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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)**

## **DISCLOSEABLE TRANSACTION PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS**

### **PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS**

On 31 December 2018 (after trading hours), Well Foundation, an indirect wholly-owned subsidiary of the Company, Filled Converge and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and Well Foundation and Filled Converge have conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$19,612,000 and HK\$294,183,000 respectively.

The Convertible Bonds to be issued to Well Foundation are convertible into 40,437,113 Shares at the Conversion Price (subject to adjustments), representing approximately 2.25% of the issued share capital of the Issuer as at the date of this announcement or approximately 1.65% of the issued share capital as enlarged by the issue of all Conversion Shares.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 31 December 2018 (after trading hours), Well Foundation, an indirect wholly-owned subsidiary of the Company, Filled Converge and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and Well Foundation and Filled Converge have conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$19,612,000 and HK\$294,183,000 respectively.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement in relation to Well Foundation are set out below:

Date: 31 December 2018

Issuer: the Issuer

Subscribers: Well Foundation and Filled Converge

### **Consideration**

Well Foundation has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$19,612,000 on the Completion Date. The Group intends to fund the consideration for the Subscription in cash from its internal resources.

### **Conditions precedent**

Completion is subject to the fulfilment (or waiver) of all of the following conditions precedent on or before 31 July 2019:

- (a) Well Foundation and Filled Converge having conducted due diligence exercise (technical, financial and legal) on the Issuer and satisfied with the results thereof;
- (b) the warranties of the Issuer being true, accurate, correct in all material respects when made and remaining true, accurate and correct and complete and not misleading as at the Completion Date;
- (c) the Listing Committee having granted (either unconditionally or subject to conditions to which neither the Issuer nor the Subscribers objects) listing of and permission to deal in the Conversion Shares falling to be issued and allotted upon the exercise of the Conversion Rights or otherwise pursuant to the conditions set out in the instrument constituting the Convertible Bonds;

- (d) the passing by the independent shareholders of the Issuer at the EGM of the necessary resolution(s) to approve the Subscription Agreement, the instrument constituting the Convertible Bonds, the allotment and issue of the Conversion Shares and the transactions contemplated thereunder;
- (e) the compliance by the Issuer of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relation to the Subscription Agreement and the transactions contemplated thereunder (including but not limited to, the issue of the Convertible Bonds, the execution of the instrument constituting the Convertible Bonds, the allotment and issue of the Conversion Shares);
- (f) (where required) having obtained all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary registration and filings with any government or regulatory authority required for the entering into of the Subscription Agreement and/or the performance of its obligations thereunder by the Issuer (including but not limited to, the issue of the Convertible Bonds, the execution of the instruments constituting the Convertible Bonds, the issue of the certificates for the Convertible Bonds, the allotment and issue of the Conversion Shares and execution of the Share Charges); and
- (g) (where applicable and required) having obtained of all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary filings with any government or regulatory authority required for the entering into of the Subscription Agreement and/or the performance of its obligations thereunder by the Subscribers (including but not limited to the Subscription).

The Subscribers and the Issuer may, at their absolute discretion, waive compliance with any or all of the above conditions precedent, save and except conditions (c) to (e), which shall not be waivable at all time, and the Issuer shall use its best endeavours to procure the fulfillment of the conditions precedent. If the conditions precedent have not been fulfilled on or before 31 July 2019 or such other date as may be agreed in writing between the Issuer and the Subscribers, the Subscription Agreement shall lapse and cease to be of any effect save for antecedent breach thereof (if any).

### **Completion**

Completion shall take place on the next business day after the date on which all conditions precedent have been fulfilled or waived (or such other date as the parties may agree in writing).

## Conditions subsequent

- (a) Within one (1) month from Completion (or such other time as the Issuer and the Subscribers may agree in writing), the Subscribers having received from the Issuer documents to evidence that the Share Charges has been duly executed and filed by all parties thereto in form and substance satisfactory to the Subscribers.
- (b) Within one (1) month from Completion (or such other time as the Issuer and the Subscribers may agree in writing), the Subscribers having received from the Issuer documents evidenced that (i) the existing equity pledge of a subsidiary of the Issuer has been duly released by the chargee(s); and (ii) the Equity Pledges have been duly conducted and filed by all parties thereto in form and substance satisfactory to the Subscribers.
- (c) The Issuer will use its best endeavor (where required) having obtained all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary registration and filings with any government or regulatory authority required for the execution and filing of each of the Equity Pledges).

The Subscribers agree and confirm that any failure on such registrations and filings in relation to the Equity Pledges shall not constitute an event of default under the Subscription Agreement and the instrument constituting the Convertible Bonds and shall not have any impact on the effectiveness of the Subscription in any way.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds in relation to Well Foundation are summarised as follows:

Issuer: the Issuer

Principal amount of Well Foundation: HK\$19,612,000

Status: The Convertible Bonds constitute direct, secured, unsubordinated and unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Convertible Bonds shall, subject to such exceptions as may be provided by applicable laws, rank at least *pari passu* with all its other present and future direct, secured, unsubordinated and unconditional obligations.

Conversion price:	HK\$0.485 per Conversion Share, subject to adjustment which include, among other things, consolidation, sub-division and reclassification of the Shares, capitalisation issue, capital distributions, rights issues of Shares or options over Shares or other securities of the Issuer, issue of Shares or other securities of the Issuer in discount, share offer and other dilutive events. The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued at a discount to their par value.
Conversion Shares of Well Foundation:	Based on the conversion price of HK\$0.485 per Conversion Share, upon full conversion, the Convertible Bonds held by Well Foundation are convertible into a total of 40,437,113 Shares, representing approximately 2.25% of the issued share capital of the Issuer as at the date of this announcement or approximately 1.65% of the issued share capital as enlarged by the issue of all Conversion Shares.
Maturity date:	The date falling on the second anniversary of the issue date of the Convertible Bonds, which can by mutual agreement between the Issuer and the Subscribers, be extended to the date falling on the third anniversary of the issue date of the Convertible Bonds if the parties reach an agreement not less than one month prior to the maturity date.
Interest:	8% per annum payable on a quarterly basis from the issue date in arrears until maturity, conversion or early redemption.
Default interest:	20% per annum on any outstanding amount due under the Convertible Bonds accrued from the due date to the date of payment in full.
Conversion period:	Subject to the terms and conditions of the Convertible Bonds and in particular, the Conversion Restrictions, the Subscribers may exercise its right to convert all or any part of the principal amount of the Convertible Bonds in integral multiple of HK\$1,000 into Conversion Shares at any time during the period from and including the date falling six months from the issue date up to the close of business on the maturity date of the Convertible Bonds.
Conversion restriction for Well Foundation:	Any exercise of the Conversion Rights by Well Foundation shall not render the Issuer no longer be able to maintain the minimum public float of the Shares as required under the Listing Rules.

Redemption:

Unless previously redeemed, converted or cancelled, the Convertible Bonds will be redeemed on the maturity date at such amount equivalent to (i) 100% of the principal amount outstanding plus any accrued and unpaid interest; and (ii) with respect to the outstanding Convertible Bonds as at the date of the maturity date, (a) an amount equal to a gross yield of 15% per annum (calculated on the principal amount of the Convertible Bonds for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid on or prior to the maturity date.

The Issuer may at any time after nine months from the issue date but not less than fourteen business days prior to the maturity date, redeem any amount of the Convertible Bonds at the amount equivalent to (i) the principal amount of the redeemed Convertible Bonds plus any accrued and unpaid interest up to and including the date of the redemption notice; and (ii) with respect to the redeemed Convertible Bonds as at the date of the redemption notice, (a) an amount equal to a gross yield to maturity of 15% per annum (calculated on the principal amount of the redeemed Convertible Bonds for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid thereon on or prior to the date of the redemption notice.

Upon occurrence of any event of default, the Subscribers may demand the Issuer to redeem all or such part of the Convertible Bonds at (i) 100% of the principal amount outstanding plus any accrued and unpaid interest on the date of the relevant written notice being served to the Issuer and (ii) with respect to the outstanding Convertible Bonds as at the date of the relevant written notice, (a) an amount equal to a gross yield to maturity of 15% per annum (calculated on the principal amount of the outstanding Convertible Bonds for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid thereon on or prior to the date of the relevant written notice.

- Security: As security for the due and punctual payment of the Convertible Bonds and performance by the Issuer of its obligations under or arising out of the Subscription Agreement and the instrument constituting the Convertible Bonds, the Issuer will, through its subsidiaries, execute the Share Charges and the Equity Pledges as a continuing security for payment and discharge of the outstanding principal amount of the Convertible Bonds and performance by the Issuer pursuant to the Subscription Agreement.
- Transferability: The Convertible Bonds are transferrable in integral multiple of HK\$1,000 except to connected persons (as defined in the Listing Rules) or direct competitors of the Issuer.
- Listing: No listing of the Convertible Bonds will be sought from the Stock Exchange or any other stock exchange.

The Convertible Bonds shall not confer on the Subscribers any right to attend or vote at any shareholder's meeting of the Issuer.

#### **INFORMATION OF THE PARTIES TO THE SUBSCRIPTION AGREEMENT**

The Issuer is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Issuer and its subsidiaries are principally engaged in the business of wind power generation. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are not connected persons of the Company.

Filled Converge is a company incorporated in the British Virgin Islands. Its principal business is investment holding. Filled Converge and its ultimate beneficial owner are parties independent of and not connected with the Company and its connected persons.

Well Foundation is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business is investment holding.

#### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The terms of each of the Subscription Agreement (including the subscription amount, the interest rates and the conversion price for the Convertible Bonds) have been negotiated and determined after arm's length negotiations between the Subscribers and the Issuer with reference to, among other things, the historical financial performance of the Issuer, the prevailing market price of the Shares and recent market conditions.

Taking into account that the interest rate of the Convertible Bonds is higher than the interest rate of fixed deposits offered by well-recognised financial institutions in Hong Kong, the revenue and cash flow that can be generated from the investment in the Convertible Bonds, and that the Convertible Bonds will be secured by the Equity Pledges and the Share Charges, the Board considers that the Subscription can broaden the Group's source of income and provide the Group with a stable investment return. Accordingly, the Directors, consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 952)
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date of the Completion pursuant to the Subscription Agreement
“Conversion Price”	HK\$0.485 per Conversion Share (subject to adjustments)
“Conversion Restrictions”	the restrictions imposed on the conversion of the Convertible Bonds into Conversion Shares
“Conversion Rights”	the rights to convert the Convertible Bonds into Conversion Shares
“Conversion Shares”	the Shares to be issued by the Issuer upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds



“Convertible Bonds”	the 8% secured redeemable convertible bonds in the aggregate principal amount of HK\$313,795,000 due 2021 (extendable to 2022) to be issued by the Issuer pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the general meeting of the Issuer to be convened for the purpose of considering and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the grant of the specific mandate for the allotment of issue of the Conversion Shares
“Equity Pledges”	the equity pledges on equity interest of three PRC subsidiaries of the Issuer
“Filled Converge”	Filled Converge Limited (嘉滙有限公司), a company incorporated under the laws of the British Virgin Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issuer”	China Ruifeng Renewable Energy Holdings Limited (中國瑞風新能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 527)
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of the Issuer
“Share Charges”	the share charges on shares of three Hong Kong subsidiaries of the Issuer
“Shareholders”	holders of the ordinary shares of the Company

“Specific Mandate”	the specific mandate to be sought from the independent shareholders of the Issuer at the EGM to grant the authority to the board of directors of the Issuer for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Well Foundation and Filled Converge
“Subscription”	the proposed subscription by Well Foundation of the Convertible Bonds in the principal amount of HK\$19,612,000 as contemplated under the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into among Issuer, Well Foundation and Filled Converge dated 31 December 2018 in relation to the subscription for the Convertible Bonds by Well Foundation and Filled Converge in the principal amount of HK\$19,612,000 and HK\$294,183,000, respectively
“Well Foundation”	Well Foundation Company Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 31 December 2018

*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.*