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CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PLACING OF NOTES

THE PLACING AND SUBSCRIPTION AGREEMENT

On 22 October 2018 (after trading hours), the Issuer as the issuer, CMBCS, a wholly-owned subsidiary of the Company, as the placing agent, and the Subscribers as the subscribers entered into the Placing and Subscription Agreement, pursuant to which CMBCS agreed to act as a placing agent, on a commercially reasonable efforts basis, to procure the Subscribers to subscribe for the Notes at the Issue Price in an aggregate principal amount of US\$80,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction under the Placing and Subscription Agreement exceed 5% but are less than 25%, the transaction under the Placing and Subscription Agreement constitutes a discloseable transaction of the Company, and is subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules. As the transaction under the Placing and Subscription Agreement is of a revenue nature in the ordinary and usual course of business of the Group, the entering into of the Placing and Subscription Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(g).

CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 is an associate of China Minsheng Bank and China Minsheng Bank is an indirect controlling Shareholder of the Company. CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 is therefore a connected person of the Company. CMBCI is also an indirect controlling Shareholder of the Company and is therefore a connected person of the Company. As such, the transaction under the Placing and Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable ratios is less than 25% and the placement fee is less than HK\$10 million, the transaction under the Placing and Subscription Agreement is subject to reporting and announcement requirement, but are exempted from independent Shareholders' approval requirement of the Company under Chapter 14A of the Listing Rules.

On 22 October 2018 (after trading hours), the Issuer as the issuer, CMBCS, a wholly-owned subsidiary of the Company, as the placing agent, and the Subscribers as the subscribers entered into the Placing and Subscription Agreement, pursuant to which CMBCS agreed to act as a placing agent, on a commercially reasonable efforts basis, to procure the Subscribers to subscribe for the Notes at the Issue Price in an aggregate principal amount of US\$80,000,000.

The relevant principal terms of the Placing and Subscription Agreement are set out below.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date : 22 October 2018 (after trading hours)

Parties

Issuer : The Issuer

Guarantor : The Guarantor

Placing Agent : CMBCS

Subscribers : CMBCI

CMBCC Investment Fund SPC – CMBCC Stable Investment Fund
SP1

Notes : the creation and issue of US\$80,000,000 in aggregate principal amount of six per cent. guaranteed notes due 2019

Placing Agent

CMBCS has agreed to act as placing agent of the Issuer and to procure, on a commercially reasonable efforts basis, that to procure the Subscribers for the Placement and to facilitate the subscription of the Notes at the Issue Price in an aggregate principal amount of up to US\$80,000,000. CMBCS's engagement under the Placing and Subscription Agreement is not an agreement by CMBCS or any of its Affiliates to underwrite or subscribe or purchase any securities or otherwise provide any financing and CMBCS shall not be under any obligation to purchase any Notes whether or not the Subscriber subscribe for any or all of the Notes.

Subscribers

The Notes will be placed to the Subscribers who are connected persons of the Company.

Placement Fee

In consideration of the Services provided by CMBCS as the placing agent in connection with the Placement, the Issuer shall pay CMBCS a placement fee of 1.5% of the total principal amount of the Notes actually placed by CMBCS, which is US\$1,200,000, pursuant to the Placing and Subscription Agreement.

The placement fee was negotiated on an arm's length basis between CMBCS and the Issuer and determined with reference to, among other things, the market rate.

The Directors consider that the placement fee is fair and reasonable based on the current market conditions.

Placing Period

The period commencing from the date of the Placing Agreement and ending on the Closing Date, or such other period as may be agreed between the Issuer and CMBCS in writing.

Conditions precedent

CMBCS shall only be under obligation to procure the Subscribers to purchase the Notes and to cause the Issuer to be paid the subscription moneys for the Notes and the Subscribers shall only be under obligation to subscribe and pay for the Notes satisfaction, among others, of the following conditions precedent:

- CMBCS has receives all the documents as required under the Placing and Subscription Agreement on or before the Closing Date;
- CMBCS is satisfied with the results of its due diligence investigations with respect to the Issuer, the Guarantor and their respective Subsidiaries; and
- the representations and warranties by the Issuer and the Guarantor in the Placing and Subscription Agreement remain true and correct on the date of Placing and Subscription Agreement and on the Closing Date with reference to the facts and circumstances then subsisting, and each of the Issuer and the Guarantor has performed all of their respective obligations under the Placing and Subscription Agreement that are to be performed on or before the Closing Date.

provided, however, that the Placing Agent may, at its discretion, waive satisfaction of any of the conditions specified thereunder.

Right to termination

CMBCS may give a termination notice to the Issuer and the Guarantor at any time prior to the payment of the net proceeds of the issue of the Notes to the Issuer on the Closing Date if among others, any of the following circumstances occur:

- any representation and warranty by the Issuer or the Guarantor in the Placing and Subscription Agreement is or proves to be untrue or incorrect on the date of the Placing and Subscription Agreement or on any date on which it is deemed to be repeated;
- the Issuer or the Guarantor fails to perform any of its obligations under the Placing and Subscription Agreement; or
- Failure of any of the condition precedent.

THE SUBSCRIPTION OF THE NOTES

Because of the Services provided by CMBCS, CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 and CMBCI, both connected persons of the Company have entered into the Placing and Subscription Agreement with the Issuer and the Guarantor, pursuant to which the Subscribers undertake to the Issuer and the Guarantor, subject to and in accordance with the provisions of the Placing and Subscription Agreement, that the Subscribers will subscribe for US\$80,000,000 in principal amount of the Notes on the Closing Date.

INFORMATION OF CMBCI AND CMBCC INVESTMENT FUND SPC – CMBCC STABLE INVESTMENT FUND SP1

CMBCI is a direct wholly-owned subsidiary of China Minsheng Bank incorporated in Hong Kong in February 2015 with the approval of China Banking Regulatory Commission. As at the date of the announcement, CMBCI is principally engaged in the business of investment.

As at the date of this announcement, CMBCI holds approximately 60.62% of total issued share capital of the Company and is an indirect controlling shareholder of the Company.

CMBCC Investment Fund SPC is an exempted company with limited liability incorporated in the Cayman Islands and registered as a segregated portfolio company under the laws of the Cayman Islands. CMBCC Stable Investment Fund SP1 is segregated portfolio of CMBCC Investment Fund SPC. CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 is an associate of China Minsheng Bank and China Minsheng Bank is an indirect controlling Shareholder of the Company. CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 is therefore a connected person of the Company.

INFORMATION OF THE GROUP

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

INFORMATION OF THE ISSUER AND THE GUARANTOR

To the best of the knowledge, information and belief of the Directors who have made all reasonable enquiries, as at the date of this announcement, the Issuer is a limited liability company registered in Hong Kong, which is a wholly-owned subsidiary of the Guarantor.

To the best of the knowledge, information and belief of the Directors who have made all reasonable enquiries, as at the date of this announcement, the Guarantor is a company registered in PRC which is principal engaged in the business of optical communication and metal cable manufacturing.

To the best of the knowledge, information and belief of the Directors who have made all reasonable enquiries, each of the Issuer, the Guarantor and their respective ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Taking into account the principal activities of the Group, the Directors consider that the Services to be provided under the Placing and Subscription Agreement are made in the ordinary and usual course of business of the Group and are beneficial to the development of the underwriting business of the Group, and the placement fee is determined on arm's length negotiation and is in accordance with the market rate.

The Directors (including the independent non-executive Directors) are of the view that the Placing and Subscription Agreement has been entered into in the ordinary and usual course of business of the Group and consider that the terms of the Placing and Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction under the Placing and Subscription Agreement exceed 5% but are less than 25%, the transaction under the Placing and Subscription Agreement constitutes a discloseable transaction of the Company, and is subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules. As the transaction under the Placing and Subscription Agreement is of a revenue nature in the ordinary and usual course of business of the Group, the entering into of the Placing and Subscription Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(g).

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As Mr. Li Jinze, Mr. Ding Zhisuo, Mr. Ren Hailong and Mr. Liao Zhaohui, all being Directors, hold positions in China Minsheng Bank and/or its associates, they have abstained from voting for the approval of the transactions under the Placing and Subscription Agreement at the Board meeting. Save for the above, no other Directors have any material interests in the Placing and Subscription Agreement or were otherwise required to evade or abstain from voting in respect of the relevant Board resolutions.

DEFINITIONS

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors from time to time
“China Minsheng Bank”	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)
“Closing Date”	25 October 2018
“CMBCC Investment Fund SPC”	an exempted company with limited liability incorporated in the Cayman Islands and registered as a segregated portfolio company under the laws of the Cayman Islands
“CMBCC Stable Investment Fund SP1”	a segregated portfolio of CMBCC Investment Fund SPC
“CMBCI”	CMBC International Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling shareholder of the Company

“CMBCS”	CMBC Securities Company Limited, a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“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”	directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Guarantor”	a company registered in PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	a company incorporated with limited liability under the laws of Hong Kong and a wholly-owned subsidiary of the Guarantor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	means the creation and issue of US\$80,000,000 in aggregate principal amount of six per cent. guaranteed notes due 2019
“Placement”	the issue, offering, sale, marketing and distribution of the Notes on a private placement basis
“Placing and Subscription Agreement”	the placing and subscription agreement dated 22 October 2018 entered into between the Issuer as the issuer of the Notes, the Guarantor as the guarantor of the Notes, CMBCS as the placing agent and CMBCI and CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1 as subscribers

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Services”	The services to be provided by CMBCS to the Issuer pursuant to the Placing and Subscription Agreement
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, CMBCI and CMBCC Investment Fund SPC – CMBCC Stable Investment Fund SP1
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollar, the lawful currency of United States
“%”	per cent

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

Hong Kong, 22 October 2018

As at the date of this announcement, the executive Directors are Mr. Li Jinze, Mr. Ding Zhisuo, Mr. Ng Hoi Kam, the non-executive Directors are Mr. Ren Hailong and Mr. Liao Zhaohui, and the independent non-executive Directors are Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua.