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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)**

### **CONNECTED TRANSACTION IN RELATION TO THE LOAN AGREEMENT**

**Independent Financial Adviser to the independent non-executive Directors**



#### **THE LOAN AGREEMENT**

The Board announces that on 16 March 2018 (after trading hours), Tianjin TM (as lender) entered into the Loan Agreement with CMIG Asia (as borrower), pursuant to which Tianjin TM has agreed to provide the Loan to CMIG Asia.

#### **LISTING RULES IMPLICATIONS**

Tianjin TM is an indirect wholly-owned subsidiary of the Company. CMIG is a substantial shareholder of the Company. CMIG Asia is a wholly-owned subsidiary of CMIG and is therefore a connected person of the Company. The entering into of the Loan Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since certain applicable percentage ratios (other than the profits ratio) as stipulated under Rule 14.07 of the Listing Rules exceed 0.1% but are less than 5%, the entering into of the Loan Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Although it is a connected transaction exempted from the circular and independent shareholders' approval requirements, the Independent Financial Adviser has been appointed to advise the independent non-executive Directors in respect of Loan Agreement and the transactions contemplated thereunder.

The Directors (excluding Mr. Chen Guogang, Mr. Wang Dongzhi and Mr. Ma Jianting, who abstained from voting at the meeting of the Board due to conflict of interests in view of their respective positions in CMIG Asia, and the independent non-executive Directors after considering the advice of the Independent Financial Adviser) have confirmed that the terms of the Loan Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

## **INTRODUCTION**

The Board announces that on 16 March 2018 (after trading hours), Tianjin TM entered into the Loan Agreement with CMIG Asia, pursuant to which Tianjin TM has agreed to provide the Loan to CMIG Asia.

## **THE LOAN AGREEMENT**

The principal terms of the Loan Agreement are summarised as follows:

**Date** : 16 March 2018

**Parties** : (1) Tianjin TM (as lender), an indirect wholly-owned subsidiary of the Company; and  
(2) CMIG Asia (as borrower), a wholly-owned subsidiary of CMIG.

CMIG is a substantial shareholder of the Company and CMIG Asia is therefore a connected person of the Company.

### **Principal terms of the Loan Agreement**

**Term** : The Loan Agreement is for a term of two years from 16 March 2018 to 15 March 2020.

**Loan Principal** : Not more than RMB75,000,000 (for illustration purpose only, equivalent to approximately HK\$92,592,593) to be drawn down within three (3) months from the date of the Loan Agreement.

The maximum number of drawdowns shall be no more than three (3) times and the minimum loan principal drawn for each drawdown shall not be less than RMB20,000,000 (for instruction purpose only, equivalent to approximately HK\$24,691,358).

**Interest Rate and Security** : The interest rate is 11.5% per annum. The interest is calculated quarterly starting from the actual drawdown date, and to be settled on the 25th day of every third months after the actual drawdown date and paid within five (5) days thereafter.

No guarantee or security is provided by CMIG Asia for the Loan.

- Purpose of the Loan** : The Loan is provided to CMIG Asia for the purpose as its general working capital.
- Repayment terms** : The principal amount of the Loan together with any outstanding interest shall be repaid on the second (2) day following the end of the term of the Loan Agreement.
- Early Repayment** : Each party may, by serving three (3) business days' prior written notice to the other party, request or make early repayment of the outstanding Loan (in part or in full) together with corresponding interest accrued thereon.
- Others** : In the event that CMIG Asia fails to pay any sum payable under the Loan Agreement when due, the interest rate of 24% shall be applied to such overdue amounts.

## **REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT**

Having considered (i) the background of CMIG Asia and that a stable revenue and cashflow stream from the interest income is expected; (ii) as at 30 June 2017, the Group had cash and bank balances of approximately HK\$1,207.9 million which the Company had not identified any potential projects or investment opportunities with substantial capital requirement for the Group to pursue as at the date of this announcement; and (iii) the purpose of the Loan for CMIG Asia is mainly for short term working capital use of its PRC operation, the Directors (excluding Mr. Chen Guogang, Mr. Wang Dongzhi and Mr. Ma Jianting, who abstained from voting at the meeting of the Board due to conflict of interests in view of their respective positions in CMIG Asia, and the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the terms of the Loan Agreement have been negotiated on an arm's length basis and on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder and the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Tianjin TM is an indirect wholly-owned subsidiary of the Company. CMIG is a substantial shareholder of the Company. CMIG Asia is a direct wholly-owned subsidiary of CMIG and is therefore a connected person of the Company. The entering into of the Loan Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since certain applicable percentage ratios (other than the profits ratio) as stipulated under Rule 14.07 of the Listing Rules exceed 0.1% but are less than 5%, the entering into of the Loan Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **VIEWS OF THE INDEPENDENT FINANCIAL ADVISER**

Although it is a connected transaction exempted from the circular and independent shareholders' approval requirements, the Independent Financial Adviser has been appointed to advise the independent non-executive Directors in respect of Loan Agreement and the transactions contemplated thereunder.

The Independent Financial Adviser considered (i) the business and financial information of the Group; (ii) reasons for and benefits of entering into the Loan Agreement as set out in “— Reasons for and benefits of the Loan Agreement” of this Announcement; (iii) principal terms of the Loan Agreement, in particular, the interest rate of the Loan is generally higher than the average interest rate of (a) Company's loan transactions during the year ended 31 December 2017; and (b) similar loan transactions of other listed companies on the Stock Exchange; and (iv) financial effect of the Group upon completion of the granting of Loan, including enabling the Group to have an increase in the earning of interest income and broadening the revenue of the Group.

The Independent Financial Adviser is of the view that the entering into of the Loan Agreement and the transactions contemplated thereunder is conducted on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **BOARD'S APPROVAL**

Mr. Chen Guogang, Mr. Wang Dongzhi and Mr. Ma Jianting, due to conflict of interests in view of their respective positions in CMIG Asia, were required to abstain from voting at the meeting of the Board to approve the proposed Loan Agreement and the transaction contemplated thereunder. Saved as disclosed above, none of the Directors has any material interests in the transactions contemplated under the Loan Agreement.

## **INFORMATION OF THE PARTIES**

The Company is a company incorporated in Hong Kong with limited liability and the shares of the Company have been listed on the Stock Exchange since 25 August 1972. The Company is an investment holding company. The principal activities of the Group include investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory and securities brokerage services.

CMIG is a company established in the PRC with limited liability. It is a leading global investment group in PRC and focuses on emerging sectors closely tied to people's livelihoods and actively promotes industrial upgrading and economic transformation.

CMIG Asia is a company established in the PRC with limited liability and is principally engaged in providing equity investment management, business and financial consulting, industrial investment, and asset management services.

## DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day other than a Saturday, Sunday or a public holiday in the PRC
“CMIG Asia”	CMIG Asia Asset Management Co., Ltd. (中民投亞洲資產管理有限公司), a company established in the PRC with limited liability and is wholly-owned by CMIG
“CMIG”	China Minsheng Investment Corporation Limited (中國民生投資股份有限公司), a company established in the PRC with limited liability and is one of the controlling shareholders 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
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of not more than RMB75,000,000 (for illustration purpose only, equivalent to approximately HK\$92,592,593) granted by the Tianjin TM to CMIG Asia pursuant to the terms of the Loan Agreement
“Loan Agreement”	a loan agreement dated 16 March 2018 entered into between Tianjin TM (as lender) and CMIG Asia (as borrower) in connection with the provision of the Loan

“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin TM”	Tianjin Tong Ming Xin Peng Corporate Management Company Limited (天津桐鳴鑫鵬企業管理有限責任公司), a company established in the PRC with limited liability and wholly-owned by the Company
“%”	per cent.

*Note: for illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$0.81.*

By order of the Board  
**China Minsheng Financial Holding Corporation Limited**  
**Chen Guogang**  
*Chairman*

Hong Kong, 16 March 2018

*As at the date of this announcement, the Board comprises (1) Mr. Chen Guogang, Mr. Wang Dongzhi and Mr. Ni Xinguang as executive directors; (2) Mr. Ma Jianting 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.*