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(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

(Warrant Code: 1153)

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE
AND
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 11 December 2016, a memorandum of understanding was entered into among the First Vendor, the Company and CMBCI in relation to, among others, the Possible Transfer (as defined below) and the Possible Subscription (as defined below). On 16 December 2016, the parties to the original memorandum of understanding agreed to terminate the same and on the same date, the MOU was entered into among the First Vendor, the Second Vendor, the Company, CMBCI and China Huarong as summarized below.

THE MOU

Date

16 December 2016

Parties

The First Vendor

The Second Vendor

The Company as target company

* *For identification purpose only*

CMBCI (or its wholly owned subsidiary) as purchaser and subscriber

China Huarong (or its wholly owned subsidiary) also as purchaser and subscriber

As at the date of this announcement, the First Vendor holds 2,106,000,000 Shares and 421,200,000 Warrants. The First Vendor is also a brother of Ms. Lin Yuehe, the Chairlady and an executive Director of the Company. As at the date of this announcement, the Second Vendor holds 1,100,000,000 Shares and 60,000,000 Warrants.

CMBCI, a third party independent to the Company and the Vendors and their respective connected persons, is a company incorporated in Hong Kong with limited liability. China Huarong, a third party independent to the Company and the Vendors and their respective connected persons, is also a company incorporated in Hong Kong with limited liability.

Pursuant to the MOU, (i) the Vendors intend to sell in aggregate not less than 3,627,200,000 Shares (the “**Sale Shares**”), representing not less than approximately 7.9% of the enlarged issued share capital of the Company on the assumption that all the outstanding Options and Warrants were exercised and completion of the Possible Subscription (as defined below), to CMBCI (or its wholly owned subsidiary) and China Huarong (or its wholly owned subsidiary), and CMBCI (or its wholly owned subsidiary) and China Huarong (or its wholly owned subsidiary) intend to acquire the Sale Shares (the “**Possible Transfer**”); and (ii) the Company intends to allot and issue not less than 26,950,000,000 new Shares, representing not less than approximately 66.6% of the enlarged issued share capital of the Company on the assumption that all the outstanding Options and Warrants were exercised, (the “**Subscription Shares**”) to CMBCI and China Huarong (or their respective wholly owned subsidiaries) and CMBCI and China Huarong (or their respective wholly owned subsidiaries) intend to subscribe for the Subscription Shares (the “**Possible Subscription**”). It is contemplated that upon completion of the Possible Transfer and the Possible Subscription, (i) CMBCI and its wholly owned subsidiary will hold not less than 50% of the enlarged issued share capital of the Company on the assumption that all the outstanding Options and Warrants were exercised; and (ii) China Huarong and its wholly owned subsidiary will hold not more than 10% of the enlarged issued share capital of the Company on the assumption that all the outstanding Options and Warrants were exercised.

In accordance with the requirement of the Takeovers Code, if the Possible Transfer and the Possible Subscription materialize and are completed, that will trigger an obligation on the part of CMBCI to make a mandatory unconditional general offer for all the issued Shares, Warrants and Options (other than those already owned or agreed to be acquired by CMBCI) under Rule 26.1 of the Takeovers Code.

Formal Agreement(s) and due diligence

The parties to the MOU shall negotiate in good faith in order to procure that the formal agreement(s) (the “**Formal Agreement(s)**”) regarding the Possible Transfer and the Possible Subscription can be entered into within 90 days of the date of the MOU or such later date as may be agreed by the parties thereto.

The Purchasers and Subscribers shall conduct such due diligence on the assets, liabilities, businesses and operations of the Group after the entering into of the MOU.

It is contemplated that the Possible Transfer and the Possible Subscription shall be subject to a number of conditions, including but not limited to the following conditions precedent:–

- (a) the Purchasers and Subscribers being reasonably satisfied with the due diligence results of the Group;
- (b) the Shareholders’ approval regarding the transactions under the MOU;
- (c) all necessary regulatory approval, including but not limited to the listing approval for the listing of, and permission to deal in, the Subscription Shares, having been obtained.

Exclusivity

Pursuant to the MOU, for a period of (a) 90 days from the date of the MOU, or (b) until the date when the parties to the MOU confirming in writing not to proceed with the transaction contemplated thereunder (whichever is earlier), (i) the Company and the Vendors shall not negotiate with other third parties relating to the sale of the Sale Shares and/or issue of the Subscription Shares; and (ii) CMBCI shall not for the purpose of acquiring of control of companies similar to the Company negotiate with other third parties.

Non-legally binding MOU

The MOU is not legally binding, save for certain general provisions including exclusivity, costs and expense, confidentiality, notices and governing laws.

The Possible Transfer and the Possible Subscription is therefore subject to the execution and completion of the Formal Agreement(s). If the Formal Agreement(s) materializes, the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code as and when appropriate.

POSSIBLE GENERAL OFFER FOR THE SHARES, THE WARRANTS AND THE OPTIONS AND TAKEOVERS CODE IMPLICATIONS

Subject to the Formal Agreement(s) being entered into and the satisfaction or waiver (as the case maybe) of such conditions precedent to completion as may be specified therein, it is contemplated that upon completion of the Possible Transfer and the Possible Subscription, CMBCI and parties acting in concert with it will hold more than 50% of the enlarged issued share capital of the Company (assuming all the outstanding Options and Warrants are being exercised). In accordance with the requirement of the Takeovers Code, if the Possible Transfer and the Possible Subscription materialize and are completed, that will trigger an obligation on the part of CMBCI and parties acting in concert with it to make a mandatory unconditional general offer for all the issued Shares, Options and Warrants (other than those already owned or agreed to be acquired by CMBCI and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no Formal Agreement(s) had been entered into in respect of the Possible Transfer and/or the Possible Subscription and the negotiations are still in progress and the Possible Transfer and/or the Possible Subscription may or may not proceed.

As at the date of this announcement, the Company has 15,956,677,548 Shares in issue, 1,005,598,000 Options in issue and 1,935,163,954 Warrants in issue and does not have any other outstanding convertible securities, options and warrants. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

MONTHLY UPDATE

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer under the Takeovers Code is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code.

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 16 December 2016.

The associates (as defined in the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities of the Company) of the Company and CMBCI as well as its associates (as defined in the Takeovers Code) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

There is no assurance that the Possible Transfer and/or the Possible Subscription or any transactions referred to in this announcement will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of Takeovers Code. Shareholders and potential investors of the Company should be aware that the completion of the Possible Transfer and/or the Possible Subscription is subject to the Formal Agreement(s) being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent as may be specified therein. The negotiation in relation to the Possible Transfer and/or the Possible Subscription and the possible general offer arising from the Possible Transfer and/or the Possible Subscription may or may not proceed, and the terms of the Possible Transfer and the Possible Subscription are subject to further negotiations among the Vendors, the Company, CMBCI and China Huarong. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Warrants on the Stock Exchange has been halted with effect from 9:00 a.m. on 12 December 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 19 December 2016.

DEFINITION

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“China Huarong”	China Huarong Overseas Investment Holdings Company Limited, which is an indirect subsidiary of China Huarong Asset Management Co., Limited (stock code: 2799)
“CMBCI”	CMBC International Holdings Limited, which is a subsidiary of China Minsheng Banking Corporation Limited (stock code: 1988)
“Company”	Skyway Securities Group Limited, a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1141)
“Completion”	completion of the Possible Subscription and the Possible Transfer
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“First Vendor”	Mr. Lam Hoi Sze
“Formal Agreement(s)”	the formal subscription agreement which may or may not be entered into in relation to the Possible Subscription and the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Transfer

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 16 December 2016 and entered into between the Company, the First Vendor, the Second Vendor, CMBCI and China Huarong setting out the understanding in relation to the Possible Subscription and the Possible Transfer
“Options”	share options of the Company conferring rights to the holders thereof to subscribe in cash for new Shares
“Possible Subscription”	the possible subscription of the Subscription Shares by CMBCI and China Huarong and subject to the execution of the Formal Agreement
“PRC”	the People’s Republic of China
“Purchasers and Subscribers”	CMBCI and China Huarong
“Second Vendor”	Ms. Ai Qing
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	together the First Vendor and the Second Vendor

“Warrants”	the listed warrants of the Company conferring rights to the holders thereof to subscribe in cash for new Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Skyway Securities Group Limited
Lin Yuehe
Chairlady

Hong Kong, 16 December 2016

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Ms. Lin Yuehe (*Chairlady*)
Mr. Wang Haixiong (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Chan Kwan Pak
Mr. Siu Gee Tai
Mr. Siu Siu Ling Robert

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.