
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and the enclosed form of proxy 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)

**(I) CONTINUING CONNECTED TRANSACTIONS
UNDER THE SERVICE AGREEMENT
(II) APPOINTMENT OF EXECUTIVE DIRECTORS
AND
(III) NOTICE OF SPECIAL GENERAL MEETING**

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



A notice convening the SGM to be held at Units 6601A & 6607-8, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Thursday, 26 October 2017 at 10:00 a.m. is set out on pages 42 to 44 of this circular.

Whether or not you are able to attend and vote at the SGM, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time fixed for holding the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

10 October 2017

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DEFINITIONS

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

“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)
“CMBC Investment”	CMBC International Investment Limited (民銀國際投資有限公司), a company incorporated in the British Virgin Islands, and a controlling shareholder of the Company
“CMBCI”	CMBC International Holdings Limited (民生商銀國際控股有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“CMBCI Group”	CMBCI and its subsidiaries, excluding the members of the Group
“CMBCI Underwriting Referral Services”	the underwriting referral services to be provided by CMBCI Group to the Group pursuant to the Service Agreement
“Company”	CMBC Capital Holdings Limited (民銀資本控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1141)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

DEFINITIONS

“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity, 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
“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, 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 CMBCI and its associates
“Independent Third Party(ies)”	any person(s) who is/are not connected person(s) of the Company
“Latest Practicable Date”	3 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listco AM Services”	the asset management services to be provided by the Group to CMBCI Group pursuant to the Service Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Proposed Annual Caps”	collectively, the proposed annual caps for the Services
“regulated activity(ies)”	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 CMBCI (for itself and on behalf of other members of CMBCI Group on 3 October 2017
“Services”	collectively, the Listco AM Services and the CMBCI Underwriting Referral Services
“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 held at 10:00 a.m. on Thursday, 26 October 2017 at Units 6601A & 6607-8, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, or any adjournment thereof, 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\$0.01 each
“Shareholder(s)”	shareholders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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

10 October 2017

To the Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS
UNDER THE SERVICE AGREEMENT
(II) APPOINTMENT OF EXECUTIVE DIRECTORS
AND
(III) NOTICE OF SPECIAL GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular, to which this letter forms a part of, is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the SGM regarding (i) the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps); and (ii) the appointment of Mr. DING Zhisuo and Mr. NG Hoi Kam as executive Directors and authorisation for the Board to determine their respective remuneration.

LETTER FROM THE BOARD

II. CONTINUING CONNECTED TRANSACTIONS UNDER THE SERVICE AGREEMENT

1. Introduction

Reference is made to the announcement of the Company dated 3 October 2017 in respect of the continuing connected transactions contemplated under the Service Agreement.

On 3 October 2017, the Company (for itself and on behalf of other members of the Group) entered into the Service Agreement with CMBCI (for itself and on behalf of other members of CMBCI Group), pursuant to which, among other things:

- (a) the Group agreed to provide the Listco AM Services to the AM Clients; and
- (b) CMBCI Group agreed to provide the CMBCI Underwriting Referral Services to the Group.

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 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 in the interests of the Company and the Shareholders as a whole.

Shareholders are advised to review the advice letters from the Independent Board Committee and Gram Capital as set out in this circular.

LETTER FROM THE BOARD

2. The Service Agreement

Parties

1. the Company (for itself and on behalf of other members of the Group); and
2. CMBCI (for itself and on behalf of other members of CMBCI Group)

Date

3 October 2017

Duration

The Service Agreement shall take effect from the date of approval of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) by the Independent Shareholders at the SGM to 31 December 2018 (both days inclusive).

The Service Agreement shall be automatically terminated if (i) the Company considers that it is not feasible to comply with the Listing Rules at the relevant 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 CMBCI 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 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 CMBCI 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.

LETTER FROM THE BOARD

(a) *CMBCI Underwriting Referral Services*

Pursuant to the Service Agreement, CMBCI Group agreed to introduce, refer and communicate Underwriting Opportunities (as defined below) offered by Independent Third Parties to the Group.

Opportunities for Referral

Underwriting opportunities include opportunities for placing, underwriting and sub-underwriting services of initial public offering of shares, placing of shares and securities convertible into shares, public and private issuance of bonds offered by any Independent Third Party which generally involves type 1 regulated activity in Hong Kong (the “**Underwriting Opportunities**”), and represent all types of the existing underwriting services of CMBCI Group. The Group has the sole discretion on accepting any of the Underwriting Opportunities introduced, referred and communicated by CMBCI Group.

Pricing Basis

Details of the payment and pricing terms of the CMBCI Underwriting Referral Services will be specified in the individual service contract and will be negotiated on an arm’s length basis between the Group and CMBCI Group.

Settlement Terms

Unless otherwise specified in the individual service contract, the relevant referral fee shall be settled by the Group in full upon the receipt of the underwriting fees or commission.

Internal Control

The Group will consider the following factors when deciding on the acceptance of the Underwriting Opportunity:

1. whether the Group has the necessary network and resources required to engage in the Underwriting Opportunity and satisfy the requirement of the relevant Independent Third Party client; and
2. whether the potential return expected to be generated by engaging in the Underwriting Opportunity could justify the resources estimated to be required for providing the relevant underwriting services (e.g. the expected cost of labour and time to be incurred by the staff of the Group).

LETTER FROM THE BOARD

The relevant responsible officer (within the meaning of the SFO) (the “**Responsible Officer**”) who does not hold any position in CMBCI Group will be responsible for assessing the Underwriting Opportunity and decide whether or not to engage in such opportunity.

To ensure that the terms for the CMBCI Underwriting Referral 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 referral fee to be charged by CMBCI Group generally represents 40-50% of the gross commission or fee to be charged by the Group for the relevant underwriting service, which is generally in line with the prevailing practice of underwriters with PRC banking or securities background and may be adjusted by taking into account the potential return expected to be generated by engaging in the Underwriting Opportunity and the resources estimated to be required for providing the relevant underwriting services (e.g. the expected cost of labour and time to be incurred by the staff of the Group). The gross underwriting fees will be negotiated by the Group with the customers on an arms’ length basis, the Responsible Officer who does not hold any position in CMBCI Group will determine the exact percentage within the foregoing range to derive the referral fee, according to the aforesaid expected return and cost in undertaking the Underwriting Opportunities;
2. such referral fee shall not be more than 50% of the gross commission or fee to be charged by the Group for the relevant underwriting service, unless the independent non-executive Directors, after considering the expected return of and resources estimated to be required to engage in the relevant Underwriting Opportunities, are of the view that a higher fee rate is fair and reasonable for the relevant CMBCI Underwriting Referral Service;
3. the accounts department and senior management of the Company will conduct regular checks to review and assess whether the referral fee charged for the CMBCI Underwriting Referral Service is fair and reasonable in accordance with the aforesaid pricing policy; and
4. the Company’s external auditor and the independent non-executive Directors will conduct an annual review of the CMBCI Underwriting Referral Services, which will include the decision making on the acceptance of the Underwriting Opportunities solely undertaken by the Group without the involvement of CMBCI Group, by reviewing the Group’s relevant internal approval

LETTER FROM THE BOARD

documents and discussions with the relevant Responsible Officer accepting the Underwriting Opportunity. The independent non-executive Directors are of the view that the foregoing internal control measures are in line with the prevailing market practice and, given CMBCI Group is only the referral agent rather than the customers of the Group, are sufficient to ensure that the Group can decide the acceptance of Underwriting Opportunities independently from CMBCI Group.

(b) *Listco AM Services*

Pursuant to the Service Agreement, the Group agreed to provide asset management services or ancillary services to CMBCI, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules (the “**AM Clients**”). Such third parties include, *inter alia*, special purpose vehicles which are set up at the direction of the Group for the main purpose of transferring the funds from CMBCI Group and forming assets to be managed by the Group in accordance with the arrangement of the Group and CMBCI and its associates and thereby facilitating the Group’s provision of Listco AM Service to CMBCI and its associates. Such third parties will issue equity or debt securities or investment products arranged by the Group to CMBCI and its associates (the “**AM Related Products**”), and will procure the Listco AM Services for all the proceeds from such issues (the “**Managed Proceeds**”). The scope of the Listco AM Services will be agreed and specified in the individual client agreement and may include, *inter alia*, overseeing the operations of the investment portfolios, provision of investment policies and strategies, making general investment decisions and monitoring the performance of the investment portfolio(s), and provision of administrative and management services to the investment portfolio(s) will be agreed and specified in the individual client agreement.

Pricing Basis

The Group will charge the AM Clients management fees and performance fees, and will charge CMBCI Group distribution fees for the AM Related Products. The fees to be charged by the 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 website, to assess the fees to be charged by the Group, which will be reviewed by the Responsible Officer of type 9 regulated activity of the Group.

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.

LETTER FROM THE BOARD

Settlement Terms

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

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 the Group shall be approximately 0.25% of the Managed Proceeds;
2. the management fees to be charged by the Group shall be in the range of 0.5% and 1% of the total 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 management fees payable for each period is calculated based on the net asset value of the fund (i.e. total assets minus all accrued debts, liabilities and obligations of the fund) as at the end of the relevant period. The total assets will be valued based on general market practice of investment funds;

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 to be charged for each of the Listco AM Services;
4. the accounts department and senior management of the Company, the Responsible Officers will review the prevailing comparable market rates, quotations or invoices issued to Independent Third Parties for comparison and as a reference to ensure that fees chargeable by the Group to the AM Clients are comparable to those transacted with Independent Third Parties; and
5. the Company's external auditor and the independent non-executive Directors will conduct an annual review of the Listco AM Services.

LETTER FROM THE BOARD

Proposed Annual Caps

The Proposed Annual Caps for the two years ending 31 December 2018 are set out below:

	For the year ending 31 December	
	2017	2018
	(HK\$ million)	(HK\$ million)
CMBCI Underwriting Referral Services	10	20
Listco AM Services	17	41
– Distribution fees	9	9
– Management fees	8	32

Basis for the Proposed Annual Caps

1. **CMBCI Underwriting Referral Services:** The Proposed Annual Caps for CMBCI Underwriting Referral Services for the two years ending 31 December 2018 were determined with reference to (i) CMBCI Group's revenue generated from the underwriting or similar business for the year ended 31 December 2016 of about HK\$30 million, which is higher than the annual caps for the two years ending 31 December 2017 and 2018 because (a) the caps are for referral fees which represents 40-50% of the actual underwriting fees and (b) the Group has been expanding its business since CMBCI Group becoming the controlling shareholder of the Company, and therefore the Company expects that the Group will use its resources and efforts to solicit majority of the Underwriting Opportunities; (ii) the expected increment of the Underwriting Opportunities offered to CMBCI Group as CMBCI Group has built up a track record and reputation for underwriting services, and increased synergies with China Minsheng through active promotion of underwriting services to clients of China Minsheng; (iii) the current pipeline of underwriting referrals being followed up by the Group; (iv) the expected average referral fee rate in respect of CMBCI Underwriting Referral Services and (v) in respect of the period for the year ending 31 December 2017, the Service Agreement is expected to cover a period of approximately three months. However, since CMBCI Group has reserved certain Underwriting Opportunities since mid-2017 which are expected to be referred to the Group and launched in the last three months of 2017, the cap for the year ending 31 December 2017 is equal to half of that for the year ending 31 December 2018.

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2. **Listco AM Services:** The Proposed Annual Caps for the Listco AM Services for the two years ending 31 December 2018 were determined with reference to (i) the estimated value of assets of AM Clients (including CMBCI Group) to be managed by the Group of HK\$4.2 billion and HK\$4.2 billion for the two years ending 31 December 2018, respectively, which are based on the amount of assets (including Managed Proceeds) that CMBCI Group indicated to appoint the Group as asset manager to manage, of which the value of the Managed Proceeds are expected to amount to HK\$3.6 billion and HK\$3.6 billion for each of the two years ending 31 December 2018, as CMBCI Group indicated it will maintain the same AM Related Products throughout the corresponding period; (ii) the expected average fee rates in respect of the Listco AM Services, including the distribution fee of 0.25% and average management fee of 0.75%; (iii) in respect of the period for the year ending 31 December 2017, the Service Agreement is expected to cover a period of approximately three months; and (iv) no performance fees being received for the two years ending 31 December 2018 since no distributions is expected to be made during this period. As the distribution fee charged for the subscription of AM Related Products, which is at the rate of 0.25%, is payable as a non-refundable lump sum at subscription (notwithstanding only three months up to 31 December 2017) and every subsequent anniversary (ie. for the year ending 31 December 2018), it is expected that the maximum distribution fees charged for the year ending 31 December 2017 will be the same as the distribution fees charged for the year ending 31 December 2018.

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 CMBCI Underwriting Referral 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.

Historical Transaction Figures

CMBCI has been a connected person of the Company since 31 May 2017. For the period from 31 May 2017 up to the Latest Practicable Date, the historical transaction amount with CMBCI Group in respect of the Services was nil for Listco AM Services and nil for CMBCI Underwriting Referral Services.

LETTER FROM THE BOARD

3. Reasons for and Benefits of Entering into the Service Agreement

As mentioned in the composite document of the Company dated 7 June 2017, China Minsheng intends to build the brand and reputation of the Company while CMBCI intends to promote the Company's reputation, strengthen its domestic and overseas publicity, and attract more business opportunities. The Board considers that the entering into of the Service Agreement fully reflects such intentions and is an important step for the Group to leverage on the established network of China Minsheng and CMBCI Group and increase the client base of the Group. In addition, the provision of the Listco AM Services by the Group will provide stable revenue source for the Group. In light of the current scale of business, the recent business development trend, and the expected growth of the Group and the amount of the Proposed Annual Caps, the Directors expect that the Group's revenue derived from the Services for each of the two years ending 31 December 2018 will not represent a significant portion of the revenue of the Group during the corresponding period which will result in a significant reliance of the Group on CMBCI Group. The Company may, 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 intention, or had entered into any negotiation or agreement, arrangement or understanding to scale down and/or dispose of its business, nor does it has 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).

The Board (including the independent non-executive Directors, whose opinion after taking into account the advice of Gram Capital, is included in the section headed "Letter from the Independent Board Committee" in this circular) considers that the terms of the Service Agreement have been negotiated on an arm's length basis and the transactions contemplated thereunder are 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 (including the independent non-executive Directors, whose opinion after taking into account the advice of Gram Capital, is included in the section headed "Letter from the Independent Board Committee" in this circular) considers that the terms of the Service Agreement are fair and reasonable and the entering into the Service Agreement is in the interests of the Company and the Shareholders as a whole.

As Mr. Li Jinze, Mr. Ren Hailong and Mr. Liao Zhaohui, all being Directors, hold positions in CMBCI and/or its associates, they have abstained from voting for the approval of the Service Agreement at the Board meeting. 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.

LETTER FROM THE BOARD

4. Listing Rules Implications

CMBCI is a controlling shareholder of the Company. As such, each of the members of CMBCI Group is a connected person of the Company. As such, the Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps exceed 5%, 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.

5. General Information

The Group is principally engaged in brokerage and related services, securities investment and provision of finance.

CMBCI is a direct wholly-owned subsidiary of China Minsheng and was established on 11 February 2015 in Hong Kong with the approval of China Banking Regulatory Commission. It has an issued share capital of HK\$2 billion and is principally engaged in the investment and investment holding.

III. APPOINTMENT OF EXECUTIVE DIRECTORS

The Board proposed that Mr. DING Zhisuo and Mr. NG Hoi Kam to be appointed as executive Directors, subject to the approval of the Shareholders at the SGM.

The biography and other details of Mr. DING and Mr. NG are set out below:

Mr. DING Zhisuo

Mr. DING Zhisuo (丁之鎖), aged 51. Mr. DING has extensive experience in investment banking industry. From July 1994 to January 2001, Mr. DING has served as a senior staff, deputy director and director of the Management Information Department of Industrial and Commercial Bank of China Limited. From January 2001 to September 2007 and from December 2011 to July 2017, Mr. DING had worked for China Huarong Asset Management Co. Ltd., a company whose shares are listed on the Stock Exchange (Stock Code: 2799), where he had served as the vice general manager and the general manager at the research and development department, assessment consulting department, the Shanghai office, the securities business department, the development and planning department and the operations evaluation department. From September 2007 to December 2011, Mr. DING has served as the general manager of Huarong Securities Co., Ltd. (華融證券股份有限公司), a subsidiary of China Huarong Asset Management Co. Ltd. and principally engaged in the securities business. Mr. DING joined China Minsheng in July 2017.

LETTER FROM THE BOARD

Mr. DING graduated from the Chinese Academy of Social Sciences and holds a doctorate degree in economy and political science.

If the appointment of Mr. DING is approved by the Shareholders at the SGM, the Board will propose to the Shareholders to authorise the Board to determine Mr. DING's remuneration at the SGM.

Mr. NG Hoi Kam

Mr. NG Hoi Kam (吳海淦), aged 43, is the deputy general manager of the Group. Mr. NG has over 20 years of experience in the investment banking and financial industry focusing on the areas of initial public offerings, mergers and acquisitions, corporate restructuring and other financial advisory services to listed companies and listing applicants in Hong Kong. He has led a number of capital markets deals in various sectors including healthcare, technology, utilities and financial, as well as large-scale and complicated merger and acquisition deals including those involving state-owned enterprises of the PRC. Mr. NG served as the managing director of corporate finance in Haitong International Capital Limited before joining the Group in September 2017. From July 1997 to December 2000, he worked in Arthur Anderson & Co (now known as PricewaterhouseCoopers).

Mr. NG is a member of the Hong Kong Institute of Certified Public Accountants. He received his Master of Economics from the University of Hong Kong and Bachelor of Business Administration from the Chinese University of Hong Kong.

Mr. NG is a Responsible Officer of type 6 regulated activity of CMBC International Capital Limited, a company licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and whose total issued share capital will be acquired by the Company from CMBCI pursuant to an acquisition agreement dated 27 July 2017.

If the appointment of Mr. NG is approved by the Shareholders at the SGM, the Board will propose to the Shareholders to authorise the Board to determine Mr. NG's remuneration at the SGM.

Save as disclosed in this circular, each of Mr. DING and Mr. NG did not hold any directorship in any other listed companies in the past three years or take up any position in any member of the Group, nor does Mr. DING or Mr. NG has any relationship with any other Director, senior management, substantial Shareholder or controlling Shareholder. Furthermore, Mr. DING and Mr. NG do not have any equity interest in the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Save as disclosed in this Circular, there is no other information relating to the proposed appointment of Mr. DING and Mr. NG that shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor any matters which need to be brought to the attention of the Shareholders.

IV. CLOSURE OF REGISTER OF MEMBER

The SGM is scheduled to be held on Thursday, 26 October 2017. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 23 October 2017 to Thursday, 26 October 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 October 2017.

V. THE SGM AND VOTING AT THE SGM

The SGM will be convened and held at Units 6601A and 6607-6608 on Level 66 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Thursday, 26 October 2017 at 10:00 a.m. The SGM Notice is set out on pages 42 to 44 of this circular, which contains, inter alia, ordinary resolutions to approve (i) the Service Agreement, (ii) the Services to be provided thereunder, (iii) the Proposed Annual Caps, (iv) the appointment of Mr. DING as an executive Director of the Company and (v) the appointment of Mr. NG as an executive Director of the Company.

For the purpose of compliance with Rule 13.39(4) of the Listing Rules, the Company will procure the chairman of the SGM to demand for a poll for the ordinary resolutions put to the vote of the SGM in accordance with the Bye-laws.

Since CMBCI holds the entire issued share capital of CMBC Investment, CMBC Investment is treated to have a material interest in the Services to be provided under the Service Agreement. Accordingly, CMBC Investment and its associates are required to abstain from voting on the resolutions to be proposed at the SGM to approve the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps). As at the date of this circular, CMBC Investment was interested in 27,568,649,093 Shares, representing approximately 60.22% of the issued share capital of the Company.

VI. ACTION TO BE TAKEN

A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend and vote at the SGM, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM. Completion and return of the form of proxy

LETTER FROM THE BOARD

will not preclude you from attending and voting in person at the SGM should you so wish and in such event, the form of proxy shall be deemed to be revoked.

VII. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 18 of this circular and the letter from Gram Capital set out on pages 19 to 38 of this circular. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions regarding the Service Agreement and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors) are of the view that the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Service Agreement and the transactions contemplated thereunder.

The Board also considers that the proposed appointment of Mr. DING Zhisuo and Mr. NG Hoi Kam as executive Directors and authorisation for the Board to determine their respective remuneration are fair and reasonable so far as the Shareholders are concerned and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to consider and vote in favour of the resolutions to be proposed at the SGM in these regards.

VIII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CMBC CAPITAL HOLDINGS LIMITED

(formerly known as "Skyway Securities Group Limited")

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

10 October 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE SERVICE AGREEMENT

We refer to the circular of the Company dated 10 October 2017 (the "**Circular**"), of which this letter forms a part. Terms defined therein shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

Having considered the terms of the Service Agreement and the Services to be provided thereunder, and taken into account the advice of Gram Capital, we are of the view that the terms of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Lee, Cheuk Yin
Dannis

Mr. Wu Bin

Mr. Wang Lihua

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Service Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

10 October 2017

*To: The independent board committee and the independent shareholders
of CMBC Capital Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE SERVICE AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Service Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 10 October 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 3 October 2017, the Company (for itself and on behalf of other members of the Group) entered into the Service Agreement with CMBCI (for itself and on behalf of other members of CMBCI Group), pursuant to which, among other things, (a) the Group agreed to provide the Listco AM Services to the AM Clients; and (b) CMBCI Group agreed to provide the CMBCI Underwriting Referral Services to the Group.

According to the Board Letter, the Services constitute continuing connected transactions of the Company and are subject to reporting, annual review and Independent Shareholders’ approval requirements under the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Lee Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Service Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Service Agreement and the Services at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Service Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CMBCI, China Minsheng or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Services, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Services

Information on the Group

With reference to the Board Letter, the Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in brokerage and related services, securities investment and provision of finance.

Information on CMBCI

With reference to the Board Letter, CMBCI is a direct wholly-owned subsidiary of China Minsheng and was established on 11 February 2015 in Hong Kong with the approval of China Banking Regulatory Commission. CMBCI has a registered capital of HK\$2 billion and is principally engaged in investment and investment holding.

LETTER FROM GRAM CAPITAL

Information on China Minsheng

With reference to the annual report of China Minsheng for the year ended 31 December 2016, China Minsheng and its subsidiaries mainly provide corporate and personal banking, treasury business, finance leasing, asset management and other financial services in the PRC. China Minsheng Group recorded total assets and net profit of approximately RMB5,895,877 million as at 31 December 2016 and RMB47,843 million for the year ended 31 December 2016 respectively. As at 31 December 2016, China Minsheng has a distribution network, which covered 118 cities in Mainland China and consisted of 124 branches and 1,119 sub-branches and outlets.

Reasons for and benefits of entering into of the Service Agreement

With reference to the announcement of the Company dated 8 March 2017, two of the then substantial Shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing, entered into the sale and purchase agreements with CMBC Investment, an indirect wholly-owned subsidiary of CMBCI, and Brilliant Decent Limited, an indirect owned subsidiary of China Huarong Asset Management Co., Limited (stock code: 2799) on 7 March 2017. Pursuant to the sale and purchase agreement, Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 Shares to CMBC Investment and Ms. Ai Qing conditionally agreed to sell 900,000,000 Shares to Brilliant Decent Limited. The Shares sold by Mr. Lam Hoi Sze and Ms. Ai Qing represented approximately 19.23% of the Shares in issue at 7 March 2017. On the even date, the Company, CMBC Investment and Brilliant Decent Limited entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new Shares, of which 25,000,000,000 new Shares will be subscribed by CMBC Investment and 1,950,000,000 new Shares will be subscribed by Brilliant Decent Limited (the “**Reorganization**”).

Upon the completion of the above transactions, CMBC Investment would be interested in approximately 60.13% of the enlarged issued Shares capital and would become the controlling Shareholder. The transactions were approved in the special general meeting of the Company on 28 April 2017 and completed on 31 May 2017. As at the Latest Practicable Date, CMBC Investment is interested in approximately 60.22% of the Shares in issue.

With reference to the 2017 Annual Report, the subscription is not merely a pure funding activity but will introduce CMBC Investment as new controlling Shareholder, whose ultimate controlling shareholder – China Minsheng may lead the Company to enjoy more potential strategic benefits especially for the potential of increasing in business exposures and business confidence of the Company to the Shareholders. The Group will continually enhance its principal business and will seek good business opportunities to enhance the value of the Shareholders and the Company as a whole.

LETTER FROM GRAM CAPITAL

As mentioned in the composite offer document of the Company dated 7 June 2017 (the “**Composite Document**”), China Minsheng will spare no effort in building the brand and reputation of the Company. Leveraging China Minsheng’s global reputation and brand, CMBCI will vigorously promote the Company’s reputation and strengthen its domestic and overseas publicity to attract more business opportunities. According to the Composite Document, the initial business plans contemplated by CMBCI on the Group are, among other things, to build an effective business collaboration and referral mechanism for business opportunities in mainland China and Hong Kong, and to make and implement achievable plans to open up the collaboration of mainland China and Hong Kong business opportunities arising from customers of China Minsheng Group for the Company.

The Board considers the entering into of the Service Agreement (i) fully reflects CMBCI’s intentions to promote the Company’s reputation strengthen its domestic and overseas publicity, and attract more business opportunities; and (ii) is an important step for the Group to leverage on the established network of China Minsheng and the CMBCI Group and increase the client base of the Group. In addition, the Directors also expect that the provision of the Listco AM Services by the Group will provide stable revenue source for the Group.

With reference to the Board Letter, 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 the Service Agreement is in the interests of the Company and the Shareholders as a whole.

As it would be (i) impracticable to negotiate for numerous agreements with CMBCI and its subsidiaries/associates, and (ii) costly and impracticable to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules, if necessary, the Directors are of the view that the Service Agreement will be beneficial to the Company and the Shareholders as a whole. We concur with the Directors in this regard.

Having considered (i) that the Services are in line the Group’s strategy as mentioned in the Composite Document and the 2017 Annual Report; (ii) the background of China Minsheng, (iii) the benefits of the Services as mentioned above; and (iv) that the transactions contemplated under the Service Agreement are of revenue nature and will contribute positively to the Group’s income, we concur with the Directors that the entering into the Service Agreement is in the interest of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

2. Principal terms of the Service Agreement

Date

3 October 2017

Parties

The Company (for itself and on behalf of other members of the Group); and

CMBCI (for itself and on behalf of other members of CMBCI Group)

Duration

The Service Agreement shall take effect from the date of approval of the Service Agreement and the Services to be provided thereunder (including the Proposed Annual Caps) by the Independent Shareholders at the SGM to 31 December 2018 (both days inclusive).

General principle

The Services contemplated under the Service Agreement shall be provided by CMBCI Group or the Group on the basis of equality and voluntariness with a view to bringing mutual benefits to the parties thereto and with terms not less favourable (in terms of the interest of the Group) than those offered to 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 CMBCI 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.

Transactions under the Service Agreement

(a) CMBCI Underwriting Referral Services

Pursuant to the Service Agreement, CMBCI Group agreed to introduce, refer and communicate Underwriting Opportunities (as defined below) offered by Independent Third Parties to the Group.

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Opportunities for referral:

Underwriting opportunities include opportunities for placing, underwriting and sub-underwriting services of initial public offering of shares, placing of shares and securities convertible into shares, public and private issuance of bonds offered by any Independent Third Party which generally involves Type 1 Regulated Activity in Hong Kong (the “**Underwriting Opportunities**”), and represent all types of the existing underwriting services of CMBCI Group. The Group has the sole discretion on accepting any of the Underwriting Opportunities introduced, referred and communicated by CMBCI Group.

Pricing basis:

Details of the payment and pricing terms of the CMBCI Underwriting Referral Services will be specified in the individual service contract and will be negotiated on an arm’s length basis between the Group and CMBCI Group.

Settlement Terms:

Unless otherwise specified in the individual service contract, the relevant referral fee shall be settled by the Group in full upon the receipt of the underwriting fees or commission.

We understand that the Company will adopt a set of internal control policies to ensure the terms of the CMBCI Underwriting Referral Services are on normal commercial terms and to protect the interests of the Company and the Shareholders as a whole. We have enquired into the Directors in this respect and particularly as to how the measures are implemented. Details of the internal control policies are set out under the sub-section headed “Internal control” under the section headed “CMBCI Underwriting Referral Services” of the Board Letter. For our due diligence purpose, we have obtained and reviewed the internal control policies which supervise the CMBCI Underwriting Referral Services (the “**CURS Measures**”). We noted that the CURS Measures are in line with the internal control policies as set out under the sub-section headed “Internal control” under the section headed “CMBCI Underwriting Referral Services” of the Board Letter.

Pursuant to the CURS Measures, (1) the referral fee to be charged by CMBCI Group generally represents 40-50% of the gross commission or fee to be charged by the Group for the relevant underwriting service (the “**CURS Pricing Mechanism**”), which is generally in line with the prevailing practice of underwriters with PRC banking or securities background and may be adjusted by taking into account the potential

LETTER FROM GRAM CAPITAL

return expected to be generated by engaging in the Underwriting Opportunity and the resources estimated to be required for providing the relevant underwriting services (e.g. the expected cost of labour and time to be incurred by the staff of the Group). The gross underwriting fees will be negotiated by the Group with the customers on an arms' length basis, the Responsible Officer who does not hold any position in CMBCI Group will determine the exact percentage within the foregoing range to derive the referral fee, according to the aforesaid expected return and cost in undertaking the Underwriting Opportunities; and (2) the referral fees shall not be more than 50% of the gross commission or fee to be charged by the Group, unless the independent non-executive Directors, after considering the expected return of and the resources estimated to be required to engage in the relevant Underwriting Opportunities, are of the view that a higher fee rate is fair and reasonable for the CMBCI Underwriting Referral Service.

The Directors consider that the referral fees of 40-50% of the gross commission is in line with the referral transactions in the market taking into account the referral of securities underwriting transactions of underwriters with PRC banking or securities background. For our due diligence purpose, to assess the reasonableness of referral fees, we searched over internet with public and reliable sources to find out any transaction showing referral of securities underwriting transactions of underwriters with PRC banking or securities background. However, to our best endeavour and as far as we are aware of, we could only identify similar transactions announced by two listed companies. Having considered that (i) particulars of industry regarding the underwriting arrangements (e.g. size, nature, etc.); and (ii) the aforesaid two listed companies were held by the same controlling shareholder, we consider that the aforesaid transactions are not sufficient sample for comparison analysis.

In this regard, we further enquired into the Directors to understand the referral fees. As advised by the Directors, the Company has not entered into any referral transactions with Independent Third Parties which is of similar nature as the CMBCI Underwriting Referral Services (i.e. referral of underwriting transactions to the Group). As mentioned above, the pricing terms of referral fees under the Service Agreement are in line with that under similar transactions within the China Minsheng Group. Upon our enquiry, we understood that CMBCI entered into strategic cooperation agreements with multiple branches within the China Minsheng Group in 2016, pursuant to which multiple branches within the China Minsheng Group agreed to preferentially recommend CMBCI to its clients and preferentially refer to CMBCI appropriate transactions, and CMBCI agreed to provide services to multiple branches under the China Minsheng Group and clients referred by the multiple branches of China

LETTER FROM GRAM CAPITAL

Minsheng Group (the “**Strategic Cooperation Agreement(s)**”). For our due diligence purpose, we have obtained over three copies of Strategic Cooperation Agreements signed by various branches under the China Minsheng Bank with CMBCI. We consider such Strategic Cooperation Agreements are fair and representative samples due to the fact that (i) we could not identify sufficient sample regarding transaction showing referral of securities underwriting transactions of underwriters with PRC banking or securities background for comparison analysis; and (ii) the Company has not entered into any referral transactions with Independent Third Parties which is of similar nature as the CMBCI Underwriting Referral Services. We noted that the Strategic Cooperation Agreements covered areas including investment banking, financing and investment advisory, brokerage and asset management. The Strategic Cooperation Agreements also specified the referral fees to be received by the branches under China Minsheng Bank for its referral. With reference to the Strategic Cooperation Agreements, the CURS Pricing Mechanism is in line with referral fees arrangement for the referral of underwriting transactions by China Minsheng Group under the Strategic Cooperation Agreements.

Furthermore, we have obtained a template mandate for the CMBCI Underwriting Referral Services. As advised by the Directors, the said template mandate also caters for possible referral services from Independent Third Parties for underwriting transactions. We noted that the pricing terms under the template mandate are in line with the CURS Pricing Mechanism.

Although the abovementioned Strategic Cooperation Agreements showed referral fees rates under the underwriting arrangement, such agreements were entered into between members of China Minsheng Group. To further assess the fairness and reasonableness of CURS Pricing Mechanism, we interviewed relevant personnel of the Company (the “**Relevant Personnel**”), who has over ten years’ experience in financial industry and is allowed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. During our discussion, we understood (i) his qualification and experience in the industry; (ii) his experience in referral of securities underwriting transactions of underwriters with other PRC banking or securities background and range of referral fees. Despite that the Relevant

LETTER FROM GRAM CAPITAL

Personnel holds position in the Company, having considered the following:

- (i) the Relevant Personnel is a responsible officer licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO who has over ten years' experience in financial industry and involves in debt capital market and equity capital market;
- (ii) before joining China Minsheng Group, his previous experience in PRC banking or securities background institutions (including three PRC commercial banks), which, to the Directors' best knowledge, are independent third parties to the Company;
- (iii) during his previous experience (not including the experience in China Minsheng Group), he handled over twenty underwriting transactions as referred by its connected persons and with referral fees, which the CURS Pricing Mechanism is in line with;
- (iv) the purpose for our interview was to understand market practice of referral fees arrangement of securities underwriting transactions of underwriters with PRC banking or securities background;
- (v) as confirmed by the Relevant Personnel, the information as provided/advised by him to us during our discussion was accurate and complete in all material respects.

we do not doubt the CURS Pricing Mechanism is not in line with the market practice. Having considered that (i) the Relevant Personnel has extensive in financial industry; and (ii) the Relevant Personnel handled over twenty underwriting transactions as referred by its connected persons, we consider that results of our interview with the Relevant Personnel is fair and representative.

In addition, we also noted that the accounts department and senior management of the Company will conduct regular checks to review and assess whether the referral fee charged for the CMBCI Underwriting Referral Service is fair and reasonable in accordance with the aforesaid pricing policy.

In light of the above, we concur with the Directors that the CURS Measures are sufficient for the Company to monitor the transaction under the CMBCI Underwriting Referral Service.

LETTER FROM GRAM CAPITAL

Having considered the above, we consider that the terms of the CMBCI Underwriting Referral Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(b) Listco AM Service

Pursuant to the Service Agreement, the Group agreed to provide asset management services or ancillary services to CMBCI, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules (the “**AM Clients**”). Such third parties include, inter alia, special purpose vehicles which are set up at the direction of the Group for the main purpose of transferring the funds from CMBCI Group and forming assets to be managed by the Group in accordance with the arrangement of the Group and CMBCI and its associates and thereby facilitating the Group’s provision of Listco AM Service to CMBCI and its associates. Such third parties will issue equity or debt securities or investment products arranged by the Group to CMBCI Group and its associates (the “**AM Related Products**”) and will procure the Listco AM Services for all the proceeds from such issues (the “**Managed Proceeds**”). The scope of the Listco AM Services will be agreed and specified in the individual client agreement and may include, inter alia, overseeing the operations of the investment portfolios, provision of investment policies and strategies, making general investment decisions and monitoring the performance of the investment portfolio(s), and provision of administrative and management services to the investment portfolio(s) will be agreed and specified in the individual client agreement.

Pricing basis:

The Group will charge the AM Clients management fees and performance fees, and will charge CMBCI Group distribution fees for the AM Related Products. The fees to be charged by the 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 extracted from SFC website to assess the fees to be charged by the Group, which will be reviewed by the Responsible Officer of Type 9 Regulated Activity of the Group.

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 relevant AM Clients.

LETTER FROM GRAM CAPITAL

Settlement Terms:

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

We understand that the Company will adopt a set of internal control policies to ensure the terms of the Listco AM Services are on normal commercial terms and to protect the interests of the Company and the Shareholders as a whole. We have enquired into the Directors in this respect and particularly as to how the measures are implemented. Details of the internal control policies are set out under the sub-section headed “Internal control” under the section headed “Listco AM Services” of the Board Letter. For our due diligence purpose, we have obtained and reviewed the internal control policies which supervise the Listco AM Services (the “**LAMS Measures**”). We noted that the LAMS Measures are in line with the internal control policies as set out under the sub-section headed “Internal control” under the section headed “Listco AM Services” of the Board Letter.

Pursuant to the LAMS Measures, (1) the distribution fees to be charged by the Group shall be approximately 0.25% of the Managed Proceeds; (2) the management fee to be charged by the Group shall be in the range of 0.5% and 1% of the total 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 management fees payable for each period is calculated based on the net asset value of the fund (i.e. total assets minus all accrued debts, liabilities and obligations of the fund) as at the end of the relevant period. The total assets will be valued based on general market practice of investment funds ((a) and (b) collectively, the “**LAMS Pricing Mechanism**”); and (3) a Responsible Officer for Type 9 Regulated Activity will, based on the LAMS Pricing Mechanism determine the management fees and performance fees to be charged for each of the Listco AM Services.

LETTER FROM GRAM CAPITAL

As advised by the Directors, the Group has not entered into individual contracts regarding provision of asset management services. For our due diligence purpose, we have obtained a template mandate for the Listco AM Services. As advised by the Directors, the said template mandate also caters for asset management services and similar distribution arrangement to Independent Third Parties. We noted that the pricing terms under the template mandate are in line with the LAMS Pricing Mechanism.

For our due diligence purpose, we have also searched for financial services companies listed in Hong Kong in 2016 and 2017 which provide asset management services (the “**AM Comparable(s)**”) and have identified disclosure regarding the asset management fees charged by the AM Comparables for similar type of asset management services as the Listco AM Services in their respective listing documents, which were published on the website of Stock Exchange. We consider that the aforesaid sampling period is adequate and appropriate given that (i) such period is sufficiently recent to demonstrate the prevailing market practices in recent years; and (ii) we were able to identify sufficient samples for comparison with such period. To the best of our knowledge and as far as we are aware of, we found seven transactions which met the said criteria and they are exhaustive and are fair and representative samples. Details of the AM Comparables are set out as follows:

Company	Management Fee (% per annum)	Listing Date
Astrum Financial Holdings Limited (8333)	1.5	14 July 2016
Everbright Securities Company Limited (6178) (“ Everbright ”)	0.01 – 0.3	18 August 2016
China Merchants Securities Co., Ltd. (6099)	nil – 0.8	7 October 2016
China Industrial Securities International Financial Group Limited (8407)	nil – 1.5	20 October 2016
CSC Financial Co., Ltd. (6066) (“ CSCF ”)	0.05 – 0.09 (Note 1)	9 December 2016
PF Group Holdings Limited (8221)	0.5 – 2	6 January 2017
Guotai Junan Securities Co., Ltd. (2611)	0.03 – 0.2 (Note 2)	11 April 2017

LETTER FROM GRAM CAPITAL

Notes:

1. Derived from the commission and fee income and asset under management (“**AUM**”) of the company for each the three years ended 31 December 2015.
2. The asset management fees for the top five schemes of the company.

According to the above table, the management fees range from nil to 2% of the AUM. The asset management fees under the Listco AM Service is within the aforesaid range. Accordingly, we consider that the asset management fees under the Listco AM Service to be in line with the market rates.

We note that management fees charged by both Everbright and CSCF are lower at the asset management fees under the Listco AM Service and are at the low end of the Comparables. We consider the fact that the asset management fees under the Listco AM Service being within the aforesaid range does not indicate that the asset management fees under the Listco AM Service is exceptional in the market, given it is within the market ranges as aforesaid. As such, we consider the fact that the asset management fees under the Listco AM Service being within the ranges of those of the Comparables to be a factor in our analysis of the asset management fees under the Listco AM Service.

Among the AM Comparables, we noted that Everbright has disclosed the distribution fee rate, the distribution fees for financial products sale services are determined with reference to market rates for distribution of similar products by banks and other financial institutions and range from 0.2% to 1%. After considering particulars of industry regarding the asset management (e.g. size, nature, etc.), we consider that only one sample is not sufficient for analysis purpose. In this regard, to further assess the fairness and reasonableness of the distribution fees, we searched over internet with public and reliable sources to find out any transaction showing distribution arrangement which is similar to distribution arrangement under the Listco AM Services. However, we could only identify an additional sample for comparison analysis. Having considered that particulars of industry regarding the asset management (e.g. size, nature, etc.), we consider that the aforesaid transactions are still not sufficient for analysis purpose. In this regard, we discussed with head of asset management department of the Company (the “**Head of AM**”), who is a responsible officer licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO who handled three similar distribution arrangements which were similar to distribution arrangement under the Listco AM Services (not including the experience in China Minsheng Group), and understood that based on his over 20 years of experience in asset management industry, the distribution fee under the Listco AM Service is in line with current distribution fee in Hong Kong capital market. In addition, as further

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advised by the Head of AM, despite that he only handled three similar arrangements, based on his past extensive experience, he well understood asset management industry and noted the distribution arrangement was not uncommon. Based on the aforesaid factors, we do not doubt that the distribution fees under the Listco AM Service are not in line with the market rates. Having considered that (i) the Head of AM has extensive in asset management industry; and (ii) the Head of AM had handled similar distribution arrangements, we consider that results of our interview with the Head of AM is fair and representative.

In addition, we also noted that the accounts department and senior management of the Company, and the responsible officers will obtain at least three prevailing comparable market rates, quotations or invoices issued to Independent Third Parties and review such documents for comparison and as a reference to ensure that fees chargeable by the Group to the AM Clients is comparable to those transaction with Independent Third Parties prior to the transactions.

With reference to Rule 14A.56 of the Listing Rules, among other things, the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group.

In light of the above, we concur with the Directors that the LAMS Measures are sufficient for the Company to monitor the transaction under the Listco AM Service.

Having considered the above, we consider that the terms of the Listco AM Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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3. Proposed Annual Caps

Set out below are the Proposed Annual Caps for the Services for the two years ending 31 December 2018:

	For the year ending 31 December 2017 <i>HK\$ million</i>	For the year ending 31 December 2018 <i>HK\$ million</i>
CMBCI Underwriting Referral Services (the “ CURS Cap(s) ”)	10	20
Listco AM Services (the “ LAMS Cap(s) ”)	17	41
– Distribution fees	9	9
– Management fees	8	32

(a) CMBCI Underwriting Referral Services

With reference to the Board Letter, the CURS Caps are determined with reference to (i) CMBCI Group’s revenue generated from the underwriting or similar business for the year ended 31 December 2016 of about HK\$30 million, which is higher than the CURS Caps for the two years ending 31 December 2017 and 2018 because (a) the caps are for referral fees which represents 40-50% of the actual underwriting fees and (b) the Group has been expanding its business since CMBCI Group becoming the controlling shareholder of the Company, and therefore the Company expects that the Group will use its resources and efforts to solicit majority of the Underwriting Opportunities; (ii) the expected increment of the underwriting opportunities offered to CMBCI Group as CMBCI Group has built up a track record and reputation for underwriting services, and increased synergies with China Minsheng Group through active promotion of underwriting services to clients of China Minsheng Group; (iii) the current pipeline of underwriting referrals being followed up by the Group; (iv) the expected average referral fee rate in respect of CMBCI Underwriting Referral Services; and (v) in respect of the period for the year ending 31 December 2017, the Service Agreement is expected to cover a period of approximately three months. However, since CMBCI Group has already some reserved Underwriting Opportunities on hand which are expected to be materialized in the last three months of 2017, the CURS Cap for the year ending 31 December 2017 is equal to half of that for the year ending 31 December 2018. A responsible officer for Type 1 regulated activity will, based on the basis for the CURS Caps disclosed above, monitor the CURS Cap. For our due diligence purpose, we obtained the calculation regarding the CURS Caps for the two years ending 31 December 2018. We noted that the calculation for the CURS Caps is in line with the aforesaid basis.

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Based on the calculation, we noted that (i) the total amount of underwriting commissions generated by transactions under the CMBCI Underwriting Referral Services amounted to HK\$20 million and HK\$40 million for each of the two years ending 31 December 2018 and (ii) the referral fees of the underwriting transactions (i.e. commission sharing ratio) are estimated to be 50%, being the maximum referral fee rate of the range of 40% to 50% under the Service Agreement.

As advised by the Directors, the maximum amount of referral by CMBCI for the two years ending 31 December 2018 was based on the existing size of underwriting or similar business of CMBCI and the reserved Underwriting Opportunities on hand.

With reference to the Board Letter, the Group has the sole discretion on accepting any of the Underwriting Opportunities introduced, referred and communicated by CMBCI Group. Accordingly, we consider it is reasonable to estimate the maximum amount of referral by CMBCI based on the existing size of underwriting or similar business of CMBCI. For our due diligence purpose, we have obtained a summary of financial information of CMBCI Group underwriting and related business for the year ended 31 December 2016. We noted that the estimated underwriting commissions generated under the CMBCI Underwriting Referral Services for the year ending 31 December 2017 is less than the revenue of underwriting and related business of China Minsheng Group (including CMBCI Group) for the year ended 31 December 2016. In addition, we obtained a list showing the reserved Underwriting Opportunities on hand which are expected to materialize in the last three months of 2017, representing over 50% of CURS Caps for the year ending 31 December 2017. In light of the aforesaid factors, we consider the CURS Caps for the year ending 31 December 2017 to be acceptable.

We also noted that the CURS Cap for the year ending 31 December 2018 represents a growth rate of 100% as compared to that for the year ending 31 December 2017. Having considered that (i) the CURS Cap for the year ending 31 December 2017 covers approximately three months of 2017; (ii) the estimated underwriting commissions generated under the revenue of underwriting and related business of China Minsheng Group (including CMBCI Group) for the year ended 31 December 2016 exceeds the estimated Underwriting Opportunities for the year ending 31 December 2018, we consider that the CURS Cap for the year ending 31 December 2018 to be acceptable.

(b) Listco AM Services

With reference to the Board Letter, the LAMS Caps are determined with reference to (i) the estimated value of assets of AM Clients (including CMBCI Group) to be managed by the Group (the “**Estimated AUM**”) of HK\$4.2 billion and HK\$4.2 billion for each of the two years ending 31 December 2018

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respectively which are based on the amount of assets (including Managed Proceeds) that CMBCI Group indicated to appoint the Group as asset manager to manage, of which the value of the Managed Proceeds (the “**Estimated Managed Proceeds**”) are expected to amount to HK\$3.6 billion, and HK\$3.6 billion for each of the two years ending 31 December 2018, as CMBCI Group indicated it will maintain the same AM Related Products throughout the corresponding period; (ii) the expected average fee rate in respect of Listco AM Services, including the distribution fee of 0.25% and average management fee of 0.75%; (iii) in respect of the period for the year ending 31 December 2017, the Service Agreement is expected to cover a period of approximately three months; and (iv) no performance fees being received for the two years ending 31 December 2018 since no distribution of performance fees is expected to be made during this period. A responsible offer for Type 9 regulated activity will, based on the basis for the LAMS Caps disclosed above, monitor the LAMS Caps. For our due diligence purpose, we obtained calculation regarding the CMBCI Caps for the two years ending 31 December 2018.

Based on the calculation, we noted (i) the planned AUM under the Listco AM Services for each of the two years ending 31 December 2018; (ii) that the estimated asset management fee is estimated to be 0.75% (being the midpoint of the asset management fee range of 0.5% to 1% under the Service Agreement); (iii) the estimated amount of Managed Proceeds; and (iv) the estimated Distribution Fee of 0.25% of the Managed Proceeds. As advised by the Directors, the AUM under the Listco AM Services consists mainly of notes.

As mentioned above, we have, for our due diligence purpose, obtained internal documents of CMBCI Group. We noted from the above documents that CMBCI Group will engage the Group to provide asset management services and part of the value of assets to be managed will be made in the Managed Proceeds. We noted that the Estimated AUM and the Estimated Managed Proceeds for the year ending 31 December 2017 is in line with the proposed value of assets of CMBCI Group and the Managed Proceeds to be managed by the Group for the year ending 31 December 2017 as shown in the aforementioned documents.

As for the estimated fee, the Directors advised us that the estimation was determined based on the Group’s assessment on the nature, risk, size and expected return of CMBCI’s bond portfolio. Based on our findings on AM Comparables as mentioned above, we consider that the estimated asset management fee for each of the two years ending 31 December 2018 to be acceptable.

In addition, we also understood from the Directors that as the Service Agreement shall take effect from the date of approval of the Service Agreement, the pro-rata annual amount regarding estimated asset management fee is considered for the year ending 31 December 2017 (i.e. asset management fee to be charged on an approximately one quarter of year basis for the year ending 31 December 2017).

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As mentioned above, pursuant to the LAMS Measures, among other things, the distribution fees to be charged by the Group shall be approximately 0.25% of the Managed Proceeds. Pursuant to the calculation, the estimated distribution fee of the Managed Proceeds for the two years ending 31 December 2018 are in line with the LAMS Measures.

In light of the above factors we consider that the LAMS Cap for the year ending 31 December 2017 to be acceptable.

We noted that the LAMS Cap for the year ending 31 December 2018 represented an increase of approximately 141% as compared to the LAMS Cap for the year ending 31 December 2017. Based on the calculation, we understood that such substantial increase was due to the asset management fee to be charged on a full year basis for the year ending 31 December 2018 as compared to only one-fourth being charged for the year ending 31 December 2017. Save for the aforesaid factor, other assumptions for the determination of the LAMS Cap for the year ending 31 December 2018 are the same as those for the year ending 31 December 2017. Accordingly, we consider that the substantial increase in the LAMS Cap during the year ending 31 December 2018 is acceptable.

In light of the above factors, we consider that the LAMS Cap for the year ending 31 December 2018 to be acceptable.

Shareholders should note that as the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2018, and they do not represent forecasts of revenues to be recorded from the Services. Consequently, we express no opinion as to how closely the actual revenue, purchase or income/costs to be incurred under the Services will correspond with the Proposed Annual Caps.

4. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Services must be restricted by the Proposed Annual Caps for the period concerned under the Service Agreement; (ii) the terms of the Service Agreement (together with the Proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Service Agreement (together with the Proposed Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Services (i) have not been approved by the Board; (ii) were not, in all material

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respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the Proposed Annual Caps. In the event that the total amounts of the Services are anticipated to exceed the Proposed Annual Caps, or that there is any proposed material amendment to the terms of the Service Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Services and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Service Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Service Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

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. DISCLOSURE OF INTERESTS**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

As at the Latest Practicable Date, none of the Directors or any of their respective close associates (as defined in the Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

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, there was no contract or arrangement subsisting in which any of the Directors was materially interested and was significant in relation to the business of the Group.

5. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following is the qualification of the expert who has given an opinion or advice which is contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Gram Capital:
- did not have any shareholding directly or indirectly in any member of the Group;
 - did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
 - did not have any interest, either directly or indirectly, 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 or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name and letter, where applicable, in the form and context in which it appears.

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 a year without payment of any compensation (other than statutory compensation)).

7. MATERIAL ADVERSE CHANGE

As at 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 accounts of the Group were made up.

8. MISCELLANEOUS

The English text of this circular and the enclosed form of proxy shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be 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 letter from the Independent Board Committee, the text of which is set out on page 18 of this circular;
- (b) the letter from Gram Capital, the text of which is set out on pages 19 to 38 of this circular;
- (c) the written consent of the expert referred to under the section headed "Qualification and Consent of Expert" in this Appendix;
- (d) the Service Agreement; and
- (e) this circular.

NOTICE OF SPECIAL GENERAL MEETING



CMBC CAPITAL HOLDINGS LIMITED

(formerly known as “Skyway Securities Group Limited”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of CMBC Capital Holdings Limited (the “**Company**”) will be held at Units 6601A & 6607-8, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, on Thursday, 26 October 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT

1. (i) the service agreement (the “**Service Agreement**”) date 3 October 2017 entered into between the Company and CMBC International Holdings Limited in relation to the provision and acceptance of certain services (the “**Services**”) by the Company and its subsidiaries (a copy of the Service Agreement which marked “A” has been tabled before the meeting and initialed by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (ii) the proposed annual caps for each of the two years ending 31 December 2018, respectively, for the Services to be provided under the Service Agreement, be and are hereby approved, confirmed and ratified;
- (iii) any one director of the Company (the “**Director**”) be and is hereby authorised, for and on behalf of the Company, to take all steps necessary or expedient in his opinion to implement and/or give effect to the terms of the Service Agreement; and

NOTICE OF SPECIAL GENERAL MEETING

- (iv) any one Director be and is hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the Service Agreement and to agree to any amendment to any of the terms of the Service Agreement which in the opinion of the Directors is not of a material nature and is in the interests of the Company."
2. To appoint Mr. DING Zhisuo (丁之鎖) as an executive Director of the Company and authorise the Board to fix his remuneration.
3. To appoint Mr. NG Hoi Kam (吳海淦) as an executive Director of the Company and authorise the Board to fix his remuneration.

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

Hong Kong, 10 October 2017

Notes:

1. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the SGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he/she or they represent as such member of the Company could exercise.
2. The form of proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of a form of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such form of proxy on behalf of the corporation without further evidence of the fact.
3. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 23 October 2017 to Thursday, 26 October 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 October 2017.
4. The form of proxy and (if required by the Board of Directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time fixed for holding the SGM or adjourned meeting thereof at which the person named in the form of proxy proposes to vote, and in default the form of proxy shall not be treated as valid.

NOTICE OF SPECIAL GENERAL MEETING

5. Delivery of a form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM convened and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint holders of any share, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.