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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))**

### **DISCLOSEABLE TRANSACTION**

### **ENTERING INTO SHARE SUBSCRIPTION AGREEMENTS**

On November 17, 2021, the Company, as one of the Investors, and the Other Investors separately entered into the Share Subscription Agreements with China Huarong. Pursuant to the Share Subscription Agreements, China Huarong intends to issue in aggregate not more than 39,215,686,272 (inclusive) domestic shares and not more than 1,960,784,313 (inclusive) H shares to all the Investors, the actual number of shares to be issued being subject to the approval of the regulatory authorities, each with a nominal value of RMB1. Therefore, the total nominal value of the shares of the Issuance shall be not more than RMB41,176,470,585 (inclusive). Among which, the Company shall contribute not more than RMB4 billion to subscribe for not more than 3,921,568,627 (inclusive) domestic shares in cash. Upon completion of the Investment, the Company will hold 3,921,568,627 domestic shares of China Huarong, representing 4.89% of the total issued share capital of China Huarong.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the entering into the Share Subscription Agreements constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Pursuant to the Articles of Association, the entering into the Share Subscription Agreements shall be subject to the approval of the shareholders' general meeting of the Company. A circular containing, among other things, the resolution to consider and approve the Investment and relevant authorization is expected to be despatched to the Shareholders on or before November 17, 2021.

**Shareholders and potential investors should note that Closing is subject to the satisfaction of the conditions precedent set out in the Share Subscription Agreements and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.**

## I. ISSUANCE

On November 17, 2021, the Company, as one of the Investors, and the Other Investors separately entered into the Share Subscription Agreements with China Huarong. Pursuant to the Share Subscription Agreements, China Huarong intends to issue in aggregate not more than 39,215,686,272 (inclusive) domestic shares and not more than 1,960,784,313 (inclusive) H shares to all the Investors, the actual number of shares to be issued being subject to the approval of the regulatory authorities, each with a nominal value of RMB1 (the “**Issuance**”). Therefore, the total nominal value of the shares of the Issuance shall be not more than RMB41,176,470,585 (inclusive). The total subscription price payable for domestic shares shall be not more than RMB40 billion (inclusive), of which the subscription price payable by the Company shall be not more than RMB4 billion (inclusive). The total subscription price payable for H shares shall be not more than Hong Kong dollar equivalent of RMB2 billion (inclusive). The detailed arrangements are as follows:

<b>Investor</b>	<b>Maximum number of shares to be subscribed</b>	<b>Class of shares</b>
CITIC Group	18,823,529,411	Domestic shares
China Insurance Rongxin Fund	14,509,803,921	Domestic shares
The Company	3,921,568,627	Domestic shares
ICBC Investment	1,960,784,313	Domestic shares
China Life	1,960,784,313	H shares

For reference and illustration purposes only, assuming that (i) there is no change in the total issued share capital of China Huarong or the number of shares held by the Ministry of Finance from the date of this announcement up to the completion of the Issuance (other than the Issuance by China Huarong); (ii) the issue of an aggregate of 39,215,686,272 domestic shares (representing approximately 100.37% of the total issued share capital of China Huarong as at the date of this announcement and approximately 48.87% of the total issued share capital of China Huarong as enlarged by the issue of domestic shares and H shares as a result of the Issuance); and (iii) the issue of an aggregate of 1,960,784,313 H shares (representing approximately 5.02% of the total issued share capital of China Huarong as at the date of this announcement and approximately 2.44% of the total issued share capital of China Huarong as enlarged by the issue of domestic shares and H shares as a result of the Issuance), the shareholding structure of China Huarong as at the date of this announcement and immediately after completion of the Issuance is set out as follows:

	As at the date of this announcement		Immediately after completion of the Issuance	
	Number of shares	Approximate percentage of the total issued share capital of China Huarong (%)	Number of shares	Approximate percentage of the total issued share capital of China Huarong (%)
<b>Domestic shares</b>				
Ministry of Finance	9,901,084,435	25.34	9,901,084,435	12.34
Other domestic shareholders	4,125,271,109	10.56	4,125,271,109	5.14
Domestic shares issued as a result of the Issuance:				
CITIC Group	N/A	N/A	39,215,686,272	48.87
China Insurance Rongxin Fund	N/A	N/A	18,823,529,411	23.46
The Company	N/A	N/A	14,509,803,921	18.08
ICBC Investment	N/A	N/A	3,921,568,627	4.89
			1,960,784,313	2.44
<b>Total number of domestic shares</b>	<b>14,026,355,544</b>	<b>35.90</b>	<b>53,242,041,816</b>	<b>66.35</b>
<b>H shares</b>				
Ministry of Finance	12,376,355,544	31.68	12,376,355,544	15.42
Other public H shareholders	12,667,497,374	32.42	12,667,497,374	15.79
H shares issued as a result of the Issuance:				
China Life	N/A	N/A	1,960,784,313	2.44
			1,960,784,313	2.44
<b>Total number of H shares</b>	<b>25,043,852,918</b>	<b>64.10</b>	<b>27,004,637,231</b>	<b>33.65</b>
Among which, H shares held by the public:				
– Existing public H shareholders	12,667,497,374	32.42	14,628,281,687	18.23
– China Life	N/A	N/A	1,960,784,313	2.44
<b>Total</b>	<b>39,070,208,462</b>	<b>100.00</b>	<b>80,246,679,047</b>	<b>100.00</b>

*Notes:*

- As at the date of this announcement, China Life holds 1,650,000,000 domestic shares of China Huarong, representing approximately 4.22% of the total issued share capital of China Huarong; after the Issuance, China Life will hold 1,650,000,000 domestic shares and 1,960,784,313 H shares of China Huarong, representing approximately 2.06% and approximately 2.44% of the total issued share capital of China Huarong after the Issuance, respectively.
- As at the date of this announcement, the substantial shareholder of China Huarong only includes the Ministry of Finance. Shares held by public shareholders before the Issuance are H shares held by H shareholders other than the Ministry of Finance; the shares held by public shareholders after the Issuance are H shares held by existing public H shareholders and China Life.
- The sum of shareholding percentages may not add up to the total due to rounding.

## II. PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AGREEMENT

- Date: November 17, 2021
- Parties: China Huarong; and  
the Company
- Investment: Pursuant to the Share Subscription Agreement, the Company shall contribute not more than RMB4 billion (inclusive) to subscribe for not more than 3,921,568,627 (inclusive) domestic shares with a nominal value of RMB1 in cash (the “**Target Shares**”). The issue price is RMB1.02 per share (based on the net assets per share of RMB1.02/share of China Huarong upon valuation as of 31 December 2020). Upon completion of the Investment, the Company will hold 3,921,568,627 domestic shares of China Huarong, representing 4.89% of the total issued share capital of China Huarong. There is no lock-up periods on the shares subscribed by the Company under the Investment.
- Method of subscription and payment: The Company shall subscribe in RMB in cash and transfer the entire amount of the subscription price to a special deposit account for proceeds designated by China Huarong on the Closing Date.
- Conditions to take effect: The Share Subscription Agreement shall become effective subject to the following conditions being satisfied in full or waived by the Company within 60 days after the date of signing of the Share Subscription Agreement or within or prior to such period as China Huarong and the Company may agree on extension in writing:
- (a) the board of directors and the general meeting of China Huarong having considered and approved the Investment;
  - (b) the Company having obtained all applicable internal approvals and authorizations required for the Investment;
  - (c) China Huarong and the Company having obtained applicable approvals or authorizations of regulatory authorities for the Investment, and each such consent, approval, authorization, permit or waiver remaining in full force and effect, and any such consent, approval, authorization, permit or waiver not materially altering or invalidating any terms of the Share Subscription Agreement, or materially and adversely affecting the rights of the Company or China Huarong.

The parties shall use their respective best endeavors to procure the fulfillment of the conditions to take effect and use their respective best endeavors to cause the Closing Date to occur within 60 days after the date of signing of the Share Subscription Agreement.

Conditions precedent:

The conditions precedent to the Closing are, among other things, as follows:

- (a) on Closing Date, the representations and warranties made by China Huarong under the Share Subscription Agreement being true and accurate in all material respects as if they had been made on the Closing Date, except that the warranties made on a particular date shall only be true and accurate as of such date;
- (b) there being no pending or threatened litigation against any party or any investigation, examination or other procedure raised or initiated by any regulatory authority in countries and regions that have jurisdiction over any party which would prevent or hinder the completion of the Investment or the performance of any party’s obligations under the Share Subscription Agreement, and there being no legal or regulatory requirements/restrictions on the Company (including its related parties) under the laws and regulations of the regions that have jurisdiction over any party or by government authorities and/or regulatory authorities, or any application, reporting or approval required or proposed to be made by China Huarong and its direct subsidiaries or the Company (including its related parties) by government authorities and/or regulatory authorities in countries and regions that have jurisdiction over any party in respect of the Investment;
- (c) there being no event that has a material adverse effect on China Huarong and its direct subsidiaries from the date of signing of the Share Subscription Agreement to the Closing Date.

The above conditions precedent shall be satisfied or waived by the party entitled to waive these conditions on or before the Closing.

Closing:

The payment of the subscription price for the Target Shares by the Company and the delivery of the Target Shares by China Huarong to the Company shall take place on the next business day following the delivery of a written closing notice by China Huarong to the Company (the “Closing Date”).

Upon Closing, China Huarong shall use its reasonable commercial endeavors to complete the capital verification and registration procedures for the Target Shares within 30 business days from the Closing Date, and the Company shall use its reasonable commercial endeavors to provide all documents required for the capital verification and share registration procedures.

Termination:

The Share Subscription Agreement may terminate at any time prior to the Closing in following manners for the reasons below:

- (1) In case that the Closing has not been completed within 60 days following the date of signing of the Share Subscription Agreement (except that China Huarong and the Company agree to extend the above term in writing), either party may give written notice to the other party to terminate the Share Subscription Agreement upon the expiration of the term. The terminating party takes no responsibility for the termination, provided that the party giving the notice of termination has not committed any material breach. Despite of above regulations, with the mutual consent of China Huarong and the Company, the term can be extended in writing but not exceed 60 days;
- (2) Both parties agree to terminate the Share Subscription Agreement in writing;
- (3) If the Investment fails to be made due to the force majeure, either party of the Share Subscription Agreement may give the written notice to the other party to terminate the Share Subscription Agreement and the terminating party takes no responsibility for the termination;
- (4) If either party of the Share Subscription Agreement (i) expresses explicitly or indicates by its behavior that it will not fulfil major obligations, or (ii) delays in fulfilling major obligations and fails to fulfil such obligations after being reminded within reasonable period; or (iii) delays in fulfilling its obligations or has committed other breach result in the failure of the subscription, the other party of the Share Subscription Agreement may give written notice to the breaching party to terminate the Share Subscription Agreement, and require the breaching party to take corresponding responsibility. The terminating party takes no responsibility for the termination.

### III. INFORMATION ON THE PARTIES

#### A. INFORMATION ON CHINA HUARONG

China Huarong is a joint stock company incorporated in the PRC with limited liability in 1999, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02799) and is principally engaged in distressed asset management, financial services and asset management and investment. As at June 30, 2021, the shareholding structure of China Huarong is as follows:

Name of shareholder	Class of shares	Number of shares held (100 million shares)	Shareholding percentage
Ministry of Finance	H shares	123.76	31.68%
	Domestic shares	99.01	25.34%
National Council for Social Security Fund	Domestic shares	24.75	6.34%
Warburg Pincus Financial International, Ltd.	H shares	20.60	5.27%
Fabulous Treasure Investments Limited	H shares	17.17	4.39%
China Life	Domestic shares	16.50	4.22%
Shining Grand Limited	H shares	0.55	0.14%
Other shareholders	H shares	88.36	22.62%
<b>Total</b>		<b>390.70</b>	<b>100.00%</b>

The following is a summary of the financial information of China Huarong for the period from January 1, 2018 to June 30, 2021 prepared in accordance with International Financial Reporting Standards and extracted from the audited financial statements of China Huarong:

	For the year ended December 31,			For the six months ended
	2018	2019	2020	June 30, 2021
	<i>(RMB million)</i>			
<b>Revenue</b>	107,253	112,657	76,507	46,062
<b>Profit/(loss) before taxation</b>	6,012	10,970	(102,735)	4,296
<b>Profit/(loss) after taxation</b>	1,509	2,269	(106,274)	1,624



	As at December 31,			As at
	2018	2019	2020	June 30,
	(RMB million)			2021
<b>Total assets</b>	1,710,087	1,705,012	1,641,467	1,605,617
<b>Net assets</b>	168,605	163,476	64,257	65,753

## B. INFORMATION ON THE COMPANY

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

## C. INFORMATION ON OTHER INVESTORS

### *CITIC Group*

CITIC Group is a company incorporated in the PRC with limited liability and is a large state-owned comprehensive multinational conglomerate focusing on five major business segments, namely comprehensive finance, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanization. As at the date of this announcement, CITIC Group is 100% owned by the Ministry of Finance.

### *China Insurance Rongxin Fund*

China Insurance Rongxin Fund is a fund company intended to be invested and established by China Insurance Investment (Beijing) Co., Ltd. (“**China Insurance Beijing**”) as the fund manager. Prior to the establishment of the China Insurance Rongxin Fund, China Insurance Investment Co., Ltd. (“**China Insurance Investment**”) will deal with the matters relating to the Issuance on behalf of China Insurance Rongxin Fund. As at the date of this announcement, China Insurance Beijing is wholly-owned by China Insurance Investment. Based on the public information as at the date of this announcement and according to the Company’s information, there is no other individual or entity holding more than 10% equity interest in the China Insurance Investment.

### *ICBC Investment*

ICBC Investment is a company incorporated in the PRC with limited liability and is principally engaged in banks’ debt-to-equity swaps and supporting businesses. As at the date of this announcement, ICBC Investment is 100% owned by the Industrial and Commercial Bank of China Limited (a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01398) and the Shanghai Stock Exchange (stock code: 601398)).

### *China Life*

China Life is a company incorporated in the PRC with limited liability and its principle business covers three major segments, namely insurance, investment and banking. As at the date of this announcement, China Life is held as to 90% by the Ministry of Finance and 10% by the National Council for Social Security Fund.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the above parties and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.



#### **IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENTS**

As China's economy has shifted to a stage of high-quality development, the demand for risk mitigation in the economic and financial sector has continued to increase, and the market potential of the distressed asset management industry is still being unleashed. Through participating in the restructuring of China Huarong, the Investment is conducive to the stable development of the distressed asset management industry. As a financial investment, it has commercial value to the Company.

Having considered the above, the Directors consider that the terms of the Share Subscription Agreements (including the subscription price) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **V. LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the entering into the Share Subscription Agreements constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules. In addition, the entering into the Share Subscription Agreements does not constitute a transaction under Chapter 14A of the Listing Rules.

#### **VI. SHAREHOLDERS' APPROVAL**

Although the entering into the Share Subscription Agreements is not required to be subject to Shareholders' approval under the Listing Rules, pursuant to the Articles of Association, the entering into the Share Subscription Agreements shall be subject to the approval of the shareholders' general meeting of the Company for approval. No Shareholder is required to abstain from voting on the special resolution in relation to the entering into the Share Subscription Agreements to be proposed at the shareholders' general meeting. A circular containing, among other things, the resolution to consider and approve the Investment and relevant authorization is expected to be despatched to the Shareholders on or before November 17, 2021.

#### **VII. CAUTION**

**Shareholders and potential investors should note that the Closing is subject to the satisfaction of the conditions precedent set out in the Share Subscription Agreements and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.**

## VIII. DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“business day(s)”	any day other than a Saturday, Sunday or the day on which banks in the PRC, Hong Kong or other country or territory where the Investors are incorporated or domiciled are entitled or obligated to close for business in accordance with applicable laws
“China Huarong”	China Huarong Asset Management Co., Ltd.
“China Insurance Rongxin Fund”	China Insurance Rongxin Private Equity Fund Co., Ltd. (tentative name, subject to the industrial and commercial registration)
“China Life”	China Life Insurance (Group) Company
“CITIC Group”	CITIC Group Corporation
“Closing”	the closing of the Investment
“Company”	China Cinda Asset Management Co., Ltd.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“ICBC Investment”	ICBC Financial Asset Investment Co., Ltd.
“Investment”	the issuance of shares by China Huarong and the subscription of additional shares in China Huarong by the Company pursuant to the Share Subscription Agreements

“Investor(s)”	CITIC Group, China Insurance Rongxin Fund, the Company, ICBC Investment and China Life, individually or collectively (as the case may be)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Other Investor(s)”	Investors other than the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of shares of the Company
“Share Subscription Agreement(s)”	the share subscription agreement(s) entered into between the Investors and China Huarong individually or collectively (as the case may be) in respect of the Investment on November 17, 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Beijing, the PRC  
November 17, 2021

*As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi'ai and Mr. ZHANG Weidong as executive directors, Mr. HE Jieping, Mr. XU Long, Mr. WANG Shaoshuang, Ms. ZHANG Yuxiang, 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.*