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民銀資本控股有限公司
CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

**MAJOR AND CONTINUING CONNECTED TRANSACTIONS
UNDER THE SERVICE AGREEMENT**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



THE SERVICE AGREEMENT

On 29 November 2024, the Company (for itself and on behalf of other members of the Group) entered into the Service Agreement with China Minsheng (for itself and on behalf of other members of China Minsheng Group), pursuant to which, among other things:

- (a) the Group agreed to provide asset management services, investment advisory service and/or ancillary services to the AM Clients and China Minsheng Group agreed to provide the distribution services to the Group;
- (b) the Group agreed to provide the Underwriting Services to China Minsheng Group; and
- (c) China Minsheng Group agreed to provide the Deposit Services to the Group.

LISTING RULES IMPLICATIONS

China Minsheng is the controlling shareholder of the Company which holds 760,588,477 Shares, representing approximately 69.19% of the total number of issued Shares of the Company. Therefore, each of the members of China Minsheng Group is a connected person of the Company. As such, the Services under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps exceeds 5%, the Services to be provided under the Service Agreement are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps of Deposit Services under the Services Agreement exceeds 100%, the Deposit Services also constitute a major transaction of the Company (as the Deposit Services do not involve an acquisition or disposal of assets) and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 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 Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are fair and reasonable, and whether the entering into of the Service Agreement and the Services are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) 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 terms of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are fair and reasonable, and whether the entering into of the Service Agreement and the Services are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) 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 resolution regarding the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps). A circular containing, amongst other things, (i) further details of the Service Agreement and the Services contemplated thereunder (including the Proposed Annual Caps); (ii) the recommendation from the Independent Board Committee; (iii) the advice from Gram Capital in respect of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps); (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules is expected to be published on or before 13 December 2024.

THE SERVICE AGREEMENT

On 29 November 2024, the Company (for itself and on behalf of other members of the Group) entered into the Service Agreement with China Minsheng (for itself and on behalf of other members of China Minsheng Group), pursuant to which, among other things:

- (a) the Group agreed to provide asset management services, investment advisory service and/or ancillary services to the AM Clients and China Minsheng Group agreed to provide the distribution services to the Group;
- (b) the Group agreed to provide the Underwriting Services to China Minsheng Group; and
- (c) China Minsheng Group agreed to provide the Deposit Services to the Group.

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)

Date

29 November 2024

Duration

The Service Agreement shall take effect from 1 January 2025 (subject to the approval of the Service Agreement by the Independent Shareholders at the SGM) to 31 December 2027 (both days inclusive), and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules.

The Service Agreement shall be automatically terminated if (i) the Company considers that it is not feasible to comply with the Listing Rules at any time; or (ii) compliance with the Listing Rules would require changes to the Service Agreement which are not acceptable to any of the parties thereto.

General Principle

The Services contemplated under the Service Agreement shall be provided by China Minsheng Group or the Group on the basis of equality and voluntariness with a view to bring mutual benefits to the parties thereto and with terms not less favourable (in terms of the interest of the Group) than those offered to or by any Independent Third Party for services of a similar kind (if any).

Individual Service Contract

Each type of Services shall be effected and governed by the respective individual service contract or service mandate to be entered into between the relevant member of the Group and the relevant member of China Minsheng Group in accordance with the terms of the Service Agreement. If there is any conflict between the terms of the respective individual service contract and the Service Agreement, the latter shall prevail.

(a) Listco AM Services

Pursuant to the Service Agreement, the Group agreed to provide asset management services, investment advisory service and/or ancillary services to the AM Clients.

Pursuant to the Service Agreement, China Minsheng Group agreed to provide distribution services to the Group for distributing the funds that are set up by the Group (the “**Funds**”).

The scope of the Listco AM Services will be agreed and specified in the individual client agreement between the Group and the AM Clients and may include, inter alia, overseeing the operations of the investment portfolios, provision of investment policies and strategies and investment advisory services, 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).

Pricing Basis

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 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 (within the meaning of the SFO) (the "**Responsible Officer**") of type 9 regulated activity of the Group.

Details of the payment and pricing terms of the Listco AM Services will be specified in the individual service contract and will be negotiated on an arm's length basis between the Group and the relevant AM Clients and on terms no less favourable to the Group than those offered to and from Independent Third Parties.

Settlement Terms

Unless otherwise specified in the individual service contract, 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 month, 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 the performance of the Funds that are subject to the performance fees meet the agreed performance benchmarks.

The Group considers the above settlement terms are the usual commercial terms as the Group offers the same settlement terms to its Independent Third Party clients.

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 0.05% 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 0.1% to 5% of the total asset value or 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 in accordance with the Group's pricing policy applicable to all of its clients;

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 approximately 20% 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 (which is determined with reference to various factors including but not limited to the market condition, the past performance and the qualification of the fund managers, the objectives of the funds, the level of risk acceptable to the AM Clients etc.) after deducting the management fee and will be decided by the relevant Responsible Officer in accordance with the Group's pricing policy applicable to all of its clients;

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) or total assets as at the end of the relevant period. The total assets will be valued based on general market practice of investment funds which includes, *inter alia*, valuation with reference to the market price for listed securities, or valuation with reference to brokers' quotation or valuation by the fund manager or Independent Third Party valuers for non-listed securities. The valuation will be reviewed by the auditors/administrators;

3. 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;
4. the Responsible Officer, the senior management and the finance 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;
5. the legal and compliance department and the finance department of the Company will monitor the accumulated fees charged for the Listco AM Services on a monthly basis to ensure that it will not exceed the Proposed Annual Caps for the Listco AM Services; and
6. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the Listco AM Services and ensure that the Listco AM Services are in compliance with the Listing Rules.

(b) Underwriting Services

Pursuant to the Service Agreement, the Group also agreed to provide Underwriting Services to China Minsheng Group for securities (including but not limited to securities issued by China Minsheng Group) as contemplated under the Service Agreement, which generally involves type 1 regulated activity in Hong Kong.

Pricing basis

With respect to the Underwriting Services, the Group will charge China Minsheng Group an underwriting fee.

Details of the payment and pricing terms of the Underwriting Services will be specified in the individual underwriting agreement and will be negotiated on an arm's length basis between the Group and China Minsheng Group and on terms no less favourable to the Group than those offered to Independent Third Parties.

In deciding the underwriting fee, the Group shall take into account the prevailing market rates, the size of the securities to be issued, its complexities, the market condition, the market responses, competition from other underwriters, the number of underwriting projects provided or to be provided by China Minsheng Group and the fees chargeable by the Group to other Independent Third Party issuers of similar size as China Minsheng Group for similar services.

Since the underwriting market is highly competitive and the underwriting fees and commissions are transparent and standardized across the market, the Group can adopt a market-based pricing approach.

Settlement Terms

Unless otherwise specified in the individual agreement, the underwriting fees or commission shall be deducted from the proceeds after completion of the respective transaction of China Minsheng Group.

The Group considers the above settlement terms are the usual commercial terms as the Group offers the same settlement terms to its Independent Third Party clients.

Internal Control

To ensure that the terms for the Underwriting 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 underwriting fee or commission to be charged by the Group under the Underwriting Services shall be within the range of 0.05% to 1% of the monetary value of the securities underwritten taking into account factors including but not limited to (i) the prevailing market rates of similar services charged by companies with similar size of operations and reputation of the relevant Group company at the relevant time; (ii) the size and nature of the relevant transaction; (iii) the resources to be incurred and the complexity in the provision of the Underwriting Services; (iv) fees charged by the Group for similar services to Independent Third Parties in the past; and (v) the anticipated market response to the securities to be underwritten;

2. the Responsible Officer, the senior management and the finance department of the Company will conduct regular checks to review the prevailing comparable market rates, quotations or invoices issued to Independent Third Parties for comparison and as a reference to assess whether the fee charged for the Underwriting Services is fair and reasonable in accordance with the aforesaid pricing policy;
3. the legal and compliance department and the finance department of the Company will monitor the accumulated fees charged for the Underwriting Services on a monthly basis to ensure that it will not exceed the Proposed Annual Caps for the Underwriting Services; and
4. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the Underwriting Services and ensure that the Underwriting Services are in compliance with the Listing Rules.

(c) Deposit Services

Pursuant to the Service Agreement, China Minsheng Group agreed to provide Deposit Services to the Group as contemplated under the Service Agreement.

Pricing basis

The interest rate to be paid by China Minsheng Group for the Group's deposits with China Minsheng Group pursuant to the Services Agreement shall be determined based on the prevailing deposit interest rate promulgated by China Minsheng Group for the same period and should not be lower than the deposit interest rates offered by other major commercial banks in Hong Kong or the PRC, for deposits in similar nature.

Internal Control

To ensure that the terms for the Deposit 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 Group shall place or maintain any deposits under the Services Agreement on a non-exclusive basis. The Group will, on a regular basis, obtain quotations (setting out, among others, the applicable interest rates) from at least two other major commercial banks in the relevant jurisdiction who are Independent Third Parties of the Group to confirm the rate(s) offered by China Minsheng Group are no less favourable to the Group, after conducting assessment taking into account several factors, including without limitation external customers' needs, efficiency of financial resources arrangement, daily operation needs and the expected cash flow before making its decision as to the bank with which the deposits are to be placed. In the event that the Group is aware the rates(s) offered by China Minsheng Group become less favourable to the Group, the Group shall arrange to transfer deposits from China Minsheng Group to other financial institutions who are Independent Third Parties of the Group within a reasonable period of time;
2. the Group will monitor the maximum balance of the deposits placed and maintained with China Minsheng Group under the Services Agreement on a daily basis to ensure that such balance does not exceed the relevant Proposed Annual Caps; where the balance is close to the relevant Proposed Annual Caps, the Group will arrange for some of the deposit placed with China Minsheng Group to be transferred to its bank accounts maintained with other financial institutions who are Independent Third Parties of the Group;
3. the legal and compliance department and the finance department of the Company will monitor the daily balance on a monthly basis to ensure that it will not exceed the relevant Proposed Annual Caps for the Deposit Services; and
4. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the Deposit Services and ensure that the Deposit Services are in compliance with the Listing Rules.

HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

Set out below are the historical annual caps and transaction amounts in respect of the Listco AM Services, Underwriting Services and Deposit Services under the 2021 Service Agreement for the three years ended/ ending 31 December 2022, 2023 and 2024:

	2022		For the year ended/ending 31 December 2023		2024	
	Historical annual caps	Historical transaction amounts (HK\$ million)	Historical annual caps	Historical transaction amounts (HK\$ million)	Historical annual caps	Historical transaction amounts (For the nine months ended 30 September 2024) (HK\$ million)
Listco AM Services						
– Distribution fees*	62	0.05	68.2	–	75.02	–
– Management fees and advisory fees	148.8	147.08	178.56	116.45	214.27	80.03
– Performance fees	74.4	12.69	89.28	2.27	107.14	–
Underwriting Services	11	–	11	–	11	–
Deposit Services*						
(Maximum Daily Deposit Balance)	1,000	417	1,000	374	1,000	519

* Fees to be payable by the Group to China Minsheng Group

For the three years ended/ending 31 December 2024, as the historical transaction amounts show, certain Services under the 2021 Services Agreement has a low utilization rate of the annual caps or do not utilize the annual caps. With respect to the distribution fees and the performance fees under the Listco AM Services and the underwriting fees under the Underwriting Services, the low utilization rate of the annual caps or no utilization of the annual caps are mainly due to the change in the market conditions, investment strategies and opportunities in the market. Specifically, the performance of both the equity market and the fixed income market in Hong Kong have remained weak in the past few years which have adversely affected the performance of the Funds. Accordingly, the performance fees that the Group can receive for the years ended 31 December 2022 and 2023 has decreased dramatically. In light of the USD interest rate hike cycle started in 2022, the investors have become more cautious in Funds investment. As a result, the demand of the Funds has declined which has in turn affected the distribution of the Funds. However, as the central banks' monetary policy changed in 2024, the fixed income market outperformed, it is expected that the performance fees the Group can receive for year 2024 will be more than 2022 and 2023. It is also expected that distribution of the Funds will increase for each of the three years ended 31 December 2027. In relation to the Underwriting Services, China Minsheng issued RMB2,000,000,000 3.15% notes due 2025 in January 2023, the Group was engaged to provided underwriting services but no notes were subscribed upon the underwriting of the Group, and therefore no commission fee was received; China Minsheng issued RMB3,000,000,000 3.08% notes due 2026 in March 2024, the Group was engaged to provided underwriting services but no notes were subscribed upon the underwriting of the Group, and therefore no commission fee was received; China Minsheng issued US\$300,000,000 floating rate notes due 2027 in September 2024, the Group provided underwriting services and generated commission of US\$15,000 at the fee rate of 0.1%. It is understood that the issue of the bonds by China Minsheng Group is usually dependent on various factors, including but not limited to the market conditions, its corporate needs and the investors' interests. Besides, historic fee rate is not a guarantee of fee rate in future bond issuance. It is possible that the fee rate in the future may be lower than 0.1% as the underwriting market is highly competitive. Notwithstanding of the low utilization rate of the annual caps or no utilization of the annual caps for these Services, the Company considers that for the three years ending 31 December 2027, it is necessary to set the annual caps to be the Proposed Annual Caps in light of the proposed expansion of business activities, the possible improvement of the economy and the market condition in both the PRC and Hong Kong and the possible increase in demand for these Services.

As at the date of this announcement, the annual caps for the three years ended/ending 31 December 2022, 2023 and 2024 have not been exceeded.

PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the next three years ending 31 December 2027 are set out below:

	For the year ending 31 December		
	2025	2026	2027
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Listco AM Services			
– Distribution fees*	3	3	3
– Management fees and advisory fees	193	194	195
– Performance fees	45	45	45
Underwriting Services	6	6	6
Deposit Services*			
(Daily Deposit Balance)	500	500	500

* Fees to be payable by the Group to China Minsheng Group

BASIS OF THE PROPOSED ANNUAL CAPS

1. Listco AM Services

The Proposed Annual Caps for Listco AM Services for the three years ending 31 December 2027 are determined with reference to the historical transaction amount and the expected growth of the business, the details of which are set out below.

(i) Management fee

As at 30 September 2024, the assets under management (“AUM”) for the Listco AM Services was over US\$1.68 billion (“Current Funds”) (representing a year-on-year growth of 7% for the year ended 30 September 2024). For the six months ended 30 June 2024, the Group recognised the management fees and advisory fees for the funds that are currently managed by the Group for the AM Clients of approximately HK\$48.8 million. With reference to the management fees and the advisory fees for the nine months ended 30 September 2024 (which amounts to approximately HK\$80.03 million) and taking into account the adjustments of the terms of pricing of the certain Current Funds in 2024, it is estimated that for the year ending 31 December 2024, the management fees and advisory fees from the Listco AM Services will be approximately HK\$137.91 million which is approximately 64.36% of the annual cap for the year ending 31 December 2024.

Other than the Current Funds, the Group may set up and manage with new funds with different investment scopes and strategies, with an aim to provide the Group's clients with more diversified products. It is expected that the AM Clients may switch some of their investments in the Current Funds into the new funds, but as at the date of this announcement, the AM Clients is cautiously optimistic about the market and do not have a present intention to substantially further invest/redeem its assets either in the Current Funds or new funds. Besides, the AM Clients wish to maintain the AUM of certain Current Funds. With reference to the investors' preference and investment strategies of respective Funds, it is expected that the AUM of the Current Funds (except those with explicit instructions to maintain the AUM) will increase (by appreciation of the assets under management) at the rate of approximately 7% for each of the three years ending 31 December 2027, and the management fees and advisory fees for the Current Funds for each of the three years ending 31 December 2027 will increase accordingly. It is therefore expected that the management fee and advisory fees will increase to HK\$175.7 million, HK\$176.2 million and HK\$176.8 million for the three years ending 31 December 2027, respectively.

Taking into account a moderate buffer and the factors mentioned in paragraph headed "4. Other factors" below, the Company proposes to set the Proposed Annual Caps for the management fee and advisory fee for the three years ending 31 December 2027 to be HK\$193.0 million, HK\$194.0 million and HK\$195.0 million, respectively.

(ii) *Performance fee*

Under the Service Agreement entered into between the Group and the AM Clients, the Group may charge the AM Clients performance fees for certain funds where the net asset value of these funds rises above a hurdle rate during the performance period.

For the nine months ended 30 September 2024, no performance fee payable by China Minsheng Group is recognised. However, it is estimated that for the year ending 31 December 2024, the Group will charge China Minsheng Group approximately HK\$48.18 million for the performance fee (representing approximately 45% of the annual cap for the year ending 31 December 2024), mainly because the Federal Reserve has started the rate cut cycle in September 2024, leading to the outperformance of equity and fixed income market, which affected the performance of the Funds.

As mentioned above, the AM Clients wish to maintain the AUM of certain Current Funds. These Current Funds include the funds subject to the performance fees. It is therefore expected that there will not be a material change in the AUM of such funds for the three years ending 31 December 2027. Assuming the rate of return of investment of such funds for the three years ending 31 December 2027 will be the same as that of such funds for the year ending 31 December 2024 and taking into account the expected increase in management fees of such funds for the three years ending 31 December 2027 (which will lead to the corresponding decrease in net asset value return of the funds), it is expected that the Group will charge the AM Clients performance fees of HK\$40.5 million, HK\$40.5 million and HK\$40.5 million for the three years ending 31 December 2027, respectively.

Taking into account a moderate buffer and the factors mentioned in paragraph headed “4. Other factors”, the Company proposes to set the Proposed Annual Caps for the performance fee for the three years ending 31 December 2027 to be HK\$45.0 million, HK\$45.0 million and HK\$45.0 million, respectively.

(iii) Distribution fee

Under the Service Agreement, China Minsheng Group will charge the Group distribution fees for distributing the Funds.

The distribution fees to be charged by China Minsheng Group shall be approximately 0.05% 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 of 30 June 2024, there were no distribution fee is payable to China Minsheng Group for the six months ended 30 June 2024. It is also estimated that there will be no distribution fees payable to China Minsheng Group for the year ending 31 December 2024.

In addition, there are no distribution fee for the year ended 31 December 2023 and HK\$0.05 million of distribution fees for the year ended 31 December 2022 payable to China Minsheng Group. Although the historical transaction amounts of the distribution fees for the three years ending 31 December 2024 are minimal, the Group cannot rule out the possibility in incurring any distribution fees, as the business volume of the distributions to be provided by China Minsheng Group may depends on the performance of the Funds, which is affected by the prevailing market conditions.

Taking into account (i) the factors mentioned above and in paragraph headed “4. Other factors”, and (ii) the distribution services to be provided by China Minsheng Group is part of the Listco AM Services, the Company proposes to set the Proposed Annual Caps for the distribution fee for the three years ending 31 December 2027 to be HK\$3 million, HK\$3 million and HK\$3 million, respectively, to cater the possibility in distribution of the Funds by China Minsheng Group, particularly when the market condition becomes more favourable to the performance of the Funds and new funds are introduced by the Group.

2. Underwriting Services

The Proposed Annual Caps for Underwriting Services for the three years ending 31 December 2027 were determined with reference to the historical transaction amount and the expected growth of the business, the details of which are set out below.

For the year ending 31 December 2024, as of the date of this announcement, the Group participated in the underwriting of bonds of a principal amount of approximately HK\$5,657.9 million issued by a member of China Minsheng Group whereby the Group was engaged to underwrite the bonds in the principal amount of approximately HK\$116.558 million for a commission of approximately HK\$0.116558 million.

It is expected that the respective principal amount of bonds to be issued by China Minsheng Group for the three years ending 31 December 2027 are approximately HK\$10.9 billion, HK\$10.9 billion and HK\$10.9 billion, respectively, and that the Group will participate in the underwriting of these bonds.

It is expected the Group will be engaged to underwrite the bonds in the aggregated principal amount of approximately HK\$0.55 billion, HK\$0.55 billion, and HK\$0.55 billion for each of the three years ending 31 December 2027, and the underwriting fee is estimated to be approximately HK\$5 to 6 million for each of the years ending 31 December 2027.

Taking into account of a moderate buffer and the factors mentioned in paragraph headed “4. Other factors”, the Company proposes to set the Proposed Annual Caps for the underwriting fee for the three years ending 31 December 2027 to be HK\$6 million, HK\$6 million and HK\$6 million, respectively.

3. Deposit Services

The Proposed Annual Caps for Deposit Services for the three years ending 31 December 2027 were determined with reference to the historical transaction amount and the expected growth of the business, the details of which are set out below.

Under the Service Agreement entered into between the Group and China Minsheng Group, China Minsheng Group agreed to provide Deposit Services.

The maximum amount of deposit that the Group had deposited with China Minsheng Group for the two years ended 31 December 2023 amounted to approximately HK\$417 million. For the nine months ended 30 September 2024, the maximum amount of deposit that the Group had deposited with China Minsheng Group amounted to approximately HK\$519 million. On this basis, for each of the three years ending 31 December 2027, it is estimated that the maximum amount of deposit the Group may deposit into its bank account with China Minsheng will be approximately HK\$400 to 500 million.

The Group's deposits with its banks (including China Minsheng Group) include cash of the Group itself and cash held on behalf of its customers, and the Group does not place its cash in a single bank.

As disclosed in the Company's interim report for the six months ended 30 June 2024, the cash of the Group itself and cash held on behalf of its customers as at 30 June 2024 amounted to approximately HK\$307 million and HK\$135 million, respectively. However, such balances fluctuate from time to time and may be higher than the balances as at the year end or period end.

The maximum amount of cash of the Group itself deposited with China Minsheng Group generally does not exceed HK\$180 million during the period from 1 January 2022 to 30 September 2024, except certain occasions with short-term treasury requirements.

The Group has an online securities trading system, which includes a function of bank-securities transfer through which the clients can deposit funds to their securities account from their bank accounts with China Minsheng Group directly and instantly with no bank charge. The daily upper limit for each client to deposit fund to their securities account through the bank-securities transfer is HK\$100 million, and there is no time constraint for the clients to deposit funds to their securities accounts. The Group has no control over the amounts of such deposits and withdrawals, which are entirely at the discretion of clients in accordance with their own trading requirements and the Group must act upon such instruction accordingly. The Group also established institutional business department (the "**Department**") in May 2023. Since the establishment of the Department, the number of institutional clients has increased by approximately 160 and is expected to continue to increase. With the increase in number of institutional clients, it is expected that there is a higher possibility for the clients to make larger amount of deposits in the Group's bank accounts. Based on the Group's experience, the clients' deposit will increase substantially when the Hong Kong stock market performs strongly.

In addition, on some occasions, with respect to the Group's underwriting business, the Group's clients (i.e. the issuers) may request the Group (as the underwriter) to transfer the proceeds from the bond issuance to their bank accounts within a short period after deducting fees for the sponsors and underwriters. The amount that may be transferred to the Group's account and to the clients' accounts out of such business would depend on the deals that the Group participates as the principal underwriter and the amount that the clients may raise from the offerings under the prevailing market conditions.

In view of the above, the Group considered that there is difficulty for the Group in controlling and predicting the amount of cash held on behalf of customers deposited with China Minsheng Group. The Group noted that such amount reached approximately HK\$300 to 480 million on several occasions during the period from 1 January 2022 to 30 September 2024. Therefore, it would be desirable for the Group to set the maximum daily deposit balance limit at a level, which is able to cater the internal treasury requirements and any substantial increases in clients' deposits within a short period of time.

Based on the above analysis, it is expected the Group may deposit as much as HK\$500 million for each of the three years ending 31 December 2027. Taking into account of the factors mentioned in paragraph headed "4. Other factors", the Company proposes to set the Proposed Annual Caps for the maximum daily balance for the three years ending 31 December 2027 to be HK\$500 million, HK\$500 million and HK\$500 million, respectively.

4. Other factors

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

- (i) China Minsheng Group's development and synergistic strategies of promoting the linkage, and effective integration of business resources, level of operation and management among the group members (including the Group), which are expected to further increase the internal cooperation within China Minsheng Group and result in growth in size and scope of connected transactions among the group members;
- (ii) the expected business growth and development with China Minsheng Group in the future; and

(iii) the expected business growth and development within the Group in the future.

A Responsible Officer for type 1 regulated activity will, based on the basis for the Proposed Annual Caps disclosed above, monitor the annual caps for the Underwriting Services. A Responsible Offer for type 9 regulated activity will, based on the basis for the Proposed Annual Caps disclosed above, monitor the annual caps for Listco AM Services. The finance department will monitor the annual caps for the Deposit Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE AGREEMENT

The Board considers that the entering into of the Service Agreement will continue to contribute in building the brand and reputation of the Company, promoting the Company's reputation, strengthening its domestic and overseas publicity, and attracting more business opportunities. The Service Agreement and the transactions contemplated thereunder also allow the Group to leverage on the established network of China Minsheng Group and increase the client base of the Group. In addition, the provision of the Services by the Group will provide stable revenue source for the Group. As at the date of this announcement, the Group did not have any intention to enter, and had 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 terms of the Service 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 are of revenue nature and will contribute positively to the Group's income, the Board considers that the terms of the Service Agreement are fair and reasonable and the entering into of the Service Agreement is in the interests of the Company and the Shareholders as a whole.

As Mr. Li Baochen, Mr. Li Ming, Mr. Ng Hoi Kam and Mr. Yang Kunpeng, all being Directors, hold positions in China Minsheng and/or its associates, they have abstained from voting for the approval of the Service Agreement. Save for the above, no other Directors have any material interests in the Service Agreement or were otherwise required to evade or abstain from voting in respect of the relevant Board resolutions.

GENERAL INFORMATION

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

With reference to the annual report of China Minsheng for the year ended 31 December 2023, 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 RMB7,674,965 million as at 31 December 2023 and RMB35,986 million for the year ended 31 December 2023 respectively. As at 31 December 2023, the sales network of China Minsheng had covered 138 cities in the PRC, including 146 branch-level institutions (including 41 tier-one branches (excluding Hong Kong branch), 105 tier-two branches (including remote sub-branches)), and 2,459 business outlets of sub-branches, including 1,248 general sub-branches (including business departments), 1,072 community sub-branches, and 139 small business sub-branches. According to the interim report of China Minsheng for the six months ended 30 June 2024, its single largest shareholder is Dajia Life Insurance Co., Ltd. (whose ultimate beneficial owner is China Insurance Security Fund Co., Ltd.), holding approximately 20.73% of its A shares and approximately 5.50% of its H shares.

LISTING RULES IMPLICATION

China Minsheng is the controlling shareholder of the Company which holds 760,588,477 Shares, representing approximately 69.19% of the total number of issued Shares of the Company. Therefore, each of the members of China Minsheng Group is a connected person of the Company. As such, the Services under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps exceeds 5%, the Services to be provided under the Service Agreement are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps of Deposit Services under the Services Agreement exceeds 100%, the Deposit Services also constitute a major transaction of the Company (as the Deposit Services do not involve an acquisition or disposal of assets) and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 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 Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are fair and reasonable, and whether the entering into of the Service Agreement and the Services are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) 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 terms of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are fair and reasonable, and whether the entering into of the Service Agreement and the Services are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) 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 resolution regarding the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps). A circular containing, amongst other things, (i) further details of the Service Agreement and the Services contemplated thereunder (including the Proposed Annual Caps); (ii) the recommendation from the Independent Board Committee; (iii) the advice from Gram Capital in respect of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps); (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules is expected to be published on or before 13 December 2024.

DEFINITIONS

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

“2021 Service Agreement” the service agreement 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) on 16 December 2021, details of which was disclosed in the announcements of the Company dated 16 December 2021 and 12 January 2022 and the circular of the Company dated 22 December 2021

“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
“associate(s)”	has the same 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), and the ultimate controlling shareholder of the Company
“China Minsheng Group”	China Minsheng and its subsidiaries, excluding the members of the Group
“CMBC HK Branch”	the Hong Kong branch of China Minsheng
“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

“Deposit Services”	cash deposit services including current deposit, time deposit, call deposit or agreement deposit services provided or proposed to be provided by China Minsheng Group to the Group pursuant to the Service Agreement
“Director(s)”	the director(s) of the Company
“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 terms of the Service Agreement and the Services to be provided thereunder
“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 terms of the Service Agreement and the Services to be provided thereunder
“Independent Shareholders”	the Shareholders other than China Minsheng 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/or ancillary services to be 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 announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	collectively, the proposed annual caps for the Services
“regulated activity(ies)”	has the meaning ascribed to it under the SFO
“RMB”	Renminbi, the lawful currency in the PRC
“securities”	has the meaning ascribed to it under the SFO
“Service Agreement”	the service agreement 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) in relation to the Services on 29 November 2024
“Services”	collectively, the Listco AM Services, the Underwriting Services and the Deposit Services
“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 of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps)
“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.4 each
“Shareholder(s)”	shareholders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriting Services”	the underwriting services and sub-underwriting services for securities (including but not limited to securities issued by China Minsheng Group) to be provided by the Group to China Minsheng Group pursuant to the Service Agreement
“US\$”	United States dollar, the lawful currency in the United States
“%”	per cent

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

Hong Kong, 29 November 2024

As at the date of this announcement, the executive Directors are Mr. Li Baochen, Mr. Li Ming and Mr. Ng Hoi Kam; the non-executive Director is Mr. Yang Kunpeng; and the independent non-executive Directors are Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua.