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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))

ANNOUNCEMENT ON PROGRESS OF ABSORPTION AND MERGER OF HUAINAN MINING GROUP

Reference is made to the announcement dated February 22, 2022 of China Cinda Asset Management Co., Ltd. (the “**Company**”), in relation to the absorption and merger of Huainan Mining Group by Huaihe Energy by issuing shares and/or convertible corporate bonds (if any) and paying cash to Existing Shareholders (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

As stated in the Announcement, 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 in compliance with the Securities Law and approved by/filed with competent state-owned assets supervision and administration department.

The Company has been informed that China United Assets Appraisal Group Co. Ltd., the appraisal agency engaged by Huaihe Energy, has completed the valuation on Huainan Mining Group and issued an asset valuation report (the “**Subject Asset Valuation Report**”). Pursuant to the Subject Asset Valuation Report, as of January 31, 2022, the appraised net assets value of Huainan Mining Group after deducting the perpetual bonds amounted to RMB40,934,421,670.79. The valuation report has been approved by Anhui SASAC.

SUPPLEMENTAL AGREEMENT TO THE ABSORPTION AND MERGER AGREEMENT

On June 20, 2022, Huaihe Energy, Huainan Mining Group and Existing Shareholders entered into a supplemental agreement to the Absorption and Merger Agreement. On the basis of the above appraised value approved by Anhui SASAC, the parties negotiated and determined that the consideration for Huaihe Energy to absorb and merge 100% equity interests of Huainan Mining Group was RMB40,934,421,670.79, with the share issue price and the initial conversion price of the convertible corporate bonds of RMB2.60 per share, in which, the transaction considerations of RMB500,000,000.00, RMB38,859,114,770.79 and RMB1,575,306,900.00 were paid in cash, by issuing shares and by issuing convertible corporate bonds, respectively, details of which are as follows:

Name of Shareholder	Transaction Consideration (RMB)	Issuing Shares (shares)	Payment Method	
			Issuing Convertible Corporate Bonds (pieces)	Cash Payment (RMB)
Huaihe Holding	33,933,837,766.01	12,859,168,371	–	500,000,000.00
China Cinda	3,405,499,690.35	916,865,303	10,216,499	–
CCB Investment	1,165,593,709.82	448,305,273	–	–
GuoHua Investment	681,099,937.62	261,961,514	–	–
BOC Asset	582,796,854.91	11,207,636	5,536,570	–
JiKai Group	466,237,483.47	179,322,109	–	–
Shanghai Power	233,118,742.87	89,661,054	–	–
CP Guorui	233,118,742.87	89,661,054	–	–
Huaibei Mining Industry	233,118,742.87	89,661,054	–	–
Total	<u>40,934,421,670.79</u>	<u>14,945,813,368</u>	<u>15,753,069</u>	<u>500,000,000.00</u>

At the same time, Huaihe Holding and/or its designated third parties and/or the Company and/or its designated third parties will be the cash alternative providers of Huaihe Energy's dissenting shareholders (the “**Dissenting Shareholders**”) during the Absorption and Merger, in which, the Company and/or its designated third parties provide a cash alternative of no more than RMB500 million to the Dissenting Shareholders who are entitled to exercise the cash alternative. The above arrangement does not constitute a notifiable transaction under Chapter 14 or a connected transaction under Chapter 14A of the Listing Rules of the Company.

Save as disclosed above, the other main terms of the Absorption and Merger Agreement will remain unchanged and effective. Upon completion of the Absorption and Merger, the Company will hold approximately 5.51% equity interests of Huaihe Energy (without taking into account the convertible corporate bonds and cash alternative). In the event that the Company converts all the convertible corporate bonds held by it into shares (without taking into account the cash alternative), the Company will hold up to approximately 7.60% equity interests of Huaihe Energy.

One or more applicable percentage ratio(s) with respect to the transaction (the “**Transaction**”) of the Company contemplated under the Absorption and Merger Agreement and its supplemental agreement is/are 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 Transaction and considered that terms thereof 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 Transaction is subject to the reporting and announcement requirements but exempt from circular, advice from independent financial advisor and shareholders’ approval requirements.

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

Beijing, the PRC
June 21, 2022

As at the date of this announcement, the Board of the Company consists of Mr. ZHANG Zi’ai, Mr. ZHANG Weidong and Mr. ZHAO Limin as Executive Directors, Mr. HE Jieping, Mr. WANG Shaoshuang, Mr. CHEN Xiaowu, 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.