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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 TRANSACTIONS

PROVISION OF FINANCIAL ASSISTANCE

On 2 May 2019, Loan Agreement 1 was entered into between the Lender, an indirect wholly-owned subsidiary of the Company and Company A, pursuant to which the Lender agreed to provide Company A the Loan 1 in the amount of HK\$30,000,000 for 14 days from the date of utilisation at the interest rate of 9% per annum. The principal amount of Loan 1 together with the accrued interest was received by the Lender on 15 May 2019.

On 26 July 2019, China Tonghai Capital Holdings, a direct wholly-owned subsidiary of the Company and Company A entered into the Subscription Agreement pursuant to which China Tonghai Capital Holdings conditionally agreed to subscribe for the first tranche convertible bonds in the principal amount of HK\$30,000,000 at 9% per annum with an option for China Tonghai Capital Holdings to subscribe for the second tranche convertible bonds in the principal amount of HK\$20,000,000 at 12% per annum. The terms of the convertible bonds shall be 2 years commencing from (and including) the first tranche issue date. As at the date of this announcement, the subscription of the first tranche convertible bonds is not completed.

On 9 August 2019, the Lender and the Borrower entered into Loan Agreement 2 pursuant to which the Lender agreed to provide the Borrower the Loan 2 in the amount of HK\$70,000,000 for 14 days from the date of utilisation at the interest rate of 13% per annum.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the transaction contemplated under the Loan Agreement 1 or the Subscription Agreement or in aggregation of Loan Agreement 1 and the Subscription Agreement exceeds 5%, the value of transactions under the Loan Agreement 1 or the Subscription Agreement or in aggregation of Loan Agreement 1 and Subscription Agreement fell below the discloseable transactions threshold under Chapter 14 of the Listing Rules.

As the Loan Agreement 1, the Subscription Agreement and the Loan Agreement 2 were entered into between different subsidiaries of the Company and the Borrower's Group within a 12 months period, pursuant to Rule 14.22 of the Listing Rules, these transactions shall be aggregated. Pursuant to the Listing Rules, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the aggregated transactions amounts of the Agreements exceeds 5% but less than 25%, such transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

BACKGROUND

On 2 May 2019, Loan Agreement 1 was entered into between the Lender, an indirect wholly-owned subsidiary of the Company and Company A, pursuant to which the Lender agreed to provide Company A the Loan 1 in the amount of HK\$30,000,000 for 14 days from the date of utilisation at the interest rate of 9% per annum. The principal amount of Loan 1 together with the accrued interest was received by the Lender on 15 May 2019.

On 26 July 2019, China Tonghai Capital Holdings, a direct wholly-owned subsidiary of the Company and Company A entered into the subscription agreement pursuant to which China Tonghai Capital Holdings conditionally agreed to subscribe for the first tranche convertible bonds in the principal amount of HK\$30,000,000 at 9% per annum with an option for China Tonghai Capital Holdings to subscribe for the second tranche convertible bonds in the principal amount of HK\$20,000,000 at 12% per annum. The principal terms of the Subscription Agreement are set out below:

Date: 26 July 2019

Issuer: Company A

Subscriber: China Tonghai Capital Holdings, a direct wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability

Subscription amount:	First tranche is HK\$30,000,000
	Second tranche is HK\$20,000,000 (at the option of China Tonghai Capital Holdings)
Terms:	2 years commencing from (and including) the first tranche issue date
Interest Rate:	9% per annum for first tranche
	12% per annum for second tranche
Default interest:	20% per annum
Right of early redemption:	The issuer has no right of early redemption
Conversion period:	From the issue date of the convertible bonds until the maturity date
Collaterals:	Share charge on the shares of a subsidiary of Company A, personal guarantee and a charge over an account of Company A.

As at the date of this announcement, the subscription of the first tranche convertible bonds is not completed.

PROVISION OF FINANCIAL ASSISTANCE

On 9 August 2019, the Lender and the Borrower entered into Loan Agreement 2 pursuant to which the Lender agreed to provide the Borrower the Loan 2 in the amount of HK\$70,000,000 for 14 days from the date of utilisation at the interest rate of 13% per annum. The principal terms of the Loan Agreement 2 are set out below:

Date:	9 August 2019
Lender:	China Tonghai Finance Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
Borrower:	The Borrower, a direct wholly-owned subsidiary of Company A
Principal Loan Amount:	HK\$70,000,000
Interest Rate:	13% per annum
Default interest:	15% per annum

Repayment: 14 days from the date of utilisation

Corporate Guarantor: Company A

Loan 2 is an exempted loan under the Money Lenders Ordinance (Cap 163 Laws of Hong Kong).

The corporate guarantee given by the Corporate Guarantor in favour of the Lender is a condition precedent of the Loan 2 to secure the due performance of the continuing obligation of the Borrower under the Loan Agreement 2.

REASONS FOR AND BENEFITS OF PROVISION OF THE FINANCIAL ASSISTANCE

The granting of Loan 2 to the Borrower is in the ordinary course of business of the Lender and on normal commercial terms. Taking into account of the short tenure of Loan 2 and the interest income to be received by the Group, the Directors consider that the terms of Loan 2 is fair and reasonable and is in the best interest of the Company and its shareholders as a whole.

The provision of Loan 2 is funded by the internal resources of the Company.

INFORMATION OF THE BORROWER AND COMPANY A

The Borrower is a company incorporated in Hong Kong with limited liability. Its principal business is investment holding.

Company A is the holding company of the Borrower. It is principally engaged in securities related business in Hong Kong.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower and Company A are Independent Third Parties.

INFORMATION OF 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; (v) investment 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

As none of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the transactions contemplated under the Loan Agreement 1 or the Subscription Agreement or in aggregation of Loan Agreement 1 and the Subscription Agreement exceeds 5%, the value of transactions under the Loan Agreement 1 or the Subscription Agreement or in aggregation of the Loan Agreement 1 and Subscription Agreement fell below the discloseable transactions threshold under Chapter 14 of the Listing Rules.

As the Loan Agreement 1, the Subscription Agreement and the Loan Agreement 2 were entered into between different subsidiaries of the Company and the Borrower's Group within a 12 months period, pursuant to Rule 14.22 of the Listing Rules, these transactions shall be aggregated. Pursuant to the Listing Rules, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the aggregated transactions amounts of the Agreements exceeds 5% but less than 25%, such transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

DEFINITIONS

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

“Agreements”	the Loan Agreement 1, the Subscription Agreement and the Loan Agreement 2
“Board”	the board of Directors
“Borrower”	a company incorporated in Hong Kong with limited liability and is the direct wholly-owned subsidiary of Company A
“China Tonghai Capital Holdings”	China Tonghai Capital (Holdings) Limited, a direct wholly-owned subsidiary of the Company incorporated in Hong Kong 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)

“Company A”	a company incorporated in British Virgin Islands with limited liability and is the holding company of the Borrower and the issuer of the convertible bonds under the Subscription Agreement
“Corporate Guarantor”	Company A, the holding company of the Borrower
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person or company who/which are not connected with (within the meaning of the Listing Rules) and are independent of the directors, chief executives and substantial shareholders of the Group or any of their respective associates
“Lender”	China Tonghai 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 1”	the short term loan with principal amount of HK\$30,000,000 granted by the Lender to Company A pursuant to the Loan Agreement 1
“Loan 2”	the short term loan with principal amount of HK\$70,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement 2
“Loan Agreement 1”	the loan agreement dated 2 May 2019 entered into between the Lender and Company A in respect of Loan 1
“Loan Agreement 2”	the loan agreement dated 9 August 2019 entered into between the Lender and the Borrower in respect of Loan 2

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement relating to up to HK\$50,000,000 fixed coupon convertible bonds dated 26 July 2019 entered into between Company A and China Tonghai Capital Holdings
“%”	per cent

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

Hong Kong, 9 August 2019

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

Executive Directors:

Mr. HAN Xiaosheng (*Chairman*)
Mr. ZHANG Bo (*Deputy Chairman*)
Mr. ZHANG Xifang
Mr. FENG Henian
Mr. LIU Hongwei
Mr. Kenneth LAM Kin Hing

Independent Non-executive Directors:

Mr. Roy LO Wa Kei
Mr. KONG Aiguo
Mr. LIU Jipeng
Mr. HE Xuehui
Mr. HUANG Yajun

Non-executive Directors:

Mr. Bernard POULIOT
Mr. LIU Bing
Mr. ZHAO Yingwei
Mr. ZHAO Xiaoxia