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CHINA JINHAI INTERNATIONAL GROUP LIMITED

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

(Stock Code of Warrants: 1436)

(I) DISCLOSEABLE TRANSACTION:

GRANT OF REVOLVING LOAN FACILITY TO A THIRD PARTY AND

(II) CHANGE IN THE USE OF PROCEEDS OF THE RIGHTS ISSUE

(I) GRANT OF THE REVOLVING LOAN FACILITY

The Board announces that, after the trading hours on 10 April 2015, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant to the Borrower the Revolving Loan Facility with a principal amount of HK\$100,000,000. The Revolving Loan Facility can be drawn down at any time within a period of three (3) months from the date of the Loan Agreement. The loan bears interest at the Prime Rate per annum.

LISTING RULES IMPLICATIONS

The grant of the Revolving Loan Facility itself, together with the Previous Loan, constitutes a discloseable transaction (which is a series of transactions) for the Company. As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Revolving Loan Facility together with the Previous Loan exceed 5% but are less than 25%, the grant of the Revolving Loan Facility together with the Previous Loan constitutes a discloseable transaction (which is a series of transactions) for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules but exempt from the shareholders' approval.

(II) CHANGE IN THE USE OF PROCEEDS OF THE RIGHTS ISSUE

The Company would like to announce that the Board has decided to revise the use of the net proceeds of the Rights Issue.

(I) GRANT OF THE REVOLVING LOAN FACILITY

The board ("Board") of directors ("Directors") of China Jinhai International Group Limited ("Company", together with its subsidiaries, the "Group") announces that, after the trading hours on 10 April 2015, Top Billion Finance Limited (the "Lender"), an indirect wholly-owned subsidiary of the Company, entered into a revolving loan agreement (the "Loan Agreement") with FCL (as defined below) ("Borrower"), an independent third party, pursuant to which the Lender agreed to grant a revolving loan facility ("Revolving Loan Facility") with the principal amount of HK\$100,000,000 to the Borrower for a term of three (3) months from the date of the Loan Agreement.

* For identification purpose only

The Loan Agreement

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

Date of the Loan Agreement	10 April 2015 (after trading hours)
Drawdown date of the Loan (“Drawdown Date”)	The Revolving Loan Facility can be drawn down at any time within a period of three (3) months from the date of the Loan Agreement
Lender	Top Billion Finance Limited, a limited company incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) and an indirect wholly owned subsidiary of the Company. Top Billion Finance Limited is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
Borrower	<p>Freeman Corporation Limited (“FCL”) is a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman Financial Corporation Limited (“Freeman”). Freeman is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 279).</p> <p>To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owners is a third party independent of the Company and the connected persons (as defined in the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”)) of the Company</p> <p>As at the date of this announcement, Freeman holds 192,500,007 shares of the Company (representing approximately 4.59% of the entire issued share capital of the Company). The Company holds 21,520,000 shares of Freeman (representing approximately 0.21% of the entire issued share capital of Freeman) and 30,344,827 shares of FCL (representing approximately 2.41% of the entire issued share capital of FCL).</p>
Revolving Loan Facility	A revolving loan facility of HK\$100,000,000 to be made available to the Borrower by the Lender subject to and upon the terms and conditions of the Loan Agreement. In the avoidance of doubt, any repaid principal amounts of the Revolving Loan Facility are available for drawing by the Borrower within the three (3) months from the date of the Loan Agreement

Final repayment date of the loan (“Final Repayment Date”)	means three (3) months from the date of the Loan Agreement, or if it falls on a non-banking day, then the first banking day immediately thereafter
Repayment	The Borrower shall repay the full amount of the loan drawn under the Revolving Loan Facility with all outstanding accrued interest and other monies outstanding in connection with the Revolving Loan Facility on or before the Final Repayment Date
Early repayment	The Borrower may at any time after the drawdown of the loan by prior written notice prepay all or part of such loan
Interest	Interest shall accrue at the rate equivalent to the Prime Rate per annum, whereas “Prime Rate” means the rate announced from time to time by The Hongkong and Shanghai Banking Corporation Limited as its prime rate for lending Hong Kong Dollars. Interest shall accrue daily and shall be payable on the Final Repayment Date.

The loan to be drawn under the Revolving Loan Facility will be funded by internal resources of the Group.

The terms of the Loan Agreement have been arrived by the Lender and the Borrower after arm’s length negotiation, having regard to the market conditions.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) trading and distribution of electronic products and other merchandise, (ii) securities investment and trading; and (iii) the research and development of integrated circuit technology and (iv) money lending business.

INFORMATION ON THE BORROWER

The Borrower’s principal business is investment holding. The Borrower and its subsidiaries (“FCL Group”) is principally engaged in the financial services sector, including the provision of securities brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding. Certain subsidiaries of the Borrower have obtained licences to carry on regulated activities (type 1: dealing in securities and type 6: advising on corporate finance) governed by the Securities and Futures Ordinance in Hong Kong.

REASONS FOR AND BENEFITS OF THE GRANT OF THE REVOLVING LOAN FACILITY

The granting of the Revolving Loan Facility is in the Lender's ordinary and usual course of business. The Directors are of the view that money lending business is one of the potential sectors for the future development of the Group's business. The Directors will explore further business opportunities in the money lending sector and develop the Group's customer's base as and when appropriate. Having considered the financial background of the Borrower and the interest income to be earned by the Group, the Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS ON THE GRANT OF THE REVOLVING LOAN FACILITY

The grant of the Revolving Loan Facility itself, together with the previous loan facility with a principal amount of HK\$50,000,000 granted to FCL (as disclosed in the announcement of the Company dated 3 December 2014) (the "Previous Loan"), constitutes a discloseable transaction (which is a series of transactions) for the Company. As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Revolving Loan Facility together with the Previous Loan exceed 5% but are less than 25%, the grant of the Revolving Loan Facility together with the Previous Loan constitutes a discloseable transaction (which is a series of transactions) for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules but exempt from the shareholders' approval.

As at the date of this announcement, FCL have not drawn any amount available under the Previous Loan or the Revolving Loan Facility.

(II) CHANGE IN THE USE OF PROCEEDS OF THE RIGHTS ISSUE

Reference is made to the prospectus of the Company dated 11 March 2015 in relation to the Rights Issue on the basis of six (6) Rights Shares for every Share held on the record date with Bonus Warrants on the basis of one Bonus Warrant for every six Rights Shares taken up (the "Prospectus"). Unless otherwise defined herein, capitalised terms used in part (II) of this announcement shall have the same meanings as those defined in the Prospectus.

CHANGE IN THE USE OF PROCEEDS

It was disclosed in the section headed "REASONS FOR THE RIGHTS ISSUE WITH BONUS WARRANT ISSUE AND INTENDED USE OF PROCEEDS" on pages 29 to 32 of the Prospectus that the Company intends to use the net proceeds of the Rights Issue in the following ways: (i) HK\$250 million will be used for property investment, including HK\$82.8 million to be applied towards the acquisition under the Conditional Agreement as announced by the Company on 28 November 2014 and the balance of HK\$167.2 million will be used for other property investment; (ii) HK\$30 million for general working capital of the Group; (iii) HK\$239.56 million will be used for the Group's financial businesses, including HK\$119.56 million to be applied towards investment and trading in both long-term and short-term securities and HK\$120 million will be used for money lending business comprising both long-term and short-term loans.

As at the date of this announcement, the Company has fully applied the aforesaid HK\$82.8 million towards the acquisition under the Conditional Agreement. However, the Company has not identified suitable investment target in respect of the remaining HK\$167.2 million of the net proceeds previously planned for property investment purpose. After conducting review of the latest property market and the general economic conditions, the Board has decided to revise the use of the net proceeds of the Rights Issue such that the remaining HK\$167.2 million previously planned for property investment purpose will also be applied towards the Group's financial businesses including investment and trading in both long-term and short-term securities and money lending.

The Board considers that the change in the use of the net proceeds from the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

By Order of the Board
China Jinhai International Group Limited
Wong Howard
Chairman

Hong Kong, 10 April 2015

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

Executive Directors

Mr. Wong Howard (*Chairman*)
Dr. Kwong Kai Sing, Benny
(*Managing Director*)
Mr. Wong Yat Fai
Ms. Davis Angela Hendricks
Ms. Chen Wei
Mr. Zhan Jianzhou

Independent non-executive Directors

Mr. Li Chi Ming
Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Frank H. Miu
Mr. Tsang Wing Ki