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信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 111)

DISCLOSEABLE AND CONNECTED TRANSACTION – DISPOSAL OF 50% EQUITY INTEREST IN A SUBSIDIARY

References are made to the Announcements.

THE CINDA LINGXIAN DISPOSAL

The Board hereby announces that on 24 October 2024, the Company was notified by the SUAEE that the Purchaser, who had submitted a bid price of RMB8.70 million (equivalent to approximately HK\$9.57 million) in response to a Public Tender Notice for the Cinda Lingxian Disposal during the bidding invitation period.

Under such circumstances, after trading hours on 28 October 2024, the Company entered into the Cinda Lingxian Equity Transfer Agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Cinda Lingxian Equity Interest at a consideration of RMB8.70 million (equivalent to approximately HK\$9.57 million).

Upon completion of the Cinda Lingxian Disposal, Cinda Lingxian will cease to be a subsidiary of the Company and their financial results will no longer be consolidated in the Group's financial statements.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Cinda Lingxian Disposal exceeds 5% but all of them are less than 25%, the Cinda Lingxian Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is indirectly held as to approximately 63% by Cinda Securities which is in turn held as to approximately 78.67% by China Cinda. The Purchaser is an indirect wholly-owned subsidiary of Guizhou Xinfu, which is a 30%-controlled company of China Cinda under Chapter 14A of the Listing Rules. As such, the Purchaser is an associate of China Cinda under Rule 14A.13(3) of the Listing Rules and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Cinda Lingxian Equity Transfer Agreement with the Purchaser and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios are less than 25% and the consideration of the Cinda Lingxian Disposal is less than HK\$10 million, the Cinda Lingxian Disposal is subject to the reporting and announcement requirement and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(b) of the Listing Rules.

References are made to the Announcements. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

THE CINDA LINGXIAN DISPOSAL

The Board hereby announces that on 24 October 2024, the Company was notified by the SUAEE that the Purchaser, who had submitted a bid price of RMB8.70 million (equivalent to approximately HK\$9.57 million) in response to a Public Tender Notice for the Cinda Lingxian Disposal during the bidding invitation period.

Under such circumstances, after trading hours on 28 October 2024, the Company entered into the Cinda Lingxian Equity Transfer Agreement with the Purchaser, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Cinda Lingxian Equity Interest at a consideration of RMB8.70 million (equivalent to approximately HK\$9.57 million).

Principal terms of the Cinda Lingxian Equity Transfer Agreement are summarised below:

Date: 28 October 2024 (after trading hours)

Parties: (1) the Company as vendor; and
(2) the Purchaser as purchaser

Subject matter: the Cinda Lingxian Equity Interest

Consideration: The consideration of the Cinda Lingxian Disposal is RMB8.70 million (equivalent to approximately HK\$9.57 million), which was determined and equivalent to 50% of the entire equity interest of Cinda Lingxian as at the Valuation Benchmark Date by the Valuer (being RMB17.40 million (equivalent to approximately HK\$19.14 million) using the income approach, being the tender price of the Public Tender.

Since there has been no significant fluctuations in the financial and operational positions of Cinda Lingxian since the Valuation Benchmark Date, the Directors therefore consider that the Valuation Report is still appropriate in determining the consideration for the Cinda Lingxian Disposal.

Payment: As at the date of this announcement, the Purchaser has deposited an amount of RMB2.0 million (equivalent to approximately HK\$2.2 million) as security deposit (the “**Security Deposit**”) to the SUAEE, which shall be applied towards the settlement of the consideration for the Cinda Lingxian Disposal. On the Payment Date, the Purchaser shall deposit the remaining amount of the consideration for the Cinda Lingxian Disposal of RMB6.70 million (equivalent to approximately HK\$7.37 million) to the designated bank account held by the SUAEE as set out in the Cinda Lingxian Equity Transfer Agreement.

The SUAEE shall, upon receiving a written notice from the Company after the relevant equity transfer certificate having been issued by the SUAEE, release all the proceeds of the consideration for the Cinda Lingxian Disposal to the bank account designated by the Company.

Completion: The Purchaser and the Company shall complete all requisite approval and filing in respect of the transfer of the Cinda Lingxian Equity Interest.

Completion of the transfer of the rights of the Cinda Lingxian Equity Interest shall take place within fifteen (15) business days after the date of the Cinda Lingxian Equity Transfer Agreement.

Completion of the relevant registration for the transfer of the Cinda Lingxian Equity Interest shall take place before 31 December 2024 after the relevant equity transfer certificate having been issued by the SUAEE.

Liquidated damages: If the Purchaser fails to pay the consideration within the time limit as set out in the Cinda Lingxian Equity Transfer Agreement, the Purchaser shall pay to the Company the liquidated damages at the rate of 1% of the overdue amount of the consideration per day. If the consideration has become overdue for more than fifteen (15) days, the Company is entitled to terminate the Cinda Lingxian Equity Transfer Agreement unilaterally and demand the Purchaser to compensate for losses.

If the Company fails to cooperate with the Purchaser in completing the transfer of the rights of the Cinda Lingxian Equity Interest within the time limit as set out in the Cinda Lingxian Equity Transfer Agreement, the Company shall pay to the Purchaser the liquidated damages at a rate of 1% of the consideration per day. If completion of the transfer of the rights of the Cinda Lingxian Equity Interest does not take place for more than fifteen (15) days after the time limit as set out in the Cinda Lingxian Equity Transfer Agreement, the Purchaser is entitled to terminate the Cinda Lingxian Equity Transfer Agreement unilaterally and demand the Company to compensate for losses.

Termination: Save for the aforesaid right of unilateral termination of the Cinda Lingxian Equity Transfer Agreement, either the Purchaser or the Company may terminate the Cinda Lingxian Equity Transfer Agreement by mutual agreement.

Corporate governance: Upon completion of the Cinda Lingxian Disposal, the board of directors of Cinda Lingxian comprises three members, with one director to be nominated by the Company and two directors to be nominated by the Purchaser.

All project investment decisions of Cinda Lingxian have to be approved by its board of directors.

The Company will be involved in the daily operation and management of Cinda Lingxian. The Company will be registered as the actual controller of Cinda Lingxian with the Asset Management Association of China.

APPRAISED VALUE AND VALUATION REPORT

The consideration of the Cinda Lingxian Disposal was determined and equivalent to 50% of the appraised value of the entire equity interest of Cinda Lingxian as at the Valuation Benchmark Date by the Valuer.

The Valuer appraised the value of the entire shareholders' equity interest of Cinda Lingxian on the Valuation Benchmark Date by implementing valuation procedures such as inventory verification, onsite investigation, market research and verification, and evaluation and estimation and by using the asset-based approach and income approach.

(I) Valuation Conclusions of Asset-based Approach

Using the asset-based approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The book value of total assets was RMB26,973,500, the appraised value was RMB27,049,200, and the appraised value appreciation was RMB75,700, with an appreciation rate of 0.28%.

The book value of liabilities was RMB10,030,300, and the appraised value was RMB10,030,300, and there was no change in value appreciation or depreciation.

The book value of net assets was RMB16,943,200, the appraised value was RMB17,018,900, and the appraised value appreciation was RMB75,700, with an appreciation rate of 0.45%.

(II) Valuation Conclusions of Income Approach

Using the income approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The book value of the entire shareholders' equity interest was RMB16,943,200, the appraised value was RMB17,400,000, and the appraised value appreciation was RMB456,800, with an appreciation rate of 2.70%.

(III) Difference Analysis of Valuation Results

The value of the entire shareholders' equity interest calculated by income approach in the Valuation is RMB17,400,000, which is RMB381,100 or 2.24% higher than the value of the entire shareholders' equity interest calculated by the asset-based approach of RMB17,018,900. The main reasons for the difference between the two valuation approaches are:

1. The asset-based approach valuation is based on the replacement cost of the asset, reflecting the socially necessary labor consumed in the asset input (acquisition and construction cost), such acquisition and construction cost will usually change with the changes in the national economy; and
2. The income approach valuation is based on the expected return of the asset, reflecting the size of the asset's operating ability (profitability), such profitability will usually be affected by various conditions such as macroeconomy, government control and effective use of assets.

In summary, there are differences between the two valuation approaches.

(IV) Selection of Valuation Results

The Valuer takes the view that the appraised entity is a private equity fund management company, and the appraised entity has still several investment projects and managed funds, and the income brought by these investment projects and managed funds to the appraised entity cannot be reflected by the asset-based approach, while the income approach can reflect the income brought by these investment projects and managed funds to the appraised entity, and the income approach can better reflect the profitability of the appraised entity.

Therefore, relatively speaking, the valuation results of the income approach are more reliable, so the valuation results of the income approach are used as the final valuation conclusions in the Valuation.

Through the above analysis, the Valuer concluded that the value of the entire shareholders' equity interest of Cinda Lingxian as at the Valuation Benchmark Date is RMB17,400,000.

The Valuer selected the valuation results of the income approach as the final valuation conclusions in the Valuation taking into account the relatively stable correspondence between operation and income, and future returns and risks of Cinda Lingxian that can be projected and quantifiable. The Directors have reviewed the Valuation Report and consider the key assumptions and inputs adopted in the income approach to be fair and reasonable, taking into account the following factors:

- (a) Revenue projections: The revenue projections used in the valuation are based on the historical financial performance of Cinda Lingxian, as well as the expected growth in the service fees to be received from the provision of investment management business to limited partnership funds. The Directors believe these projections are reasonable and achievable, considering Cinda Lingxian’s market position, its estimated service fee level, and business pipeline.
- (b) Cost structure: The Valuer has made appropriate assumptions regarding Cinda Lingxian’s cost structure, including operating expenses, administrative expenses, working capital and other relevant costs. The Directors have reviewed these assumptions and consider them to be in line with Cinda Lingxian’s historical cost structure and expected future cost trends.

In view of the above, the Directors consider that the assumptions and inputs as adopted by the Valuer are fair and reasonable and consider that there is unlikely to have any material change in the assumptions and inputs which are likely to materially affect the valuation of the Cinda Lingxian Equity Interest.

PROFIT FORECAST REQUIREMENTS UNDER THE LISTING RULES

The consideration of the Cinda Lingxian Disposal was determined with reference to 50% of the appraised asset value of the entire equity interest of Cinda Lingxian as at the Valuation Benchmark Date as appraised by the Valuer (the “Valuation”). On 15 July 2024, the Valuer issued the “Asset Valuation Report on the Proposed Transfer of Equity Interest in Cinda Lingxian (Shenzhen) Equity Investment Fund Management Limited* by Cinda International Holdings Limited” (《信達國際控股有限公司擬轉讓所持有的信達領先(深圳)股權投資基金管理有限公司股權資產評估報告》), the conclusion of which was that the appraised asset value of the entire equity interest of Cinda Lingxian as at the Valuation Benchmark Date amounted to RMB17.4 million. The Valuation was, in principle, conducted by adopting the asset-based approach and income approach. Having taken into account the applicability of the appraisal methodology and the purpose of such appraisal, the Valuer chose the income approach as its final valuation. Since the asset-based approach and the income approach were adopted for the Valuation, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Company will make a separate announcement to disclose further details of the profit forecast in relation to the Valuation in compliance with Rule 14.60A of the Listing Rules.

INFORMATION ON THE COMPANY AND THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in the provision of asset management services, corporate finance advisory services, securities brokering services, commodities and futures brokering services, and fixed income investment business.

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in equity investment business. As at the date of this announcement, the Purchaser is wholly-owned by Guizhou Yunfu, which is in turn wholly-owned by Guizhou Xinfu. Guizhou Xinfu is owned as to approximately 47.16%, 21.97%, 17.27%, 9.78%, 1.39%, 1.24% and 1.19% by China Cinda, Guizhou Phosphating (Group) Co., Ltd.*, Guotou Mining Investment Co., Ltd.*, China Construction Bank Corporation, Guizhou Province State-owned Assets Management Co., Ltd.*, Shenzhen Qianhai Huajian Equity Investment Co., Ltd.* and Xinfeng Huandong Equity Investment Co., Ltd.* respectively. Among which, (i) all Guizhou Phosphating (Group) Co., Ltd.*, Guotou Mining Investment Co., Ltd.* and Guizhou Province State-owned Assets Management Co., Ltd.* are wholly-owned by State-owned Assets Supervision and Administration Commission of the PRC and/or provincial finance department of the PRC; (ii) China Construction Bank Corporation was a joint stock company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (Stock Code: 601939) respectively; and (iii) both Shenzhen Qianhai Huajian Equity Investment Co., Ltd.* and Xinfeng Huandong Equity Investment Co., Ltd.* are indirect wholly-owned subsidiaries of China Cinda. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for (i) China Cinda which is an indirect controlling shareholder of the Company; and (ii) Shenzhen Qianhai Huajian Equity Investment Co., Ltd.* and Xinfeng Huandong Equity Investment Co., Ltd.*, both are indirect wholly-owned subsidiaries of China Cinda, all other shareholders of Guizhou Xinfu and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION ON CINDA LINGXIAN

Cinda Lingxian is principally engaged in initiating the establishment of various equity investment enterprises and managing their investment business in the PRC.

The audited financial information of Cinda Lingxian prepared in accordance with the generally accepted accounting principles of the PRC for each of the two financial years ended 31 December 2022 and 2023 respectively is set out below:

	For the year ended	
	31 December	
	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net (loss)/profit before taxation	(2,080)	4,564
Net (loss)/profit after taxation	(2,080)	3,943

Based on the audited financial accounts of Cinda Lingxian, the net asset value of Cinda Lingxian as at 31 May 2024 was approximately RMB16.94 million.

FINANCIAL EFFECTS OF THE CINDA LINGXIAN DISPOSAL

With reference to the carrying value of Cinda Lingxian of approximately RMB16.99 million (equivalent to approximately HK\$18.69 million) as at 30 September 2024, it is expected that the Group would, in accordance with Hong Kong Accounting Standards, record an unaudited pre-tax gain of approximately RMB1.70 million (equivalent to approximately HK\$1.87 million) upon completion of the Cinda Lingxian Disposal. In any event, the actual gain or loss as a result of the Cinda Lingxian Disposal to be recorded by the Group is to be determined as at completion of the Cinda Lingxian Disposal and subject to audit and/or review by the Company's auditors.

The gross proceeds from the Cinda Lingxian Disposal will be RMB8.70 million (equivalent to approximately HK\$9.57 million) and the net proceeds from the Cinda Lingxian Disposal (after deducting the relevant expenses in relation to the Cinda Lingxian Disposal) will be approximately RMB8.31 million (equivalent to approximately HK\$9.14 million). The Group intends to apply the net proceeds from the Cinda Lingxian Disposal for general working capital purposes.

Given no bidder for the Public Tender Notice for the remaining 50% of the equity interest of Cinda Lingxian, the Company will continue to hold such remaining equity interest.

Upon completion of the Cinda Lingxian Disposal, Cinda Lingxian will cease to be a subsidiary of the Company and their financial results will no longer be consolidated in the Group's financial statements.

REASONS FOR AND BENEFITS OF THE CINDA LINGXIAN DISPOSAL

In order to achieve resource optimization and streamline the Group's structure, it is intended that the Cinda Lingxian Equity Interest shall be disposed of. The Cinda Lingxian Disposal will benefit the Group to relocate resources to other existing or market-oriented businesses. The Board is of the view that the Cinda Lingxian Disposal will provide the Group with a solid foundation to achieve overall stable operations and promote sustainable development of the Group.

Having taken into account the above factors and the fact that the Cinda Lingxian Disposal be conducted through the Public Tender and by way of bidding, the Directors (including the independent non-executive Directors, but excluding Mr. Zhang Yi, Mr. Zhang Xunyuan and Ms. Yan Qizhong who have abstained from voting on the relevant Board resolutions) consider that the Cinda Lingxian Equity Transfer Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Cinda Lingxian Equity Transfer Agreement (including but not limited to the consideration for the Cinda Lingxian Disposal) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As (i) Mr. Zhang Yi, being the chairman of the Board and a non-executive Director, holds management position in Cinda Securities; and (ii) Mr. Zhang Xunyuan and Ms. Yan Qizhong, both being an executive Director, were nominated by Cinda Securities as its representative in the Board, Mr. Zhang Yi, Mr. Zhang Xunyuan and Ms. Yan Qizhong are considered having interest in the Cinda Lingxian Disposal and have therefore abstained from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Cinda Lingxian Disposal exceeds 5% but all of them are less than 25%, the Cinda Lingxian Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is indirectly held as to approximately 63% by Cinda Securities which is in turn held as to approximately 78.67% by China Cinda. The Purchaser is an indirect wholly-owned subsidiary of Guizhou Xinfu, which is a 30%-controlled company of China Cinda under Chapter 14A of the Listing Rules. As such, the Purchaser is an associate of China Cinda under Rule 14A.13(3) of the Listing Rules and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Cinda Lingxian Equity Transfer Agreement with the Purchaser and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios are less than 25% and the consideration of the Cinda Lingxian Disposal is less than HK\$10 million, the Cinda Lingxian Disposal is subject to the reporting and announcement requirement and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(b) of the Listing Rules.

DEFINITIONS

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

“Announcements”	the announcements dated 7 June 2024, 21 August 2024 and 20 September 2024 made by the Company in relation to the Potential Disposals
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“China Cinda”	China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1359)
“Cinda Lingxian Disposal”	the disposal of the Cinda Lingxian Equity Interest
“Cinda Lingxian Equity Interest”	50% of the equity interest of Cinda Lingxian
“Cinda Lingxian Equity Transfer Agreement”	the agreement dated 28 October 2024 entered into between the Company and the Purchaser in relation to the Cinda Lingxian Disposal
“Cinda Securities”	Cinda Securities Co., Ltd., a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601059), a 78.67% non wholly-owned subsidiary of China Cinda and an indirect controlling shareholder of the Company
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meanings ascribed to it under the Listing Rules

“Guizhou Xinfu”	Guizhou Xinfu Investment Co., Ltd* (貴州新福投資有限公司), a company established under the laws of the PRC
“Guizhou Yunfu”	Guizhou Yunfu Chemical Co., Ltd* (貴州雲福化工有限責任公司), a company established under the laws of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Payment Date”	the date falling within five (5) business days after the date of the Cinda Lingxian Equity Transfer Agreement
“Purchaser”	Guizhou Shengyun Investment Co., Ltd* (貴州盛雲投資有限公司), a company established under the laws of the PRC
“Shareholders”	holders of the issued shares of the Company
“Valuation Benchmark Date”	31 May 2024
“Valuation Report”	the valuation report of the entire equity interest of Cinda Lingxian as of the Valuation Benchmark Date prepared by the Valuer
“Valuer”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent professional valuer

By Order of the Board
Cinda International Holdings Limited
Zhang Xunyuan
Executive Director and Chief Executive Officer

Hong Kong, 28 October 2024

In this announcement, amounts denominated in RMB are translated into HK\$ on the basis of RMB1.00 = HK\$1.10. The conversion rate is for illustration purposes only and should not be taken as a representation that RMB have been, could have been or could actually be converted into HK\$ at such rate or at all.

As at the date hereof, the Board comprises:

<i>Non-executive Director:</i>	Mr. Zhang Yi	<i>(Chairman)</i>
<i>Executive Directors:</i>	Mr. Zhang Xunyuan	<i>(Chief Executive Officer)</i>
	Ms. Yan Qizhong	<i>(Chief Financial Officer)</i>
<i>Independent Non-executive Directors:</i>	Mr. Zheng Minggao	
	Ms. Hu Lielei	
	Mr. Zhao Guangming	

Website: <http://www.cinda.com.hk>

** English name of the entity is the translation of its Chinese name for reference only*