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CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS UNDER THE SERVICE AGREEMENT

THE PROPOSED REVISED ANNUAL CAPS

Reference is made to the announcement of the Company dated 23 July 2019, the 2019 Circular, and the poll results announcement of the special general meeting of the Company dated 23 September 2019 in respect of, among others, (i) the Service Agreement and (ii) the Existing Annual Caps for the provision of the Listco AM Services for the years ending 31 December 2020 and 2021 under the Service Agreement.

During the process of the Company's internal review on continuing connected transactions, it was noted that the transaction amounts relating to the provision of the Listco AM Services for the years ending 31 December 2020 and 2021 under the Service Agreement are expected to exceed the Existing Annual Caps due to an unanticipated greater demand for such services. Therefore, the Board proposes to seek prior approval of Independent Shareholders under Rule 14A.54 of the Listing Rules to revise the Existing Annual Caps to the Proposed Revised Annual Caps for the years ending 31 December 2020 and 2021 to accommodate such needs. The annual caps for the services other than the Listco AM Services under the Service Agreement which were approved in the special general meeting held on 23 September 2019 remain unchanged.

LISTING RULES IMPLICATIONS

China Minsheng is the controlling shareholder of the Company which, as at the date of this announcement, holds 30,184,439,093 Shares, representing approximately 63.34% of the issued share capital of the Company. Therefore, each of the members of China Minsheng Group is a connected person of the Company. As such, the Listco AM Services under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements before the Existing Annual Caps are exceeded and the Proposed Revised Annual Caps are adopted.

As the highest applicable percentage ratio in respect of Proposed Revised Annual Caps exceeds 5% as defined by the Listing Rules, the Proposed Revised Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Proposed Revised Annual Caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed Revised Annual Caps for the Listco AM Services provided and to be provided under the Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The SGM will be held to consider and approve, among others, the ordinary resolutions regarding the Proposed Revised Annual Caps. A circular containing, amongst other things, (i) further details of the Proposed Revised Annual Caps; (ii) the recommendation from the Independent Board Committee; (iii) the advice from Gram Capital in respect of the Proposed Revised Annual Caps; (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders and posted on the website of the Stock Exchange (www.hkexnews.com.hk) and the website of the Company (www.cmbccap.com) on or before 7 August 2020.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 23 July 2019, the 2019 Circular, and the poll results announcement of the special general meeting of the Company dated 23 September 2019 in respect of, among others, (i) the Service Agreement and (ii) the Existing Annual Caps for the provision of the Listco AM Services for the years ending 31 December 2020 and 2021 under the Service Agreement.

During the process of the Company's internal review on continuing connected transactions, it was noted that the transaction amounts relating to the provision of the Listco AM Services for the years ending 31 December 2020 and 2021 under the Service Agreement are expected to exceed the Existing Annual Caps due to an unanticipated greater demand for such services. Therefore, the Board proposes to seek prior approval of Independent Shareholders under Rule 14A.54 of the Listing Rules to revise the Existing Annual Caps to the Proposed Revised Annual Caps for the years ending 31 December 2020 and 2021 to accommodate such needs. The annual caps for the services other than the Listco AM Services under the Service Agreement which were approved in the special general meeting held on 23 September 2019 remain unchanged.

II. PRINCIPAL TERMS OF THE SERVICE AGREEMENT IN RELATION TO THE LISTCO AM SERVICES

Terms and conditions of the Service Agreement in relation to the Listco AM Services as mentioned in the announcement of the Company dated 23 July 2019 and the 2019 Circular remain unchanged.

The principal terms of the Service Agreement in relation to the Listco AM Services are set out below:

Date: 23 July 2019

Parties: (1) the Company (for itself and on behalf of other members of the Group); and
(2) China Minsheng (for itself and on behalf of other members of China Minsheng Group other than members of the Group)

Term: From 23 September 2019 to 31 December 2021

Services to be provided under the Listco AM Services:	<p>(1) the Group agreed to provide asset management services, investment advisory services and ancillary services to the AM Clients; and</p> <p>(2) China Minsheng Group agreed to provide distribution services to the Group for distributing the funds that are set up by the Group (the “Funds”)</p>
Scope of the Listco AM Services:	<p>To be agreed and specified in the individual client agreement(s) between the Group and the AM Clients or the individual service agreement(s) between the Group and China Minsheng Group and may include, inter alia, overseeing the operations of the investment portfolios, provision of investment policies and strategies, making general investment decisions and monitoring the performance of the investment portfolio(s), distribution of the Funds and provision of administrative and management services to the investment portfolio(s).</p>
Pricing basis for the Listco AM Services:	<p>The Group will charge the AM Clients management fees, advisory fees and performance fees for the AM Related Products, and China Minsheng Group will charge the Group distribution fees for distributing the Funds. The fees to be charged by the Group or China Minsheng Group for the Listco AM Services shall be in line with comparable market rates and be no less favourable to the Group than those charged to or by Independent Third Parties. Licensed representatives of type 9 regulated activity of the Group will make reference to at least three recent market comparables generally obtained from public sources, such as SFC’s website, to assess the fees to be charged by the Group, which will be reviewed by the Responsible Officer of type 9 regulated activity of the Group.</p> <p>Details of the payment and pricing terms of the Listco AM Services will be specified in the individual client agreement(s) between the Group and the relevant AM Clients or the individual service contract(s) between the Group and China Minsheng Group and will be negotiated on an arm’s length basis and on terms no less favourable to the Group than those offered to and from Independent Third Parties.</p>

Settlement terms for the Listco AM Services: Unless otherwise specified in the individual client agreement(s) or the individual service contract(s), the distribution fees shall be settled by the Group at the time of the distribution of the Funds and at subsequent anniversaries. The management fees and advisory fees shall generally be settled by the AM Clients indirectly through their attributable assets managed under the Listco AM Services periodically (such as per quarter, semi-annual or per annum). The performance fees (if any) shall generally be settled by the AM Clients indirectly through their attributable assets managed under the Listco AM Services when distributions from the Listco AM Services meet the agreed performance benchmarks.

III. REVISION OF THE EXISTING ANNUAL CAPS

a. Existing Annual Caps and historical figures

Set out below are the Existing Annual Caps for the Listco AM Services to be provided under the Service Agreement for the years ending 31 December 2020 and 2021 as approved by the then Independent Shareholders at the special general meeting of the Company held on 23 September 2019:

	For the year ending 31 December	
	2020 (HK\$ million)	2021 (HK\$ million)
Listco AM Services		
– Distribution fees*	5	5
– Management fees and advisory fees	94	94
– Performance fees	42	42
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Total	141	141
	<hr/>	<hr/>

* fees payable by the Group to China Minsheng Group

Set out below are the historical transaction amounts for the Listco AM Services provided under the Service Agreement for the years ended 31 December 2018 and 2019 and the five months ended 31 May 2020:

	For the year ended 31 December		For the five months ended 31 May
	2018**	2019	2020
	(HK\$ million)	(HK\$ million)	(HK\$ million)
			(unaudited)
Listco AM Services			
– Distribution fees*	–	–	4.5
– Management fees and advisory fees	24.2	77.0	35.4
– Performance fees	N/A	–	17.5
Total	24.2	77.0	57.4

* fees payable by the Group to China Minsheng Group

** the transaction amount of asset management services offered by the Group to the CMBCI Group under the 2017 Service Agreement

As at the date of this announcement, the Existing Annual Caps for the year ended 31 December 2019 and the year ending 31 December 2020 have not been exceeded.

b. Proposed Revised Annual Caps

Set out below are the Proposed Revised Annual Caps for the Listco AM Services to be provided under the Service Agreement for the years ending 31 December 2020 and 2021:

	For the year ended 31 December	
	2020	2021
	(HK\$ million)	(HK\$ million)
Listco AM Services		
– Distribution fees*	54	62
– Management fees and advisory fees	108	124
– Performance fees	42	62
Total	204	248

* fees payable by the Group to China Minsheng Group

c. Basis of the Proposed Revised Annual Caps

The reasons for the increase in the transaction amounts and the basis of the Proposed Revised Annual Caps considered by the Directors are as follows:

1. Increase in demand for the Listco AM Services

There has been an increase in demand for the Listco AM Services because the Group has established a good reputation for its asset management services. Specifically, the Group achieved good investment results in 2019, and one of its funds received an award from BarclayHedge, a well-known global fund research institution, for its performance in 2019. The assessment of the award was based on the rate of net investment return of the funds. In addition, the Group has been benefited from the improvement of its management capabilities and China Minsheng Group's business synergy. Further, due to the recent volatility of the RMB, the demand for overseas investment from the PRC has remained strong.

In 2019, the Group's assets management business increased substantially. More particularly, the assets under management ("AUM") has increased from approximately HK\$5 billion as at 31 December 2018 to over HK\$8 billion as at 31 December 2019, representing an increase of more than 60%. The increase was attributable to the appointment of the Group by the AM Clients as the investment advisor to provide investment advisory services for certain investment accounts of the AM Clients.

Further, in March 2020, the AM Clients subscribed to the Group's fund at a subscription amount in the range of HK\$400 million to HK\$450 million ("**2020 Fund**").

It is expected that the AM Clients may further invest approximately HK\$1.2 billion in 2020 ("**2020 Investment**").

In light of the above, it is expected that in 2020, the AUM may reach over HK\$10 billion.

2. *Management fees and advisory fees*

With the increase of the AUM in 2019, the management fees and advisory fees derived from the Listco AM Services surged by approximately 218.2% from approximately HK\$24.2 million for the year ended 31 December 2018 to approximately HK\$77.0 million for the year ended 31 December 2019, representing approximately 81.9% of the relevant Existing Annual Cap for the year ended 31 December 2019.

During the five months ended 31 May 2020, the Group has charged China Minsheng Group approximately HK\$35.4 million for the management fees and advisory fees.

With the further increase in the investment made by the AM Clients in 2020 (i.e., the 2020 Fund and the 2020 Investment), it is anticipated that the management fees and the advisory fees derived from the Listco AM Services will exceed the relevant Existing Annual Caps and reach approximately HK\$100 million.

Based on the amount of the investment made and to be made by the AM Clients in 2018, 2019 and 2020, it is expected that the AM Clients may further invest in 2021. It follows that the management fees and the advisory fees derived from the Listco AM Services will further increase and exceed the relevant Existing Annual Caps. It is expected that such amount may reach approximately HK\$120 million.

For the reasons mentioned above and the factors mentioned in the paragraph headed “5. Other factors” below, the Company proposes to increase the annual caps of the management fees and advisory fees derived from the Listco AM Services for the years ending 31 December 2020 and 2021 to HK\$108 million and HK\$124 million, respectively.

3. *Performance fees*

Under the agreements entered into between the Group and the AM Clients, the Group may charge the AM Clients performance fees where the net asset value of the assets managed by the Group for the AM Clients during the performance period rises above a hurdle rate. As of the date of this announcement, the aggregated value of the assets managed by the Group that were subject to the performance fee is between HK\$5.5 billion and HK\$6.5 billion.

The Group has charged China Minsheng Group approximately HK\$17.5 million for the performance fees during the five months ended 31 May 2020. Based on the performance of the funds managed by the Group for China Minsheng Group for the year ended 31 December 2019, and taking into account the addition of the 2020 Fund, it is expected that the Group will charge China Minsheng Group approximately HK\$40 million for the performance fees for the year ending 31 December 2020, representing approximately 95.2% of the relevant Existing Annual Caps. With respect to the year ending 31 December 2021, in light of the addition of the 2020 Investment, the performance fees are expected to exceed the relevant Existing Annual Caps.

For the reasons mentioned above and the factors mentioned in the paragraph headed “5. Other factors” below, the Company proposes to increase the annual caps of the performance fees derived from the Listco AM Services for the year ending 31 December 2021 to HK\$62 million.

4. *Distribution fees*

As mentioned in the 2019 Circular, China Minsheng Group will charge the Group distribution fees for distributing the Funds, and the distribution fees to be charged by China Minsheng Group shall be approximately 0.25% to 2% of the amount of the Funds that are distributed by China Minsheng Group. In accordance with market practice, the distribution fees comprise:

(a) *Subscription fee*

The Group shall pay China Minsheng Group a fee on each subscription of the Funds by the investors introduced by China Minsheng Group and accepted by the Group.

(b) Switching rebate

The Group shall pay China Minsheng Group a fee on each redemption for switching of the Funds by the investors introduced by China Minsheng Group.

(c) Trail fee

The Group shall pay China Minsheng Group a trail fee corresponding to an amount that is not more than 50% of the annual management fees, advisory fees and/or performance fees actually received by the Group in respect of the Funds subscribed by the investors that are introduced by China Minsheng Group.

As at the date of this announcement, the amount of the funds subscribed by the investors that are introduced by China Minsheng Group is between HK\$4 billion and HK\$5 billion. During the five months ended 31 May 2020, China Minsheng Group has charged the Group approximately HK\$4.5 million for the distribution fees. It is estimated that the management fees, advisory fees and performance fees to be charged by the Group for these funds for the year ending 31 December 2020 will amount to approximately HK\$95 million. Hence, the Group will pay China Minsheng Group a distribution fee of approximately HK\$47.5 million. In addition, China Minsheng Group is entitled to charge the Group distribution fees for the 2020 Investment which are estimated to be approximately HK\$3 million. In light of the above, it is anticipated that the distribution fees China Minsheng Group may charge the Group for the year ending 31 December 2020 may amount to approximately HK\$51 million.

As explained in the paragraph headed “2. Management fees and advisory fees” above, it is expected that for the year ending 31 December 2021, the management fees and the advisory fees may reach approximately HK\$120 million. Hence, the distribution fees for the year ending 31 December 2021 may increase to approximately HK\$60 million.

For the reasons mentioned above and the factors mentioned in the paragraph headed “5. Other factors” below, the Company proposes to increase the annual caps of the distribution fees derived from the Listco AM Services for the years ending 31 December 2020 and 2021 to HK\$54 million and HK\$62 million, respectively.

5. Other factors

In addition to the above factors, the Board has considered the following factors when determining the Proposed Revised Annual Caps:

- (i) the expected improvement of the capital market condition in the future;
- (ii) the expected business growth of China Minsheng Group in the future;
- (iii) the expected growth and appreciation of the assets managed and to be managed by the Group for the AM Clients in the future; and
- (iv) a buffer added to the total fees estimated for the Listco AM Services to allow for an increase in the total fees received/paid (including the management fees and advisory fees, the performance fees and the distribution fees) due to the unexpected volatility of the performance of investment funds.

d. Reasons for and Benefits of the Revision of the Existing Annual Caps

The Board anticipates that, as disclosed above, the demand for the provision of the Listco AM Services under the Service Agreement will continue to increase. The Board considers that the proposed increase in the annual caps by the Group will provide additional stable revenue source for the Group.

In light of the historical transaction amounts in relation to similar transactions provided, the current scale of business, the recent business development trend, the expected growth of the Group and the amount of the Proposed Revised Annual Caps, the Directors expect that the Group’s revenue derived from the Listco AM Services for each of the years ending 31 December 2020 and 2021 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 China Minsheng Group.

As at the date of this announcement, the Group does not have any intention to enter, and has not entered into any negotiation or agreement, arrangement or understanding to scale down and/or dispose of its business, nor does it have any concrete plan to make any acquisition.

The Board considers that the Proposed Revised Annual Caps have been revised based on normal commercial terms after arm's length negotiations and are made in the ordinary and usual course of business of the Group. In view of the above and that the Listco AM Services contemplated under the Service Agreement are of revenue nature and will contribute positively to the Group's income, the Board considers that Proposed Revised Annual Caps 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 China Minsheng and/or its associates, they have abstained from voting for the approval of the Proposed Revised Annual Caps at the Board meeting. Save for the above, no other Directors have any material interests in the Service Agreement (including the Proposed Revised Annual Caps) or were otherwise required to evade or abstain from voting in respect of the relevant Board resolutions.

IV. INTERNAL CONTROL

To ensure that the terms for the Listco AM Services are conducted on normal commercial terms and in accordance with the terms of the Service Agreement and are in the interest of the Group, the Company has adopted the following measures:

1. the distribution fees to be charged by China Minsheng Group shall be approximately 0.25% to 2% of the amount of the Funds that are distributed by China Minsheng Group;
2. the management fee rate and the advisory fee rate to be charged by the Group shall be in accordance with the Group's and China Minsheng Group's pricing policies, which are determined with reference to the market range of 0.5% to 5% of the net asset value of the assets to be managed by the Group for the AM Clients and will be decided by the relevant Responsible Officer with reference to the Group's pricing policy applicable to all of its clients on a case by case basis;

3. the performance fee rate to be charged by the Group shall be in accordance with the Group's and China Minsheng Group's pricing policies, which are determined with reference to the fee range between 10% and 30% of the appreciation in the net asset value of the assets to be managed by the Group for the AM Clients during the performance period above the hurdle rate after deducting the management fees and will be decided by the relevant Responsible Officer with reference to the Group's pricing policy applicable to all of its clients on a case by case basis;
4. the management fees, advisory fees and performance fees payable for each period are calculated based on the net asset value of the fund (i.e. total assets minus all accrued debts, liabilities and obligations of the fund) as at the end of the relevant period;
5. a Responsible Officer for type 9 regulated activity will, based on the pricing guidelines as described in paragraph 2 above, determine the management fees, advisory fees and performance fees to be charged for each of the Listco AM Services;
6. the Responsible Officer, the senior management and the accounts department of the Company will review the prevailing comparable market rates, quotations or invoices issued to Independent Third Parties for comparison and as a reference to ensure that fees chargeable by the Group to the AM Clients are comparable to those transacted with Independent Third Parties; and
7. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the Listco AM Services.

V. GENERAL INFORMATION

The Group

As at the date of this announcement, the Group is principally engaged in the securities business, investment and financing and asset management and advisory business.

China Minsheng Group

With reference to the annual report of China Minsheng for the year ended 31 December 2019, China Minsheng Group mainly provides corporate and personal banking, treasury business, finance leasing, fund and asset management, investment banking and other financial services in the PRC. China Minsheng Group recorded total assets and net profit of approximately RMB6,681,841 million as at 31 December 2019 and RMB54,924 million for the year ended 31 December 2019, respectively. As at 31 December 2019, the sales network of China Minsheng Group had covered 125 cities in the PRC, including 132 branch-level institutions (including 41 tier-one branches, 82 tier-two branches and 9 remote sub-branches), 1,154 business outlets of sub-branches (including business departments), 1,175 community sub-branches, and 147 small business sub-branches.

VI. LISTING RULES IMPLICATIONS

China Minsheng is the controlling shareholder of the Company which, as at the date of this announcement, holds 30,184,439,093 Shares, representing approximately 63.34% of the issued share capital of the Company. Therefore, each of the members of China Minsheng Group is a connected person of the Company. As such, the Listco AM Services under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements before the Existing Annual Caps are exceeded and the Proposed Revised Annual Caps are adopted.

As the highest applicable percentage ratio in respect of Proposed Revised Annual Caps exceeds 5% as defined by the Listing Rules, the Proposed Revised Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VII. SGM

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Proposed Revised Annual Caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed Revised Annual Caps for the Listco AM Services provided and to be provided under the Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The SGM will be held to consider and approve, among others, the ordinary resolutions regarding the Proposed Revised Annual Caps.

Since China Minsheng indirectly holds the entire issued share capital of CMBC Investment, CMBC Investment is treated to have a material interest in the Listco AM Services to be provided under the Service Agreement. Accordingly, CMBC Investment and its associates are required to abstain from voting on the resolutions to be proposed at the SGM to approve the Proposed Revised Annual Caps. As at the date of this announcement, CMBC Investment is interested in 29,985,439,093 Shares, representing approximately 62.92% of the issued share capital of the Company.

A circular containing, amongst other things, (i) further details of the Proposed Revised Annual Caps; (ii) the recommendation from the Independent Board Committee; (iii) the advice from Gram Capital in respect of the Proposed Revised Annual Caps; (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders and posted on the website of the Stock Exchange (www.hkexnews.com.hk) and the website of the Company (www.cmbccap.com) on or before 7 August 2020.

DEFINITIONS

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

“2017 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 other than the members of the Group) on 3 October 2017
“2019 Circular”	the circular of the Company dated 30 August 2019
“AM Clients”	China Minsheng Group, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules

“AM Related Products”	the equity or debt securities or funds or investment products arranged by the Group to China Minsheng Group and its associates
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“China Minsheng Group”	China Minsheng 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 controlling shareholder of the Company
“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, an indirect controlling shareholder of the Company and a wholly owned subsidiary of China Minsheng
“CMBCI Group”	CMBCI and its subsidiaries, excluding the members of the Group
“Company”	CMBC Capital Holdings Limited (民銀資本控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on 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”	the directors of the Company
“Existing Annual Caps”	the annual caps for the continuing connected transactions of the Listco AM Services under the Service Agreement for the years ending 31 December 2020 and 2021 as approved by the then Independent Shareholders at the special general meeting of the Company held on Monday, 23 September 2019
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Proposed Revised Annual Caps
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua, which has been established to advise the Independent Shareholders on the Proposed Revised Annual Caps for the Listco AM Services
“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 investment advisory services and ancillary services provided by the Group to the AM Clients and the distribution services to be provided by China Minsheng Group to the Group pursuant to the Service Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Revised Annual Caps”	the revised annual caps for the Listco AM Services under the Service Agreement for the years ending 31 December 2020 and 2021, as adjusted by the Board subject to the approval of the Independent Shareholders at the SGM
“regulated activity(ies)”	has the meaning ascribed to it under the SFO
“RMB”	Renminbi, the lawful currency of the PRC
“securities”	has the meaning ascribed to it under the SFO
“Service Agreement”	the service agreement dated 23 July 2019 entered into between the Company (for itself and on behalf of other members of the Group) and China Minsheng (for itself and on behalf of other members of China Minsheng Group other than the members of the Group)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the Proposed Revised Annual Caps for the Listco AM Services
“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	the shareholder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the same meaning as ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 27 July 2020

As at the date of this announcement, the executive Directors 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.