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CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

**MAJOR TRANSACTION
SUBSCRIPTION OF SHARES IN
SEGREGATED PORTFOLIO COMPANY**

On 15 March 2018, the Company entered into the Subscription Agreement with the Segregated Portfolio Company, pursuant to which the Company has agreed to subscribe for 300,000 Class A shares in the Segregated Portfolio Company in relation to the Segregated Portfolio at a total consideration of HK\$300,000,000. The Segregated Portfolio is managed by the Manager. The investment objectives of the Segregated Portfolio are set out in the section headed “Investment Objectives and Strategies” of this announcement.

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

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

A circular containing, among other things, further details of the Subscription Agreement is expected to be despatched to the Shareholders by 10 April 2018.

THE INVESTMENT

On 15 March 2018, the Company entered into the Subscription Agreement with the Segregated Portfolio Company. The principal terms of the Investment are set out below.

Principal Amount of the Investment

Pursuant to the Subscription Agreement, the Company has agreed to subscribe for 300,000 Class A shares in the Segregated Portfolio Company in relation to the Segregated Portfolio at a total consideration of HK\$300,000,000. The Company is not entitled to appoint any director to the board of the Segregated Portfolio Company.

Source of Funding

The amount of the Investment has been determined upon commercial negotiation between the parties to the Subscription Agreement. The Investment will be satisfied by the internal resources of the Group.

TERMS OF THE SEGREGATED PORTFOLIO

The principal terms of the Segregated Portfolio under the PPM are set out below.

Investment Objective and Strategy:	The Segregated Portfolio has been established with the objective of investing in the investment project as described below.
Investment Project:	The Segregated Portfolio plans to provide the Loan to the Borrower to partially repay its existing debts.
Term of the Segregated Portfolio:	The Segregated Portfolio will commence from the closing date of the Investment and shall end at the earlier of (i) twelve (12) months from the drawdown date of the Loan and (ii) when the outstanding Loan and any interest payable thereunder are fully paid by the Borrower to the Segregated Portfolio Company and the proceeds from such payment have been fully distributed to the Company in accordance with the PPM, and the term may not be extended without the Company's prior written consent. The Segregated Portfolio Company shall redeem all Class A shares held by the Company upon the expiry of the term. Prior to the expiry of the term, the Segregated Portfolio Company shall not compulsorily redeem the Class A shares.
Termination of the Segregated Portfolio:	In the event the Loan cannot be made available to the Borrower, the directors of the Segregated Portfolio Company may terminate the Segregated Portfolio or compulsorily redeem all outstanding shares of the Segregated Portfolio based on the ground it becomes impractical and inadvisable to continue to manage the Segregated Portfolio.

Investment Restrictions: The investments in the Segregated Portfolio shall be subject to the following investment restrictions:

- (i) subscription monies of the Segregated Portfolio shall only be used for the purposes of investment described in the paragraph headed “Investment Project”; and
- (ii) the Segregated Portfolio shall not create any guarantee or be involved in the lending or borrowing with any other parties or investment projects.

Class(es) of Shares: The Segregated Portfolio currently offers two classes of Shares being Class A shares and Class B shares in the Segregated Portfolio.

Class A shares have priority over Class B shares in relation to the distribution of the dividends of the Segregated Portfolio.

Expected Return for the holders of Class A Shares: 8.5% per annum

Transferability of Class A Shares: The Segregated Portfolio Company has given its consent to the transfer of Class A shares in the Segregated Portfolio by the Company to any person.

EXPECTED TERMS OF THE LOAN AGREEMENT

Expected Date to be signed: 16 March 2018

Parties: the Segregated Portfolio Company as lender; and
the Borrower as borrower.

Principal Amount: HK\$400,000,000

Conditions Precedent: The Loan will be made available to the Borrower on the utilisation date upon satisfaction, among others, of the following conditions precedent:

- i. the Lender has received all documents as required under the Loan Agreement;
- ii. there is no event of default or prospective event of default occurred, is likely to occur, be continuing or would result from the proposed drawdown; and
- iii. the representations and warranties made in the finance documents are true and correct as at the drawdown date with reference to the facts and circumstances then subsisting.

Drawdown: subject to the satisfaction of the conditions precedent as set out in the Loan Agreement, the Borrower may utilise the Loan from and including 16 March 2018.

Purpose: The Loan shall be applied and used by the Borrower for repaying part of the existing debts and shall not be used in any way to facilitate the acquisition of securities listed on any stock exchange and/or the continued holding of those securities, whether or not those or other securities are pledged as security for the Loan and/or applied in such way so as to render the provision of the Loan by the Lender to the Borrower to be within the definition of “securities margin financing” under the SFO.

- Interest rate: 9.5% per annum
- Repayment: the Borrower shall repay the indebtedness under the Loan Agreement and the finance documents in full on the date falling 12 months from the drawdown date.
- Voluntary Repayment: the Borrower may not prepay the Loan or any part thereof during the first nine (9) months from the drawdown date. Thereafter the Borrower shall, with at least three (3) business days' prior irrevocable written notice to the Lender, be entitled to prepay the outstanding principal of the Loan in whole or in part (but in part, being an amount that reduces the amount of the outstanding principal by a minimum amount of HK\$50,000,000 and an integral multiple thereof) together with all interest accrued thereon. Any sum repaid or prepaid by the Borrower herein will not be available for reborrowing under the Loan Agreement.
- Security: the Loan will be secured by, *inter alia*, the following:
1. a personal guarantee provided by the Guarantor; and
 2. charge of certain shares of the HK Listco.

REASONS FOR AND BENEFITS OF THE INVESTMENT

Taking into account the principal activities of the Group, the Directors consider that entering into the Subscription Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group.

The Subscription Agreement has been entered into based on the Company's development strategy. Taking into account the return from the participation of the Segregated Portfolio, the management team of the Segregated Portfolio Company and based on the result of the credit assessments made on the financial strength and repayment ability of the Borrower and Guarantor and the securities provided to secure the repayment of the Loan, the Directors consider that the terms of the Subscription Agreement are fair and reasonable, the entering into the Subscription Agreement and the transactions contemplated hereunder are in the interests of the Company and its Shareholders as a whole.

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 SEGREGATED PORTFOLIO COMPANY, THE BORROWER, THE MANAGER AND THE GUARANTOR

To the best of the knowledge, information and belief of the Directors, as at the date of this announcement:

1. The Borrower is an international business company incorporated with limited liability in the British Virgin Islands. It is a holding company principally engaged in the hotel and property development industry through its subsidiaries via a joint venture arrangement with operations primarily based in the People's Republic of China;
2. The Segregated Portfolio Company is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of Cayman Islands on 3 November 2017;
3. The Manager is a company incorporated under the laws of the Cayman Islands with limited liability; and
4. The Guarantor, an individual, is the sole shareholder of the Borrower.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Borrower, the Segregated Portfolio Company, the Manager, the Guarantor and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Listing Rules Implications

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

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

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

A circular containing, among other things, further details of the Subscription Agreement is expected to be despatched to the Shareholders by 10 April 2018.

DEFINITION

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	Delta Link Holdings Limited, an international business company incorporated in the British Virgin Islands with limited liability
“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
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	an individual who, at the date of this announcement, is the sole shareholder of the Borrower
“HK Listco”	a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. To the best of the knowledge of the Directors, the HK Listco is principally engaged in the real estate business in the PRC
“HK\$”	Hong Kong Dollars(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Investment”	the investment made by the Company under the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the term loan facility in the sum of HK\$400,000,000 made available under the Loan Agreement
“Loan Agreement”	the loan agreement expected to be entered into between the Segregated Portfolio Company and the Borrower on 16 March 2018 for a loan facility of HK\$400,000,000
“Manager”	China Urbanization Capital Limited, a company incorporated under the laws of the Cayman Islands with limited liability
“PPM”	the private placement memorandum of the Segregated Portfolio Company dated 3 November 2017 (as supplemented by an appendix in respect of the Segregated Portfolio Company dated 15 March 2018 and amended by a side letter agreement dated 15 March 2018)
“PRC”	the People’s Republic of China, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“Segregated Portfolio”	New China OCT Fund 2 Segregated Portfolio of the Segregated Portfolio Company
“Segregated Portfolio Company” or “Lender”	New China OCT Fund SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of Cayman Islands

“SFO”	Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 15 March 2018 entered into between the Company and the Segregated Portfolio Company in relation to the subscription of certain Class A shares of the Segregated Portfolio Company
“%”	per cent.

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

Hong Kong, 15 March 2018

As at the date of this announcement, the executive Directors are Mr. Li Jinze, Mr. Ding Zhisuo and 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.