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中國通海國際金融有限公司

CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

**MAJOR TRANSACTION
THE SECOND SUPPLEMENTAL AGREEMENTS IN RELATION TO
EXTENSION OF LOANS**

Financial adviser to China Tonghai International Financial Limited



中國通海企業融資
CHINA TONGHAI CAPITAL

THE SECOND SUPPLEMENTAL AGREEMENTS

On 15 January 2019, the Lender and the Borrower entered into the conditional Second Supplemental Agreements. Pursuant to which, the repayment date of the Loans is further extended to 21 March 2019, the principal amount of the First Loan is reduced from HK\$225 million to HK\$125 million and the interest rate of 9.5% per annum on the Loans shall apply from 22 December 2018 to 21 March 2019. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended by the First Supplemental Agreements) shall remain in full force and effect.

LISTING RULES IMPLICATIONS

The provision of the Loans under the Second Supplemental Agreements constitutes provision of financial assistance under the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) in respect of the aggregate interest income for the Loans exceed 25%, the entering into the Second Supplemental Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SGM

The SGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the entering into the Second Supplemental Agreements and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the Directors' knowledge, the Borrower holds approximately 4.39% of the issued share capital of the Company and therefore is considered to have material interest in the Second Supplemental Agreements. Accordingly, the Borrower and its associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Second Supplemental Agreements.

GENERAL

A circular setting out, among others, details of the Second Supplemental Agreements and other information, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 20 February 2019.

BACKGROUND

Reference is made to the announcements of the Company dated 9 August 2018 and 23 September 2018 in relation to the Loan Facility Agreements and the First Supplemental Agreements entered into between the Lender and the Borrower respectively.

On 23 July 2018, the First Loan Facility Agreement was entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, pursuant to which the Lender agreed to provide the Borrower the First Loan in an amount of HK\$225 million for a period of two months.

On 9 August 2018, the Lender entered into the Second Loan Facility Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower the Second Loan in an amount of HK\$120 million for a period of two months.

On 23 September 2018, the parties entered into the First Supplemental Agreements to extend the repayment date of the First Loan and the Second Loan to 21 December 2018 and change the interest rate on the First Loan from 6.25% per annum to 9.5% per annum, which is the same as the interest rate of the Second Loan. Save as aforesaid, all other terms of the Loan Facility Agreements remain in full force and effect.

The Borrower has repaid the principal amount of HK\$100 million of the First Loan and also all interests accrued on the Loans up to 21 December 2018. After the repayment by the Borrower, the principal amount of the Loans is reduced from HK\$345 million to HK\$245 million.

THE SECOND SUPPLEMENTAL AGREEMENTS

Following negotiations between the Lender and the Borrower, on 15 January 2019, the parties entered into the conditional Second Supplemental Agreements.

Subject matter

Pursuant to the Second Supplemental Agreements, the parties agreed to the following:

- (i) the repayment date of the Loans shall be extended to 21 March 2019;
- (ii) the principal amount of the First Loan is reduced from HK\$225 million to HK\$125 million; and
- (iii) the interest rate of 9.5% per annum on the Loans shall be applied from 22 December 2018 and up to and including 21 March 2019.

Save as disclosed above, all other terms of the Loan Facility Agreements (as amended by the First Supplemental Agreements) shall remain in full force and effect.

Conditions precedent

The Second Supplemental Agreements are conditional upon the satisfaction of the following conditions:

- (i) The Borrower shall satisfy the following conditions precedent on or before 18 January 2019 (or on such later date as the Lender and Borrower may mutually agree) to the Lender's absolute satisfaction:
 - (a) the Second Supplemental Agreements are duly signed;
 - (b) a certified true copy of a resolution of the board of directors of the Borrower having been provided approving the terms and conditions of the Second Supplemental Agreements and the transactions contemplated thereunder and authorising the due execution, delivery and performance of the Second Supplemental Agreements;
 - (c) the Personal Guarantor is required to sign acknowledgements confirming the further extension of the repayment of the Loans from 22 December 2018 to 21 March 2019 and that the personal guarantee continues in full force and effect in respect of the Loans advanced under the Loan Facility Agreements (as amended by the First Supplemental Agreements and the Second Supplemental Agreements); and
 - (d) such other documentation having provided which is reasonably required by the Lender; and
- (ii) The Company shall obtain the Shareholders' approval at the SGM in respect of the relevant resolution to approve the Second Supplement Agreements and the transactions contemplated thereunder.

As at the date of this announcement, condition (i) has been fulfilled.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENTS

The provision of the Loans to the Borrower is in the ordinary course of business of the Lender. The terms of the Second Supplemental Agreements are negotiated between the Lender and the Borrower on an arm's length basis and are on normal commercial terms. Taking into consideration of, among other things, the interest income to be received by the Group, the short tenure of the Loans, and the partial repayment of the First Loan, the Directors consider that the terms of the Second Supplemental Agreements are fair and reasonable and the entering into the Second Supplemental Agreements is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE BORROWER AND THE PERSONAL GUARANTOR

The Borrower is a company incorporated in the British Virgin Islands. Its principal business is investment holding.

The Personal Guarantor is a director and the sole shareholder of the Borrower.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in (i) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services; (ii) corporate finance advisory and general advisory services; (iii) fund management, discretionary portfolio management and portfolio management advisory services; (iv) financial media services; and (v) investing and trading of various investment products.

The Lender is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability. It is a registered money lender holding a valid money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services.

LISTING RULES IMPLICATIONS

The provision of the Loans under the Second Supplemental Agreements constitutes provision of financial assistance under the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) in respect of the aggregate interest income for the Loans exceed 25%, the entering into the Second Supplemental Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SGM

The SGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the Second Supplemental Agreements and the transactions contemplated thereunder.

As at the date of this announcement, to the best of the Directors' knowledge, the Borrower held approximately 4.39% of the issued share capital of the Company and therefore is considered to have material interest in the Second Supplemental Agreements. Accordingly, the Borrower and its associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Second Supplemental Agreements.

The Board has fixed 4:30 p.m. on Monday, 4 March 2019 as the record time and date for ascertaining the Shareholders' entitlement to attend and vote at the SGM. All transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 4 March 2019.

GENERAL

A circular setting out, among others, details of the Second Supplemental Agreements and other information, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 20 February 2019.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Borrower”	a company incorporated in the British Virgin Islands with limited liability
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 952)
“Directors”	the directors of the Company

“First Loan”	the short term loan with the principal amount of HK\$225 million granted by the Lender to the Borrower pursuant to the First Loan Facility Agreement (as amended by the First Supplemental Agreements) or the principal amount of HK\$125 million pursuant to the First Loan Facility Agreement (as amended by the First Supplemental Agreements and the Second Supplemental Agreements) (as the case may be)
“First Loan Facility Agreement”	the loan facility agreement dated 23 July 2018 entered into between the Lender and the Borrower in respect of the First Loan
“First Supplemental Agreements”	the supplemental agreements dated 23 September 2018 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements, details of which are set out in the announcement of the Company dated 23 September 2018
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	China Tonghai Finance Limited (previously known as Oceanwide Finance Limited), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a registered money lender holding a valid money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility Agreements”	the facility agreements dated 23 July 2018 and 9 August 2018 entered into between the Lender and the Borrower in relation to the provision of the First Loan and the Second Loan respectively
“Loans”	the First Loan and the Second Loan
“Personal Guarantor”	Mr. A, a director and the sole shareholder of the Borrower

“Second Loan”	the short term loan with the principal amount of HK\$120 million granted by the Lender to the Borrower pursuant to the Second Loan Facility Agreement (as amended by the First Supplemental Agreements and the Second Supplemental Agreements)
“Second Loan Facility Agreement”	the loan facility agreement dated 9 August 2018 entered into between the Lender and the Borrower in respect of the Second Loan
“Second Supplemental Agreements”	the supplemental agreements dated 15 January 2019 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements (as amended by the First Supplemental Agreements)
“SGM”	the special general meeting of the Company to be convened for the purpose of, considering and if thought fit, approving the Second Supplemental Agreements and the transactions contemplated thereunder
“Shareholders”	holders of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board
China Tonghai International Financial Limited
HAN Xiaosheng
Chairman

Hong Kong, 15 January 2019

As at the date of this announcement, the board of directors of China Tonghai International Financial Limited comprises six executive directors, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. FENG Henian, Mr. LIU Hongwei and Mr. Kenneth LAM Kin Hing; four non-executive directors, namely Mr. Bernard POULIOT, Mr. LIU Bing, Mr. ZHAO Yingwei and Mr. ZHAO Xiaoxia; and five independent non-executive directors, namely Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. LIU Jipeng, Mr. HE Xuehui and Mr. HUANG Yajun.