFER AGREEMENT

Date

December 13, 2019

Parties

Party A (transferor): The Company

One party of Party B (transferee): Champion Insurance

The other party of Party B (transferee): DCIG

One party of Party B and the other party of Party B are collectively referred to as "Party B", assuming joint and several liability to Party A for all obligations and responsibilities under the Equity Transfer Agreement.

Party A transferred the Equity Interests to Party B at a total consideration of RMB7,500,000,000, and Champion Insurance acquired 3,039,112,918 shares at a consideration of RMB4,412,197,274.05, accounting for 30% of the total share capital of Happy Life, while DCIG acquired 2,126,872,524 shares at a consideration of RMB3,087,802,725.95, accounting for 20.995% of the total share capital of Happy Life.

Consideration

RMB7,500,000,000, being the bidding price for the disposal of the Equity Interests in Happy Life through the public tender at the Shanghai United Assets and Equity Exchange, which is determined with reference to the appraised value of the Equity Interests in Happy Life as at the Transaction Reference Date as filed with the relevant regulatory authority. According to an asset valuation report issued by an independent asset valuation institution and prepared based on the market approach, the appraised value of the Equity Interests in Happy Life as at the Transaction Reference Date was approximately RMB13,661 million.

Party B has paid the consideration in cash to the designated bank account of the Shanghai United Assets and Equity Exchange. Party B has paid a security deposit in the amount of RMB1.5 billion to Shanghai United Assets and Equity Exchange upon its registration to participate in the public tender, which has been converted into a part of the consideration.

Other principal terms

Upon signing of the Equity Transfer Agreement, Party B shall pay Party A an amount equivalent to 10% of the consideration as compensation in a lump sum if the issue of a disapproval of the Transfer by the regulatory authority results in the failure to continue the Transfer.

Within 12 months after signing of the Equity Transfer Agreement, Party A shall be entitled to give a notice in writing to Party B to terminate the Transfer from the date of the expiration of the above 12 months if Party B fails to obtain the approval for the Transfer from the regulatory authority. Party B shall pay Party A an amount equivalent to 10% of the transaction consideration as compensation in a lump sum if the Transfer is terminated due to such reason.

FINANCIAL INFORMATION OF HAPPY LIFE

The key financial indicators of Happy Life prepared in accordance with the PRC Accounting Standards for Business Enterprises for the two years ended December 31, 2017 and 2018 are set out below:

	For the year ended December 31,	
	2018	2017
	RMB'000	RMB'000
Net profit before tax	(6,878,982)	48,912
Net profit after tax	(6,801,254)	49,378

As at December 31, 2018, the total assets and net assets of Happy Life were RMB67,840.95 million and RMB4,666.093 million, respectively.

FINANCIAL EFFECTS OF THE TRANSFER

The expected net proceeds from the Transfer of approximately RMB7.5 billion will be applied for general working capital purpose or potential investments of the Group in the future.

It is expected that the Group would record an unaudited pre-tax profit of approximately RMB4.42 billion upon completion of the Transfer, which is calculated based on the premium between the consideration and the unaudited net assets together with the impact of the reclassification of other comprehensive income of Happy Life under the International Financial Reporting Standards which attribute to the Company in proportion to its shareholding as at the Transaction Reference Date.

It is expected that the actual gain to be recognised in the consolidated statement of profit or loss of the Company upon completion of the Transfer could be different from the estimated gain disclosed above, mainly due to the change in the net assets and other comprehensive income of Happy Life from the Transaction Reference Date to the expected completion of the Transfer.

Upon completion of the Transfer, the Company will cease to have any interest in Happy Life, and the financial results of Happy Life will cease to be consolidated into the accounts of the Group.

INFORMATION ON THE PARTIES

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.

Happy Life is principally engaged in various types of life insurance, health insurance and personal accident insurance, as well as reinsurance in relation to personal insurance.

Champion Insurance is principally engaged in property insurance, liability insurance, credit insurance and guarantee insurance, short-term health insurance and personal accidental injury insurance, as well as reinsurance for the above-mentioned insurances.

DCIG is positioned as a comprehensive group engaged in the construction and operation of integrated transportation system for the city as well as investments in the transportation-related industries.

REASONS FOR AND BENEFITS OF THE TRANSFER

The Board is of the view that the Transfer is in line with the Company's strategic development direction of focusing on the main business of distressed asset management, which helps the Company to optimize and integrate the resources of subsidiaries, improve the Group's asset structure, improve efficiency of capital operation and to further enhance the core competence of the main business of distressed asset management.

Having taken into account the above factors and the fact that the Transfer was conducted through the Listing for Sale Procedure, the Directors consider that the terms proposed for the Transfer have been made on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the Transfer exceed(s) 5% but is(are) less than 25%, the Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, Champion Insurance and DCIG and their ultimate beneficial owners are independent third parties.

The Board hereby reminds that the Transfer shall be subject to the approval of the CBIRC, and the Transfer may or may not be completed. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:

“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“Champion Insurance”	Champion Property & Casualty Insurance Co., Ltd.
“Company”	China Cinda Asset Management Co., Ltd.
“DCIG”	Dongguan Communications Investment Group Co., Ltd
“Directors”	the directors of the Company
“Equity Interests”	the 50.995% of the equity interests in Happy Life held by the Company as at the date of this announcement
“Equity Transfer Agreement”	the Shanghai Asset and Equity Transfer Agreement entered into among the Company, Champion Insurance and DCIG on December 13, 2019
“Group”	the Company and its subsidiaries
“Happy Life”	Happy Life Insurance Co., Ltd.
“Listing for Sale Procedure”	the listing procedure conducted at the Shanghai United Assets and Equity Exchange for transferring all the equity interests of Happy Life held by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Reference Date”	March 31, 2019
“Transfer”	the transfer of the Equity Interests through the Listing for Sale Procedure
“%”	per cent.

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

Beijing, the PRC
December 13, 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.