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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

**If you have sold or transferred** all your shares in CMBC Capital Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**CMBC CAPITAL HOLDINGS LIMITED**

(formerly known as “Skyway Securities Group Limited”)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1141)**

**MAJOR TRANSACTION  
IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definition” in this circular. A letter from the Board is set out on pages 5 to 16 of this circular.

21 October 2017

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the following meanings:*

“Agent”	BOCI Leveraged & Structured Finance Limited, a private company incorporated under the laws of Hong Kong
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrowers”	collectively, HGH and Huge Auto
“CGA”	China Grand Automotive Group Limited, an exempted company incorporated under the laws of the Cayman Islands
“CGA (Listco)”	China Grand Automotive Services Co., Ltd. (廣匯汽車服務股份公司), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600297)
“CGA Mauritius”	China Grand Automotive (Mauritius) Limited, a private company limited by shares incorporated under the laws of Mauritius
“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, other than the members of CMBCI Group and 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

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## DEFINITIONS

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“CMBCI”	CMBC International Holdings Limited (民生商銀國際控股有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“CMBCI Group”	CMBCI and its subsidiaries, including CMBC Investment and 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)
“Company’s Commitment”	the commitment of the Company to grant HK\$400 million of the Syndicated Loan under the Facility Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Facility Agreement”	the facility agreement dated 28 August 2017 entered into between the Company, other members of the Lender Syndicate, the Agent, the Borrowers and the Guarantors, pursuant to which the Lender Syndicate has agreed to make available to the Borrowers the Syndicated Loan in an aggregated amount equivalent to a total commitment of HK\$5.81 billion
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Mr. Huang and National Holdings
“HGH”	Huge Group Holdings Limited, a company incorporated under the laws of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“HK\$”	Hong Kong Dollars(s), the lawful currency of Hong Kong
“Huge Auto”	Huge Auto Investment Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Independent Third Party(ies)”	any person(s) who is/are not connected person(s) of the Company
“Latest Practicable Date”	18 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lender Syndicate”	a lender syndicate group being the lenders under the Facility Agreement for the Syndicated Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Huang”	Mr. Huang Chusheng, the sole shareholder of National Holdings
“National Holdings”	National Holdings Group Company Limited, a company incorporated under the laws of the British Virgin Islands
“Obligors”	collectively, the Borrowers, CGA, CGA Mauritius and the Guarantors
“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
“regulated activity(ies)”	has the meaning ascribed to it under the Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	shareholders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Syndicated Loan”	a syndicated loan to be provided by the Lender Syndicate to the Borrowers in the principal amount of HK\$5.81 billion pursuant to the Facility Agreement
“%”	per cent.

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## LETTER FROM THE BOARD

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### CMBC CAPITAL HOLDINGS LIMITED

(formerly known as “Skyway Securities Group Limited”)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1141)**

*Executive Director:*

Mr. Li Jinze

*Non-executive Directors:*

Mr. Ren Hailong

Mr. Liao Zhaohui

*Independent non-executive Directors:*

Mr. Lee, Cheuk Yin Dannis

Mr. Wu Bin

Mr. Wang Lihua

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place  
of Business*

Units 6601A and 6607-6608

Level 66

International Commerce Centre

1 Austin Road West

Kowloon

Hong Kong

21 October 2017

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE

#### I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2017 in relation to the Facility Agreement and the Company’s Commitment thereunder.

On 28 August 2017, the Company, together with other members of the Lender Syndicate and the Agent, entered into the Facility Agreement with the Borrowers and the Guarantors, pursuant to which the Lender Syndicate has agreed, on several basis, to make available to the Borrowers the Syndicated Loan in an aggregate amount equivalent to a total commitment of HK\$5.81 billion. The Company has committed to grant HK\$400 million of the Syndicated Loan under the Facility Agreement.

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company's Commitment exceed(s) 25% but are less than 100%, the entering into of the Facility Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements.

The Company has obtained written Shareholders' approval for the Company's Commitment in accordance with Rule 14.44 of the Listing Rules from CMBC Investment, which is a controlling shareholder of the Company beneficially interested in approximately 60.22% of issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 14.44 of the Listing Rules, the written approval from CMBC Investment is accepted in lieu of holding a general meeting for approval of the Facility Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide the Shareholders with the information in relation to the Facility Agreement, the Company's Commitment thereunder and other information prescribed by the Listing Rules.

## **II. THE FACILITY AGREEMENT**

On 28 August 2017, the Company, together with other members of the Lender Syndicate and the Agent, entered into the Facility Agreement with the Borrowers and the Guarantors, pursuant to which the Lender Syndicate has agreed, on several basis, to make available to the Borrowers the Syndicated Loan in an aggregate amount equivalent to a total commitment of HK\$5.81 billion.



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## LETTER FROM THE BOARD

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The principal terms of the Facility Agreement are as follows:

- Date:** 28 August 2017
- Parties:**
- i. the Company and nine other members of the Lender Syndicate, as lenders;
  - ii. HGH and Huge Auto, as Borrowers;
  - iii. National Holdings and Mr. Huang, as Guarantors; and
  - iv. BOCI Leveraged & Structured Finance Limited, as Agent.
- Total Commitment:** HK\$5,810,000,000
- Conditions Precedent:** The Syndicate Loan will be made available to the Borrowers on the utilisation date upon satisfaction, among others, of the following conditions precedent:
- i. the Agent has received all documents in form and substance satisfactory to all the members of the Lender Syndicate;
  - ii. no event of default is continuing or would result from the proposed loan under the Facility Agreement; and
  - iii. the representations deemed to be made by each Obligor in the Facility Agreement are true in all material respects.
- As advised by the Agent, all conditions precedent set out in the Facility Agreement have been satisfied or waived (if applicable) in accordance with the Facility Agreement.
- Utilisation:** subject to the satisfaction of the conditions precedent as set out in the Facility Agreement, the Borrowers may utilise the Syndicated Loan during the period of 30 days from and including the date of the Facility Agreement.

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## LETTER FROM THE BOARD

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- Purpose:** to finance or refinance the payment of the amounts owing by the Obligors related to Haitong International Holdings Limited (and its holding companies and subsidiaries) and others and the other amounts as provided under the Facility Agreement.
- Interest rate:** 5% per annum payable on the utilisation date in advance. No part of the interest so paid shall be refundable in any event.
- Maturity Date:** 24 months after the utilisation date.
- Repayment:** subject as otherwise provided in the Facility Agreement, the Borrowers shall repay the outstanding Syndicated Loan in full on the maturity date. All members of the Lender Syndicate may by notice to the Borrowers extend the date for repayment of any outstanding amount to a date falling twelve (12) months after the original repayment date, during which extended period the Borrowers will be required to pay interest on the outstanding amount at 18% per annual. As the extension of the Syndicate Loans repayment date is subject to approval by all members of the Lender Syndicate, including the Company, the Company will make further announcement as and when necessary if the Company exercises the option to extend the original repayment date of the Syndicate Loan.
- Voluntary Prepayment:** The Borrower may by not less than 5 business days' (or such shorter period as the Lender Syndicate whose commitments aggregate more than 60% of the total commitment under the Facility Agreement agree) prior notice prepay the whole or any part (in whole multiple of HK\$100 million) of the outstanding loan under the Syndicate Loan. Any prepayment will be applied rateably among the participations of all the members of the Lender Syndicate.

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## LETTER FROM THE BOARD

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**Event of default :**

There shall be an event of default if, among others, any of the following events shall have occurred or is continuing:

- (i) the Obligors do not pay on the due date any amount payable pursuant to the terms of the Facility Agreement;
- (ii) the Obligors do not comply with any provision of the Facility Agreement;
- (iii) any representation or statement made or deemed to be made by the Obligors in the Facility Agreement or any other document delivered by or on behalf of the Obligors under or in connection with the Facility Agreement and relevant documents are or prove to have been incorrect or misleading in any material respect when made or deemed to be made;
- (iv) (a) the Obligors or the CGA (Listco) is or is presumed or deemed to be unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; (b) the value of the assets of the Obligors or the CGA (Listco) is less than its liabilities (taking into account contingent and prospective liabilities); (c) a moratorium is declared in respect of any indebtedness of the Obligors or the CGA (Listco);
- (v) any corporate action, legal proceedings or other procedure or step is taken in relation to:

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## LETTER FROM THE BOARD

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- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, bankruptcy, administration, provisional supervision or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Obligors or the CGA (Listco);
  - (b) a composition or arrangement with any creditor of the Obligors or the CGA (Listco), or an assignment for the benefit of creditors generally of the Obligors or the CGA (Listco) or a class of such creditors;
  - (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor, manager of the estate or business, nominee in relation to any voluntary arrangement or other similar officer in respect of the Obligors or the CGA (Listco) or any of their respective assets; or
  - (d) enforcement of any security over any assets of the Obligors or the CGA (Listco), or any analogous procedure or step is taken in any jurisdiction;
- (vi) (a) it is or becomes unlawful for the Obligors to perform any of its obligations under the Facility Agreement; (b) any obligation or obligations of the Obligors under the Facility Agreement are not or cease to be legal, valid, binding or enforceable; (c) the Facility Agreement or any guarantee or indemnity in or any subordination under the Facility Agreement is not or ceases to be in full force and effect or is alleged by a party to it (other than the Agent and the Lender Syndicate) to be ineffective.

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## LETTER FROM THE BOARD

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- (vii) the authority or ability of any corporate Obligors to conduct its business is wholly or substantially limited or curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person;
- (viii) any corporate Obligors suspends or ceases to carry on all or a material part of its business;
- (ix) Mr. Huang dies or is or becomes of unsound mind;
- (x) trading of the shares of the CGA (Listco) on the Shanghai Stock Exchange is suspended as a result for any reason including without limitation, material adverse market disclosure by the CGA (Listco) or any disciplinary actions taken by a regulatory body against the CGA (Listco) but excluding the entering by the CGA (Listco) of any acquisition, merger, disposal or placement approved by the Lender Syndicate and such suspension continues for five consecutive trading days on the Shanghai Stock Exchange unless approved by the Lender Syndicate; and
- (xi) there occurs, in the opinion of the majority of the Lender Syndicate, any event or circumstances which might have a material adverse effect.

**Security:**

the Syndicate Loan will be secured by, inter alia, the following:

- i. share mortgage over all issued shares in CGA by Huge Auto;
- ii. share mortgage over all issued shares in Huge Auto by HGH;

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## LETTER FROM THE BOARD

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- iii. share mortgage over all issued shares in HGH by National Holdings;
- iv. share mortgage over all issued shares in National Holdings by Mr. Huang;
- v. share mortgage over all issued shares in CGA Mauritius by CGA;
- vi. charge over a Hong Kong bank account and cash pledge and charge over a PRC bank account of CGA Mauritius; and
- vii. share pledge over 1,963,967,413 shares in the CGA (Listco) held by CGA Mauritius.

The Guarantors jointly and severally guarantees the performance by the Borrowers of their obligations under the Facility Agreement and related finance documents.

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## LETTER FROM THE BOARD

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### III. THE COMPANY'S COMMITMENT

The Company has committed to grant HK\$400 million of the Syndicated Loan under the Facility Agreement. The obligations of each member of the Lender Syndicate under the Facility Agreement and other finance documents are several. In addition to the interest payment entitled to receive, provided that the Company has fully advanced the amount of the Company's share of the Syndicated Loan to the Agent and subject to the occurrence of the utilisation date according to the terms of the Facility Agreement, HGH agrees to pay the Company a fee of HK\$24 million on the utilisation date.

The Company will finance its participation in the Syndicated Loan with its internal resources.

### IV. REASONS FOR AND BENEFITS OF THE COMPANY'S PARTICIPATION IN THE SYNDICATED LOAN

The amount of commitment was determined after arm's length negotiation between the Agent and the Company after taking into account of, *inter alia*, the Group's available financial resources and business plan. The interest rate and the advisory fee were agreed by the Company after arm's length negotiation between the Company (through Agent) and the Borrowers, after considering the prevailing market rate for similar loans granted by the Group to other Independent Third Parties. In addition, the Directors consider that the security provided to secure the repayment of the Syndicated Loan was sufficient to mitigate the risk of default, after taking into consideration, *inter alia*, that the value of 1,963,967,413 shares in the CGA (Listco) pledged to the Lender Syndicate exceeded HK\$17.6 billion (or more than three times of the total commitment under the Facility Agreement), determined with reference to the closing price of the shares of CGA (Listco) listed and traded on the Shanghai Stock Exchange as at 28 August 2017.

As such, and taking into account the principal activities of the Group, the Directors consider that entering into the Facility Agreement and the grant of the Company's Commitment are in the ordinary and usual course of business of the Group.

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## LETTER FROM THE BOARD

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The Facility Agreement has been entered into based on the Company's development strategy. Taking into account the return from the participation of the Syndicated Loan and security arrangement, and base on the result of the credit assessments made on the financial strength and repayment ability of the Borrowers and Guarantors and the securities provided to secure the repayment of the Syndicate Loan, the Directors consider that the terms of the Facility Agreement are fair and reasonable, the entering into the Facility Agreement and the grant of the Company's Commitment thereunder are in the interests of the Company and its Shareholders as a whole.

### **V. INFORMATION OF THE GROUP**

As at the Latest Practicable Date, the Group is principally engaged in the business of brokerage and related services, securities investments and provision of finance.

### **VI. INFORMATION OF THE AGENT, THE OTHER MEMBERS OF THE LENDER SYNDICATE, THE BORROWERS, THE GUARANTORS, CGA AND CGA MAURITIUS AND CGA (LISTCO)**

To the best of the knowledge, information and belief of the Directors, as at the Latest Practicable Date:

1. the Agent is a company incorporated in Hong Kong with limited liability whose principal business is the provision of structured financing and financial advisory services;
2. HGH is a company incorporated in Hong Kong with limited liability whose principal business is investment holding, the shares of which are 100% owned by National Holdings;
3. Huge Auto is a business company incorporated under the laws of the British Virgin Islands whose principal business is investment holding, the shares of which are 100% owned by HGH;
4. National Holdings is a business company incorporated under the laws of the British Virgin Islands whose principal business is investment holding, the shares of which are 100% owned by Mr. Huang, a PRC resident;
5. CGA is an exempted company incorporated under the laws of the Cayman Islands whose principal business is investment holding, the shares of which are 100% owned by Huge Auto;
6. CGA Mauritius is a private company limited by shares incorporated under the laws of Mauritius whose principal business is investment holding, the shares of which are 100% owned by CGA; and



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## LETTER FROM THE BOARD

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7. CGA (Listco) is a joint stock company established in the PRC whose A-shares are listed on the Shanghai Stock Exchange. According to its 2016 annual report, CGA (Listco) was principally engaged in the business of distribution of passenger vehicles, provision of after-sales services in relation to passenger vehicles and ancillary business in relation to passenger vehicles.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Agent, the Obligor, the CGA (Listco) and their respective ultimate beneficial owners are Independent Third Parties.

To the best knowledge, information and belief of the Directors, the other members of the Lender Syndicate (excluding the Company) comprise of nine financial or investment companies which are all Independent Third Parties; other than (i) three members are associates of a minority Shareholder which owns approximately 4.26% Shares as at the Latest Practicable Date and; (ii) a member whose controlling shareholder holds 6% issued shares in China Minsheng Banking Corp. Ltd., a controlling Shareholder, as at the date of the Latest Practicable Date, all of the other members of the Lender Syndicate do not have any interest in the Company;

### **VII. LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company's Commitment exceed(s) 25% but are less than 100%, the entering into of the Facility Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Facility Agreement and the transactions contemplated thereunder and accordingly, no Shareholder or its/his associate(s) is required to abstain from voting if the Company were to convene a general meeting for approving the Facility Agreement and the transactions contemplated thereunder.

The Company has obtained written Shareholders' approval for the Company's Commitment in accordance with Rule 14.44 of the Listing Rules from CMBC Investment, which is a controlling shareholder of the Company beneficially interested in approximately 60.22% of issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 14.44 of the Listing Rules, the written approval from CMBC Investment is accepted in lieu of holding a general meeting for approval of the Facility Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### VIII. RECOMMENDATION

Although no general meeting will be convened, the Board considers that the Facility Agreement was entered into on normal commercial terms and the terms of the Facility Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were convened for approving the Facility Agreement and the transactions contemplated thereunder, the Board would have recommended the Shareholders to vote in favour of the Syndicated Loan.

### IX. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices I and II to this circular.

Yours faithfully,  
By order of the Board  
**CMBC Capital Holdings Limited**  
**Li Jinze**  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the financial information for each of the last three financial years ended 31 March 2017 with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2017 are set out in pages 54 to 59 of the annual report 2017 of the Company which was posted on 28 June 2017 on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.cmbccap.com>). It can be accessed at: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0628/LTN20170628021.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2016 are set out in pages 37 to 42 of the annual report 2016 of the Company which was posted on 21 July 2016 on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.cmbccap.com>). It can be accessed at: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0721/LTN20160721497.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2015 are set out in pages 31 to 36 of the annual report 2015 of the Company which was posted on 24 July 2015 on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.cmbccap.com>). It can be accessed at: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0724/LTN20150724272.pdf>

## 2. INDEBTEDNESS

As at the close of business on 31 August 2017 being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding unsecured and unguaranteed credit borrowings of approximately HK\$413.7 million, details of which are as follows:

### Borrowings:

	<b>At 31 August 2017</b>
	<i>HK\$ million</i> (unaudited)
Notes payable with nominal value of HK\$150.0 million	148.1
Loan from intermediate holding company	265.6
	<hr/>
Total	413.7
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Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 31 August 2017, the Group did not have any issued and outstanding, or committed, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

Taking into account the effect of the participation in the Syndicated Loan and the financial resources available to the Group and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for at least twelve months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECTS**

The Company intends to enhance profitability by offering a one-stop securities and investment banking solution encompassing cross-border and innovative financial products and services. In particular, leveraging on the strong reputation, expertise and capability of China Minsheng, the Group intends to, *inter alia*:

- (i) further expand its loan and financing business by offering more diversified structured finance services, and thereby generating stable revenue stream, as well as creating synergy with the Group's corporate advisory and consultation services;
- (ii) maintain and further develop its brokerage and underwriting services. The Group intends to build an effective business collaboration and referral mechanism for underwriting business opportunities with CMBCI Group;
- (iii) commence and expand the corporate finance advisory business with a view to establish a full spectrum finance services platform in Hong Kong, as well as to generate additional revenue stream for the Group. The Company has entered into an acquisition agreement with CMBCI for the acquisition of the entire issued share capital of CMBCI International Capital Limited, a corporate licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Upon the completion of such acquisition, the Group will have all material licenses required for services expected to be required by most of its potential clients at current stage;

- (iv) offering diversified assets management services. The target clients for the assets management services include CMBCI and its associates, as well as Hong Kong and mainland clients who have demands for diversified and globalised assets management; and
- (v) from time to time, consider to acquire suitable companies and business when opportunities arise. As at the Latest Practicable Date, the Group did not have any concrete plan to make any acquisition (other than the proposed acquisition of CMBC International Capital Limited, which was disclosed in the announcement of the Company dated 27 July 2017).

## **5. EFFECT OF THE PARTICIPATION IN THE SYNDICATED LOAN ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP**

### **Assets and liabilities**

As a result of its participation in the Syndicated Loan by the Company, it is expected that the “Loans and advances” will increase, while the corresponding financial effects will be reflected by way of a decrease in “cash and cash equivalents” and/or an increase in “borrowings”. Given these financial effects, the Directors are of the view that the Company’s participation in the Syndicated Loan will not have any material financial effects on the net asset value of the Group.

### **Earnings**

Since the interest income and advisory fees has or will be received by the Company for its participation of the Syndicated Loan, the earnings of the Group will increase by an amount equivalent to such income arising from such participation in the relevant period. On the other hand, interest expenses and other fees are to be paid by the Company for its participation in the Syndicated Loan, which will decrease the earnings of the Group by an amount equivalent to such expenses. Given these financial effects, the Directors expect that there will be no significant adverse impact on the Group’s consolidated profit or loss account.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company (and their respective associate(s)) had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered into the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

**3. COMPETING INTERESTS**

China Minsheng is principally engaged in commercial and retail banking business providing corporate and personal banking, treasury business, finance leasing, asset management and other financial services but holds licenses to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities through its Hong Kong Branch. Neither the Company nor its subsidiaries are licensed to carry out commercial banking activities and hence China Minsheng does not compete with the Company in respect of commercial banking activities. As such, the Directors expect immaterial competition from China Minsheng Hong Kong Branch, and even if there is competition, it will be normal market competition and will not affect the interest of the Shareholders as a whole, as (i) the Company will be the principal platform for China Minsheng to conduct securities and investment banking businesses in Hong Kong; (ii) the principal business of China Minsheng Hong Kong Branch is commercial banking; (iii) the management of China Minsheng Hong Kong Branch is not be involved in the management of the Company or its subsidiaries, nor is it involved in the management of CMBCI Group; (iv) the Company will have an independent and separate team conducting its type 1 (dealing in securities) and type 4 (advising on securities) regulated activities; and (v) China Minsheng Hong Kong Branch has no securities brokerage, futures or asset management businesses.

CMBCI Group is principally engaged in investments and investment holding. It is expected that CMBCI Group will not principally engage in securities and investment banking businesses with Independent Third Party which will be the principal businesses of the Group. Therefore, all businesses involving Regulated Activities will principally be undertaken by the Group.

As such, the Directors are of the view that there is immaterial competition from CMBCI Group, and even if there is competition, it will be on normal market competition and will not affect the interest of the Shareholders.

#### **4. DIRECTORS' COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors nor his close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

#### **5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

#### **6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**7. MATERIAL ADVERSE CHANGE**

Saved as disclosed above, as the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. MATERIAL CONTRACTS**

The following contracts, not being contracts entered into in ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of this circular which are, or maybe, material:

- (a) an agreement dated 15 September 2015 entered into between Joint Global Limited, Mission Investments Holdings Limited and the other investee shareholders in relation to the exchange of shares in HEC Capital Limited and shares in Joint Global Limited with no additional consideration paid or received for the swap.
- (b) the sale and purchase agreement dated 4 March 2016 and entered into between Central Wealth Financial Group Limited (now known as “Future World Financial Holdings Limited”) and Gold Mission Limited for the sale and purchase of the share in Sky Eagle Global Limited and the sale loan in the consideration of cash consideration of HK\$7,000,000, HK\$1,300,000,000 by consideration Shares and the remaining balance of HK\$29,000,000 by promissory notes in the principal amount of HK\$29,000,000.
- (c) the conditional placing agreement entered into between the Company and Skyway Securities Investment Limited dated 3 May 2016 in relation to placing of up to 2,550,000,000 placing shares at the placing price of HK\$0.18 per placing Share in a best effort basis and subsequently terminated on 31 July 2016.
- (d) the conditional agreement dated 3 May 2016 and entered into between the Company and Capital Union Inc., in respect of the subscription of 1,450,000,000 new shares of the Company at consideration of HK\$261,000,000 settle by way of set off against the total outstanding principal amount of the promissory notes of HK\$285,000,000.
- (e) the conditional agreement dated 28 November 2016 and entered into between Celestial Lodge Limited and Gold Mission Limited in respect of the disposal of the entire equity interests of Sky Eagle Global Limited by Gold Mission Limited to Celestial Lodge Limited, together with the supplemental agreement dated 7 March 2017.



- (f) the conditional subscription agreement dated 7 March 2017 and entered into between the Company as issuer and CMBC International Investment Limited and Brilliant Decent Limited as subscribers in relation to the subscription for a total of 26,950,000,000 new Shares issued by the Company.
- (g) the acquisition agreement dated 27 July 2017 entered into between the Company and CMBCI for the entire issued share capital of CMBC Capital Finance Limited.
- (h) the acquisition agreement dated 27 July 2017 entered into between the Company and CMBCI for the entire issued share capital of CMBC International Capital Limited.

**9. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, or claim of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company is located at Units 6601A and 6607-6608, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Mr. Dong Qizhen, a solicitor qualified in Hong Kong.
- (d) The principal share registrar of the Company and transfer office is MUFG Fund Services (Bermuda) Limited, which is located at 26 Burnaby Street, Hamilton HM11, Bermuda.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m., at the Company's principal place of business in Hong Kong at Units 6601A and 6607-6608, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for a period of 14 days (other than Saturdays, Sundays and public holidays) from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for the two years ended 31 March 2016 and 31 March 2017 together with all notes, certificates or information required by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time;
- (d) this circular; and
- (e) a circular of the Company dated 10 October 2017.