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## **China Minsheng Financial Holding Corporation Limited**

**中國民生金融控股有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 245)**

### **DISCLOSEABLE TRANSACTION — SUBSCRIPTION OF CONVERTIBLE BONDS**

#### **THE JOINDER AGREEMENT**

The Board announces that on 16 August 2017, CM Securities Investment (an indirect wholly-owned subsidiary of the Company) entered into the Joinder Agreement to join as a Subsequent Investor in the Convertible Bond Purchase Agreement with the Issuer, the Warrantors and the Lead Investor, pursuant to which CM Securities Investment agreed to purchase, and the Issuer agreed to sell and issue, Convertible Bonds in an aggregate principal amount of up to HK\$50,000,000.

#### **IMPLICATIONS UNDER LISTING RULES**

Pursuant to Rule 14.74(1) of the Listing Rules, the Purchase of the Convertible Bonds, which involves an automatic conversion mechanism as set out in the principal terms below, was classified as if the conversion rights attaching to the Convertible Bonds had been exercised on the date of this announcement.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase and the possible conversion of the Convertible Bonds are more than 5% but less than 25%, the Purchase and the possible conversion of the Convertible Bonds constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

**Completion is subject to fulfilment or waiver of the conditions precedent set out in the Convertible Bond Purchase Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

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## **PURCHASE OF THE CONVERTIBLE BONDS**

### **The Joinder Agreement**

- Date : 16 August 2017
- Parties : (a) the Issuer  
(b) the Warrantors  
(c) the Lead Investor  
(d) CM Securities Investment, as Subsequent Investor
- Subject : Up to HK\$50,000,000 Convertible Bonds
- Conditions Precedent : Completion is conditional upon, amongst others:
- (a) the Issuer's and the Warrantors' representations and warranties are true, accurate and complete and not misleading;
  - (b) the obligations and conditions contained in the Transaction Documents having been performed and complied with; and
  - (c) all consents of any governmental authorities or of any other person that are required to be obtained in connection with the consummation of the transactions contemplated by the Transaction Documents having been obtained.
- Completion : Subject to the terms and conditions of the Convertible Bond Purchase Agreement, Completion shall take place in Hong Kong on a date determined by CM Securities Investment jointly with the Issuer after consultation with the Majority Investors, provided that it shall be no later than the last Business Day before the expiry of three calendar months after the date of the Convertible Bond Purchase Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Issuer, the Warrantors, the Lead Investor and their respective ultimate beneficial owners are Independent Third Parties.

## Principal Terms of the Convertible Bonds

The principal terms and conditions of the Convertible Bonds are set out below:

- Principal Amount : in the aggregate amount of up to HK\$620,000,000
- Maturity Date (“**Maturity Date**”) : 364th calendar day from the issue date of the Lead Investor’s Convertible Bonds, subject to an extension of no more than one year at the request of either the Issuer or the Majority Investors in accordance with the Terms and Conditions
- Interest Rate : 12% per annum on the outstanding principal amount of the Convertible Bonds, payable every three months in arrear
- Ranking : the Convertible Bonds rank senior to all other indebtedness of the Issuer, if any, in right of payment, whether in respect of payment of interest or upon liquidation or dissolution
- Conversion Period : any time after the date of issue of the Convertible Bonds and up to and including the Maturity Date, subject to the Terms and Conditions
- Conversion Rights : each Convertible Bond Holder shall have the right, at its option, to convert all or part of the outstanding Convertible Bonds held by it into such number of Conversion Shares calculated in accordance with the Conversion Formula (as set out below).
- Automatic Conversion : immediately before a qualified IPO (as defined in the Terms and Conditions), the total outstanding principal amount of all the Convertible Bonds shall be converted into such number of Conversion Shares calculated in accordance with the Conversion Formula (as set out below).
- Conversion Formula (“**Conversion Formula**”) : the number of Conversion Shares which shall be issued upon conversion shall be calculated in accordance with the following formula:  $A = (B \div (C + E)) \times D$

Whereas:

A = the number of the Conversion Shares to be issued upon conversion

B = the principal amount of the Convertible Bonds to be converted

C = the pre-money valuation of the Issuer, being HK\$2,400,000,000

D = the total number of ordinary shares of the Issuer in issue immediately following the completion of the conversion, but in the case of automatic conversion, such number shall exclude ordinary shares of the Issuer that are issued pursuant to a qualified IPO

E = the sum of: (1) the principal amount of the Convertible Bonds to be converted, and (2) the aggregate principal amount of the Convertible Bonds that had already been converted before the conversion

Redemption : *Redemption upon maturity*

Unless previously redeemed or converted, the Issuer shall on the Maturity Date redeem all the outstanding Convertible Bonds at the aggregate of the relevant principal amount and all accrued and unpaid interests

*Redemption upon event of default*

Upon the occurrence of any event of default set out in the Terms and Conditions, the Convertible Bond Holders may by notice demand the Issuer to redeem all the outstanding Convertible Bonds at the aggregate of the relevant principal amount and all accrued and unpaid interests

*Redemption at the Issuer's option*

The Issuer may, by notice to all Convertible Bond Holders, redeem all of the outstanding Convertible Bonds prior to maturity by delivering a redemption notice to each of the Convertible Bond Holders in accordance with the Terms and Conditions

Transferability : the Convertible Bonds are assignable and transferable by a Convertible Bond Holder to its affiliates by delivery of a transfer notice subject to applicable laws and regulations and restrictions set out in the Terms and Conditions

Security : the Convertible Bonds are secured by the Share Charges and the Guarantee

## **SHARE CHARGES AND GUARANTEE**

The obligations owed to the Convertible Bond Holders under the Transaction Documents are guaranteed by the Guarantors in favour of CM Securities Investment by way of a Confirmatory Deed of Guarantee.

As security for the obligations owed to the Convertible Bond Holders under the Transaction Documents, certain Share Charges have also been executed in favour of the Lead Investor. Pursuant to the terms of the Convertible Bond Purchase Agreement, the Lead Investor shall enforce the Share Charges as agent for the other Convertible Bond Holders, including CM Securities Investment.

The Share Charges and the Confirmatory Deed of Guarantee shall be continuing securities and shall be discharged in accordance with the terms of the Share Charges and the Guarantee.

## **INFORMATION OF THE ISSUER**

The Issuer is engaged in the business of development and sale of properties. It is an exempted company incorporated with limited liability under the laws of the Cayman Islands. The Issuer is considering a potential listing application on the Stock Exchange.

Based on the unaudited consolidated financial statements of the Issuer which have been prepared in accordance with the Hong Kong Financial Reporting Standards, the consolidated net assets of the Issuer as at 31 December 2016 was about RMB589,696,000. Some of the financial data of the Issuer as extracted from its unaudited financial statements are set out as follows:

	<b>Consolidated net profits before taxation</b>	<b>Consolidated net profits after taxation</b>
For the year ended 31 December 2016	RMB434,401,000	RMB220,591,000
For the year ended 31 December 2015	RMB525,323,000	RMB291,243,000

## **INFORMATION OF THE GROUP**

The Group is currently principally engaged in investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory and securities brokerage.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINDER AGREEMENT AND THE PURCHASE**

The Directors consider that the Purchase will result in a reasonable return to the Group. The Directors believe that the Purchase is in line with the business development strategy of the Group and will promote the reputation and standing of the Group within the financial industry.

Based on the above, the Directors are of the view that the terms of the Joinder Agreement, which were arrived at after arm's length negotiations among the Issuer, the Warrantors, the Lead Investor and CM Securities Investment, are fair and reasonable and on normal commercial terms, and the Purchase contemplated under the Joinder Agreement are in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER LISTING RULES

Pursuant to Rule 14.74(1) of the Listing Rules, the Purchase of the Convertible Bonds, which involves an automatic conversion mechanism as set out in the principal terms above, was classified as if the conversion rights attaching to the Convertible Bonds had been exercised on the date of this announcement.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase and the possible conversion of the Convertible Bonds are more than 5% but less than 25%, the Purchase and the possible conversion of the Convertible Bonds constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

**Completion is subject to fulfilment or waiver of the conditions precedent set out in the Convertible Bond Purchase Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	:	the board of Directors
“Business Day”	:	means any day that is not a Saturday, Sunday and public holiday in Hong Kong on which licensed banks in Hong Kong are open generally for normal banking business (excluding a day on which a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal is hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m.)
“BVI”	:	the British Virgin Islands
“CM Securities Investment”	:	CM Securities Investment Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Company”	:	China Minsheng Financial Holding Corporation Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	:	the completion of the Purchase
“Confirmatory Deed of Guarantee”	:	the confirmatory deed of guarantee dated 16 August 2017 entered into by the Guarantors in favour of CM Securities Investment

“Conversion Rights”	:	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares as referred to in the Terms and Conditions
“Conversion Shares”	:	any shares to be issued by the Issuer upon the Convertible Bond Holder(s) exercising its/their Conversion Right(s) under and in accordance with the Terms and Conditions
“Convertible Bond Holders” or “Investors”	:	the Lead Investor and the Subsequent Investors and the relevant transferee of the Convertible Bonds in accordance with the Terms and Conditions
“Convertible Bond Purchase Agreement”	:	the purchase agreement dated 24 July 2017 in relation to, amongst others, the issue and sale of up to HK\$620,000,000 Convertible Bonds entered into by and among the Issuer, the Warrantors and the Lead Investor
“Convertible Bonds”	:	the 12% secured guaranteed redeemable convertible bond(s) in an aggregate principal amount not exceeding HK\$620,000,000 to be issued by the Issuer
“Director(s)”	:	the director(s) of the Company
“Group”	:	the Company and its subsidiaries
“Guarantors”	:	the Warrantors and other entities related to the Issuer
“HK\$”	:	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	:	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	:	persons who are not a connected person to the Company pursuant to Chapter 14A of the Listing Rules
“Issuer”	:	an exempted company with limited liability incorporated in the Cayman Islands, principally engaged in the business of development and sale of properties
“Joinder Agreement”	:	the joinder agreement dated 16 August 2017 in relation to the purchase of up to HK\$50,000,000 Convertible Bonds entered into by and among the Issuer, the Warrantors, the Lead Investor and CM Securities Investment pursuant to the Convertible Bond Purchase Agreement
“Lead Investor”	:	a BVI business company incorporated in the British Virgin Islands

“Majority Investors”	:	one or more Investors holding more than 50% of the aggregate outstanding principal amount of the Convertible Bonds at any time and from time to time
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement shall exclude Taiwan, Hong Kong and the Macau Special Administrative Region
“Purchase”	:	the purchase of up to HK\$50,000,000 Convertible Bonds by CM Securities Investment pursuant to the terms of the Joinder Agreement
“RMB”	:	Renminbi, the lawful currency of the PRC
“Share Charges”	:	the charges over shares dated 24 July 2017 executed by, amongst others, the Issuer in favour of the Lead Investor
“Shareholder(s)”	:	the holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	:	the Stock Exchange of Hong Kong Limited
“Subsequent Investor(s)”	:	the Investor(s) who subscribe(s) for additional Convertible Bonds at par to be issued by the Issuer on the same terms and conditions of the Convertible Bond Purchase Agreement and who has/have entered into the related joinder agreements
“Terms and Conditions”	:	the terms and conditions of the Convertible Bonds as set out in the bond instrument
“Transaction Documents”	:	the Convertible Bond Purchase Agreement, the Terms and Conditions, the bond certificate, the Share Charges, the Confirmatory Deed of Guarantee and the Joinder Agreement and any other documents relating to the transactions contemplated therein which may be entered into from time to time
“Warrantors”	:	the indirect controlling shareholders of the Issuer and an entity related to the Issuer
%	:	per cent

By order of the Board  
**China Minsheng Financial Holding Corporation Limited**  
**Li Huaizhen**  
*Chairman*

Hong Kong, 16 August 2017



*As at the date of this announcement, the Board comprises (1) Mr. Chen Guogang, Mr. Wang Dongzhi, Mr. Ni Xinguang and Ms. Feng Xiaoying as executive directors; (2) Mr. Li Huaizhen as non-executive director; and (3) Mr. Chen Johnny, Mr. Lyu Wei, Mr. Ling Yu Zhang and Dr. Guan Tao as independent non-executive directors of the Company.*