

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**THIRD UPDATE ON
THE SETTLEMENT ARRANGEMENTS
IN RELATION TO DEBT A AND DEBT B**

Reference is made to the announcement of China Tonghai International Financial Limited (the “**Company**”) dated 4 May 2023 (the “**First Update Announcement**”), the announcement of the Company dated 18 May 2023 (the “**Second Update Announcement**”), the announcements of the Company dated 24 August 2021, 30 November 2021, 31 March 2022, 29 July 2022, 21 October 2022, 16 November 2022 and 10 March 2023 (collectively, the “**Announcements**”) and the circular (the “**Circular**”) dated 13 February 2023 in relation to, among other things, the Settlement Arrangements, the Settlement Agreement and the Extension in relation to Debt A and Debt B. Capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Circular unless the context requires otherwise.

Background

As disclosed in the First Update Announcement and the Second Update Announcement, on 27 April 2023, Oceanwide Holdings announced that the PRC Court had issued a decision to commence the pre-restructuring process (the “**Pre-restructuring**”) of Oceanwide Holdings.

On 30 May 2023, Oceanwide Holdings announced that the PRC Court had appointed Beijing Zhong Lun Law Firm to be its provisional liquidator (the “**Provisional Liquidator**”). The Company had obtained legal opinion from its PRC legal adviser regarding the implications of the Applications and the Pre-restructuring on the Settlement Arrangements of Debt A and Debt B. Based on the PRC legal opinion, the Provisional Liquidator’s duty is to assess the restructuring value of Oceanwide Holdings and the possibility of restructuring before proceeding to formal restructuring application and procedures. The PRC legal adviser expects that the Pre-restructuring will last for about three to six months and the Provisional Liquidator will submit a restructuring proposal to the PRC court which will then assess and decide whether or not to proceed with the formal restructuring process on Oceanwide Holdings (the “**Restructuring**”) and appoint a liquidator to handle the Restructuring (the “**Liquidator**”).

Latest update

Since the Second Update Announcement, the Company has been in frequent contact with Oceanwide Holdings and/or the Provisional Liquidator. The Company has just been informed by the management of Oceanwide Holdings that they had discussed with the Provisional Liquidator and assessed the potential implications of the Settlement Arrangements of Debt A and Debt B on the Pre-restructuring and Restructuring and the management of Oceanwide Holdings considered that it is not in the interest of Oceanwide Holdings as a whole to continue to proceed with the Settlement Arrangements. Accordingly, Oceanwide Holdings has recently informed the Company that it has decided not to extend the Settlement Agreement of Debt A and Debt B further. Without a further extension, the Settlement Agreement of Debt A and Debt B will lapse on 30 June 2023. The Company respects the decision of Oceanwide Holdings and intends for the Settlement Agreement to lapse on 30 June 2023.

Keepwell Deeds

In order to enhance the credit of Debt A and Debt B and protect the Company’s interest under Debt A and Debt B, Oceanwide Holdings, as the keepwell provider, had entered into two keepwell deeds with OHID in favour of China Tonghai Capital (Holdings) Limited, a direct wholly owned subsidiary of the Company and Quam Securities Limited, an indirectly wholly owned subsidiary of the Company, being the notesholders under Debt A at the time of the note issuance on 2 June 2021 for the note of US\$12 million and 26 April 2022 for the note of US\$91 million (the “**Debt A Keepwell Deeds**”). In addition, Oceanwide Holdings had provided a keepwell agreement to China Tonghai Finance Limited, being the lender of Debt B and an indirect wholly-owned subsidiary of the Company, on 21 June 2018 for a loan of HK\$280 million, which is part of the outstanding amount under Debt B (the “**Debt B Keepwell Agreement**”) (collectively, the “**Keepwell Deeds**”). Accordingly, Debt A Keepwell Deeds covered the two notes of US\$12 million and US\$91 million under Debt A, representing approximately 54% of total principal amount of Debt A. On the other hand, Debt B Keepwell Agreement covered the loan of HK\$280 million under Debt B, representing approximately 58% of the total

principal amount of Debt B. The Keepwell Deeds were entered into for the purpose of enhancing the credit of borrowers of Debt A and Debt B, after arm's length negotiations amongst the parties at the time of entering the Keepwell Deeds.

Pursuant to the Keepwell Deeds, Oceanwide Holdings undertook to the Company to ensure that the borrowers of Debt A and Debt B have sufficient liquidity to meet their payment obligations as they fall due. In the event the borrowers of Debt A and Debt B were unable to meet their payment obligations, Oceanwide Holdings shall make available to the borrowers of Debt A and Debt B the funds sufficient to enable the borrowers of Debt A and Debt B to pay such payment amount in full and the Company shall be entitled to claim such loans under the Laws of Hong Kong.

Next steps

Based on discussions with the Company's PRC legal adviser, although Debt A and Debt B are offshore loans of Oceanwide Holdings and Oceanwide Holdings itself is not a party to the loan agreements, the Keepwell Deeds provided by Oceanwide Holdings could potentially allow the Company to recover the abovementioned portions of Debt A and Debt B under the framework of the onshore Restructuring, subject to further negotiation with the Provisional Liquidator. On the other hand, the remaining portion of Debt A and Debt B were unsecured and the Company is of the view that such remaining portions are unlikely to be recovered through the Keepwell Deeds. The Company plans to proceed with registering the portion of Debt A and Debt B covered by the Keepwell Deeds with the Provisional Liquidator to participate in the onshore Restructuring. Furthermore, the Company will take into account the additional work and costs to be incurred as well as the feasibility of recovering the portion of the loans not covered by the Keepwell Deeds through the onshore Restructuring in considering whether or not to register the portion of the loans not covered by the Keepwell Deeds. In the event that the Company decides not to register the portion of the loans not covered by the Keepwell Deeds, the Company will further discuss with Oceanwide Holdings to assess the feasibility of other offshore settlement arrangements as mentioned below. The Company understands that the Pre-restructuring assessment is still in an early stage and whether all or part of these loans can be recognised as obligations of Oceanwide Holdings under the onshore Restructuring cannot be ascertained until after the registration of these loans and further discussions with the Provisional Liquidator/Liquidator.

The PRC legal adviser advised that the Group continues to have the right to apply for the loans under the Keepwell Deeds to participate in the Pre-restructuring or Restructuring even if the Settlement Agreement lapsed. Nevertheless, the Board would like to remind Shareholders and potential investors that, the Group may or may not be recognised as a creditor of Oceanwide Holdings by the Provisional Liquidator and/or the Liquidator, and the recovery on any amount and timing remain uncertain as at the date of this announcement. In the meantime, the Company will continue to explore alternative feasible options to enhance the recovery of Debt A and Debt B including but not limited

to assessing the feasibility of obtaining offshore assets of Oceanwide Holdings as an alternative settlement arrangement. Further announcement will be made by the Company in accordance with the Listing Rules.

Shareholders and other investors are reminded to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 20 June 2023

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

Executive Directors:

Mr. HAN Xiaosheng (*Co-Chairman*)
Mr. LIU Hongwei
Mr. Kenneth LAM Kin Hing (*Co-Chairman*)
Mr. LAM Wai Hon

Independent Non-executive Directors:

Mr. Roy LO Wa Kei
Mr. LIU Jipeng

Non-executive Director:

Mr. FANG Zhou

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, 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.