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CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS UNDER THE SERVICE AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2019

Reference is made to the announcement of the Company dated 4 April 2019 in respect of the entering of the Service Agreement with CMBCI (for itself and on behalf of other members of CMBCI Group) for certain continuing connected transactions between the Group and CMBCI Group.

Due to the improving market condition, there has been an increase in demand for the Listco AM Service under the Service Agreement, and the transaction amount for the year ending 31 December 2019 is expected to be higher than the level as envisaged at the time of entering into of the Service Agreement.

On 29 May 2019, the Company and CMBCI entered into the Supplemental Agreement to revise the annual cap for the Listco AM Service under the Service Agreement for the year ending 31 December 2019 from HK\$9,990,000 to HK\$39,500,000.

LISTING RULES IMPLICATIONS

CMBCI is an indirect controlling shareholder of the Company. As such, each of the members of CMBCI Group is a connected person of the Company and the Listco AM Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the revised annual caps exceed 0.1% but are less than 5%, the Listco AM Service to be provided under the Service Agreement (and the Supplemental Agreement) are subject to the reporting and announcement requirements, but are exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 4 April 2019 (the “**Announcement**”) in respect of the entering of the Service Agreement with CMBCI (for itself and on behalf of other members of CMBCI Group) for certain continuing connected transactions between the Group and CMBCI Group. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

REVISION OF ANNUAL CAP

Due to the improving market condition, there has been an increase in demand for the Listco AM Service under the Service Agreement, and the transaction amount for the year ending 31 December 2019 is expected to be higher than the level as envisaged at the time of entering into of the Service Agreement.

On 29 May 2019, the Company and CMBCI entered into the Supplemental Agreement to revise the annual cap for the Listco AM Service under the Service Agreement for the year ending 31 December 2019 from HK\$9,990,000 to HK\$39,500,000.

In arriving at the above revised annual cap, the Company has taken into account: (i) the historical figures of the actual transaction amounts between the Group and CMBCI in respect of the Listco AM Service under the Service Agreement; and (ii) the anticipated demand of the Listco AM Service for the year ending 31 December 2019.

Save and except the revised maximum transaction amount for the Listco AM Service as amended and supplemented by the Supplemental Agreement, the rest of the provisions of the Service Agreement shall remain in full force and effect in accordance with its terms.

HISTORICAL TRANSACTION AMOUNT AND REVISED ANNUAL CAPS

Historical transaction amount for the financial year ended 31 December 2018 are set out below:

**For the year ending
31 December 2018**
(HK\$ million)

Listco AM Services	17.2
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The revised annual caps for the year ending 31 December 2019 are set out below:

**For the year ending
31 December 2019**
(HK\$ million)

Listco AM Services	39.5
– Distribution fees*	0.5
– Management fees	30
– Performance fees	9

* *Fees to be payable by the Group to CMBCI Group*

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Board considers that the entering into the Service Agreement and the Supplemental Agreement will continue to contribute in building the brand and reputation of the Company, strengthening its domestic and overseas publicity, and attracting more business opportunities. The Service Agreement (and the Supplemental Agreement) and the transactions contemplated thereunder also allow the Group to leverage on the established network of CMBCI Group and increase the client base of the Group. In addition, the provision of the Listco AM Service by the Group will provide stable revenue source for the Group. In light of the historical transaction amount for the financial year ended 31 December 2018, the current scale of business, the recent business development trend, and the expected growth of the Group and the amount of the revised annual caps, the Directors expect that the Group's revenue derived from the Listco AM Service for the year ending 31 December 2019 will not represent a significant portion of the revenue of the Group during the corresponding period which will result in a significant reliance of the Group on CMBCI Group. As at the date of this announcement, the Group did not have any intention, or had entered into any negotiation or agreement, arrangement or understanding to scale down and/or dispose of its business, nor does it has any concrete plan to make any acquisition.

The Board considers that the terms of the Service Agreement (and the Supplemental Agreement) have been negotiated on an arm's length basis and the transactions contemplated thereunder are on normal commercial terms in the ordinary and usual course of business of the Group. In view of the above and that the transactions contemplated under the Service Agreement (and the Supplemental Agreement) are of revenue nature and will contribute positively to the Group's income, the Board considers that the terms of the Service Agreement (and the Supplemental Agreement) are fair and reasonable and the entering into of the Service Agreement (and the Supplemental Agreement) is in the interests of the Company and the Shareholders as a whole.

In light of the above factors, the Directors (including the independent non-executive Directors) have resolved that (a) the revised annual cap for the continuing connected transactions under the Service Agreement (and the Supplemental Agreement) for the year ending 31 December 2019 is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (b) the terms of the Service Agreement (and the Supplemental Agreement) and the transactions contemplated thereunder have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better to the Group; and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Li Jinze, Mr. Ding Zhisuo, Mr. Ren Hailong and Mr. Liao Zhaohui, all being Directors, hold positions in CMBCI and/or its associates, they have abstained from voting for the approval of the Supplemental Agreement at the Board meeting. Save for the above, no other Directors have any material interests in the Service Agreement (and the Supplemental Agreement) or were otherwise required to evade or abstain from voting in respect of the relevant Board resolutions.

GENERAL INFORMATION

The Group is principally engaged in securities business, investment and financing and asset management and advisory business.

CMBCI is a direct wholly-owned subsidiary of China Minsheng and is principally engaged in the investment and investment holding.

LISTING RULES IMPLICATIONS

CMBCI is an indirect controlling shareholder of the Company. As such, each of the members of CMBCI Group is a connected person of the Company and the Listco AM Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the revised annual caps exceed 0.1% but are less than 5%, the Listco AM Services to be provided under the Service Agreement (and the Supplemental Agreement) are subject to the reporting and announcement requirements, but are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors from time to time
“China Minsheng”	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1988) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600016)
“CMBCI”	CMBC International Holdings Limited (民生商銀國際控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect controlling shareholder of the Company
“CMBCI Group”	CMBCI and its subsidiaries, excluding the members of the Group
“CMBC Investment”	CMBC International Investment Limited (民銀國際投資有限公司), a company incorporated in the British Virgin Islands, and a direct controlling shareholder of the Company
“Company”	CMBC Capital Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141)
“connected person”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the Shareholders other than CMBC Investment and its associates
“Independent Third Party(ies)”	any person(s) who is/are not connected person(s) of the Company
“Listco AM Services”	the asset management services to be provided by the Group to the AM Clients and the distribution services to be provided by CMBCI Group to the Group, pursuant to the Service Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Service Agreement”	the service agreement entered into between the Company (for itself and on behalf of other members of the Group) and CMBCI (for itself and on behalf of other members of CMBCI Group on 4 April 2019
“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	shareholders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement”	the supplemental agreement to the Service Agreement dated 29 May 2019 entered into between the Company and CMBCI to revise the maximum transaction amount of the Listco AM Service under the Service Agreement for the year ending 31 December 2019
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
CMBC Capital Holdings Limited
Li Jinze
Chairman

Hong Kong, 29 May 2019

As at the date of this announcement, the executive directors of the Company are Mr. Li Jinze, Mr. Ding Zhisuo and Mr. Ng Hoi Kam; the non-executive directors are Mr. Ren Hailong and Mr. Liao Zhaohui, and the independent non-executive directors are Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua.