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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Tonghai International Financial Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

## ADOPTION OF SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

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A notice convening the special general meeting (“SGM”) to be held at 22/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Tuesday, 22 September 2020 at 12:00 noon is set out on pages 17 to 19 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment should you so wish.

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page i of this document for measures being taken to try to prevent and control the spread of the novel coronavirus at the SGM, including:

- compulsory temperature checks
- compulsory wearing of surgical face masks
- no refreshment will be served
- no corporate gift will be distributed

**Any person who does not comply with the above precautionary measures may be denied entry into the SGM venue. The Company reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.**

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## PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the Special General Meeting (“SGM”) to protect attending shareholders of the Company (“Shareholders”), staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue;
- (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats;
- (iii) no refreshment will be served and no corporate gift will be distributed at the SGM; and
- (iv) each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the SGM venue or be required to leave the SGM venue.

Any person who does not comply with above requirements may be denied entry into the SGM venue or be required to leave the SGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of other attendees at the SGM. In our case, denied entry to the SGM venue also means that person will not be allowed to attend the SGM.

In the interest of all stakeholders’ health and safety and in accordance with recent guidelines for prevention and control of the spread of novel coronavirus, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at [www.tonghaifinancial.com](http://www.tonghaifinancial.com) or the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If you have any questions relating to the SGM, please contact the branch share registrar of the Company in Hong Kong and transfer office, Tricor Tengis Limited, via the following:

Address:	Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
Email:	<a href="mailto:is-enquiries@hk.tricorglobal.com">is-enquiries@hk.tricorglobal.com</a>
Telephone:	(852) 2980 1333
Fax:	(852) 2810 8185

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the meanings as set out below:*

“Board”	board of Directors
“Business Day”	a day on which securities are traded on the Stock Exchange
“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)
“Director(s)”	the director(s) of the Company
“Grantee(s)”	the Participant(s) who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee
“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
“Latest Practicable Date”	2 September 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the offer of the grant of an Option under the Share Option Scheme
“Offer Date”	in relation to an Option, the date (which must be a Business Day) on which a Participant is offered such Option
“Option(s)”	as the context may require, in relation to the Share Option Scheme, a right granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
“Option Period”	in relation to an Option, the period, which is notified by the Board when making an offer to a Participant, during which the Option may be exercised, such period must not exceed the period of 10 years from the Offer Date of such Option

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## DEFINITIONS

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“Participant(s)”	all directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), shareholders of the Company and any member of the Group, who, in the absolute opinion of the Board, have contributed or will contribute to the Company or the Group
“Scheme Mandate Limit”	10% of the Shares in issue as at the date of approval of the Share Option Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	special general meeting of the Company to be held on Tuesday, 22 September 2020 at 12:00 noon
“Share(s)”	ordinary share(s) of Hong Kong one third of one cent each in the share capital of the Company
“Share Option Scheme”	the share option scheme proposed to be adopted by the Shareholders at the SGM
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	in respect of any Option granted under the Share Option Scheme, the subscription price for each Share payable by the Grantee on exercise of the Option as determined by the Board and notified to a Grantee in accordance with the rules of the Share Option Scheme
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*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

*Non-executive Directors:*

Mr. LIU Bing  
Mr. ZHAO Yingwei  
Mr. ZHAO Xiaoxia

*Independent Non-executive Directors:*

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

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of  
Business in Hong Kong:*

18th and 19th Floors  
China Building  
29 Queen's Road Central  
Hong Kong

4 September 2020

*To the Shareholders,*

Dear Sir or Madam,

**ADOPTION OF SHARE OPTION SCHEME  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the SGM for the approval of adoption of Share Option Scheme; and to give the Shareholders a notice of the SGM.

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## LETTER FROM THE BOARD

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### ADOPTION OF SHARE OPTION SCHEME

The Company had two share option schemes. One was adopted on 4 September 1997 but terminated on 30 September 2002 while the other one was adopted 30 September 2002 and expired on 29 September 2012. The Company confirms that there is no other share option scheme currently in force and there is no outstanding share option as at the Latest Practicable Date.

The Company proposed to adopt the Share Option Scheme at the SGM. The Share Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed “Conditions precedent to the Share Option Scheme” below have been fulfilled.

The purpose of the Share Option Scheme is to provide incentives or rewards to the Participants for their contribution or would-be contribution to the Group to obtain an equity interest in the Company and to attract potential candidates to serve the Group for the benefit of the development of the Group. Under the Share Option Scheme, the Board may offer to grant Option(s) to any Participant(s) as it may in its discretion determine from time to time and specify the terms and conditions in respect of any Option that may be granted, including without limitation, the minimum holding period, the performance targets and the relevant exercise price. The Directors consider that such authority will provide the Board with the flexibility to grant Options on a case-by-case basis, and that the Share Option Scheme will provide the Participants with an opportunity to have a personal stake in the Company with the view of: (i) motivating the Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting, retaining or otherwise maintaining an on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate. The Directors will assess the eligibility of the Participant, particularly the employees and directors of the Group, based on their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group during the financial year or in the future.

The Directors believe that the grant of share options to the eligible Participants other than employees and directors of the Group is necessary and appropriate. The success of the Group not only depends on the contributions by the employees and directors of the Group, but also requires the co-operations and contributions from parties who play a part in the development of the business and operations of the Group, including consultants and advisers appointed by the Group on a retained basis and shareholders of any member of the Group (including the Company). It is therefore desirable for the Company to motivate and align the interests of such parties with those of the Group. The grant of share options to such parties is an appropriate mean of achieving such goal, as the share options will offer incentives for the consultants and the advisers to provide valuable business referral, partnership introduction, advice and/or recommendation in the financial services or

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## LETTER FROM THE BOARD

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investment businesses including but not limited to brokerage, wealth and fund management, corporate finance and advisory, and private equity for the sake of the interest of the Group, for the shareholders of any member of the Group (including the Company) to introduce business opportunities and/or partners in the financial services or investment businesses including but not limited to brokerage, wealth and fund management, corporate finance and advisory, and private equity to the Group and benefiting the long-term growth of the Group. The eligibility of those external parties will be determined by the Board considering the potential and/or actual contribution of these individual parties to the operation and business of the Group for consultants and advisors while the potential and/or actual participation and involvement in promoting the business of the Group for the shareholders of the Company and any member of the Group. Based on the above, the Board considers that the inclusion of these persons other than the employees and Directors of the Group is appropriate and in the interest of the Company and the Shareholders as a whole.

A summary of the principal terms of the Share Option Scheme is set out in Appendix to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at 18 Floor, China Building, 29 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM.

### **Scheme limit**

As at the Latest Practicable Date, the number of shares in issue was 6,197,049,220. Subject to the passing of the resolution approving the adoption of the Share Option Scheme at the SGM, and assuming no further Shares will be issued or repurchased on or prior to the date of the SGM, the maximum number of Shares that may fall to be allotted and issued under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 619,704,922 Shares, being 10% of the total number of Share in issue as at the date of SGM. The Company may seek approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares in issue upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

### **Conditions precedent to the Share Option Scheme**

The adoption of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholder at the SGM to approve the terms of the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in any Shares which may be issued and allotted pursuant to the exercise of Options granted under the Share Option Scheme.



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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the Share Option Scheme and accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the Share Option Scheme at the SGM.

None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme (if any). The rules of the Share Option Scheme are in compliance with the requirements under Chapter 17 of the Listing Rules.

The Company does not have any current plan to grant share options to any of the Participants after the adoption of the Share Option Scheme as at the date of the circular.

### **Value of the Options**

The Directors consider it is inappropriate to state the value of all the Options that can be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date given that such valuation will have to be made based on various assumptions, including without limitation, the relevant exercise price, option period, interest rate, performance targets, expected volatility and other conditions that the Board may impose with respect to the Options. The Directors believe that any valuation of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

### **Application for listing**

Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

### **SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT**

A notice convening the SGM to be held at 22/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Tuesday, 22 September 2020 at 12:00 noon is set out on pages 17 to 19 of this circular.

A form of proxy for use at the SGM and at any adjournment thereof is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment should you so wish.

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## LETTER FROM THE BOARD

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### VOTING AT THE SPECIAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolution proposed at the SGM shall be voted by poll. The results of the poll will be announced in accordance with Rule 13.39(5) of the Listing Rules after the conclusion of the SGM.

### RECOMMENDATIONS

The Directors consider that the adoption of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### GENERAL INFORMATION

Your attention is drawn to the information set out in the appendix of this circular.

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

*The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the SGM:*

### **1. Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to provide incentives or rewards to the Participants for their contribution or would-be contribution to the Group to obtain an equity interest in the Company and to attract potential candidates to serve the Group for the benefit of the development of the Group.

### **2. Duration of the Share Option Scheme**

Subject to paragraph 22, the Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls ten (10) years after the Adoption Date, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options which are granted during the life of the Scheme but remain outstanding and may continue to be exercisable in accordance with their terms of issue.

### **3. Who may join**

Participants include all directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), shareholders of the Company and any member of the Group, who, in the absolute opinion of the Board, have contributed or will contribute to the Company or the Group.

### **4. Grant of option**

An offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. The Offer shall remain open for acceptance by the Participant concerned for a period of twenty-one (21) days from (and including) the Offer Date. A grant of Option may not be accepted unless the Grantee remains as Participant on acceptance.

No grant of Options shall be made by the Board after inside information has come to its knowledge until it has announced the information. In particular, it may not grant any option during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of the Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results announcement. For the avoidance of doubt, no Option may be granted during any period of delay in publishing a results announcement.

#### **5. Payment on acceptance of an Offer**

A Participant shall pay the Company HK\$10.00 as consideration for the grant of an Option on acceptance of an Option within 21 days from the Offer Date.

#### **6. Subscription Price**

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Day immediately preceding the Offer Date; and
- (iii) the nominal value of the Shares.

#### **7. Exercise of Options**

Subject to paragraph 11–17, an Option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) at any time during a period as the Board may determine which will not be more than 10 years from the date of grant of the Option. The exercise of Options by a Grantee is not tied to any performance target requirements unless otherwise determined by the Board and specified in the letter at the time of Offer.

#### **8. Transferability of Options**

An Option shall be personal to the Grantee and shall not be assignable nor transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber, assign or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement to do so.

**9. Rights attaching to the Option**

Shares allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of the Company as the holder thereof.

**10. Rights attaching to the underlying Shares**

The Shares which are allotted and issued upon the exercise of an Option shall rank *pari passu* in all respects with the fully paid Shares in issue on the date on which those Shares are allotted and issued upon the exercise of the Option and, without prejudice to the generality of the foregoing, shall entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date on which the Shares are allotted and issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued.

**11. Rights on ceasing employment**

If the Grantee of an Option ceases to be a Participant for any reason (other than on his death) including the termination of his employment or engagement on one or more grounds specified in paragraph 17(v), the Option granted to such Grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the Board otherwise determines to grant an extension at the absolute discretion of the Board in which event the Grantee may exercise the Option within such period of extension and up to a maximum entitlement directed at the absolute discretion of the Board on the date of grant of extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of the Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be a Participant.

**12. Rights on death**

If the Grantee of an Option ceases to be an employee of the Group by reason of his death before exercising the option in full and none of the events which would be a ground for termination of his employment or engagement under paragraph 17(v) arises, his legal personal representative(s) may exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which it becomes exercisable and not already exercised) within a period of 12 months following the date of his death or such longer period as the Board may at its absolute discretion determine.

**13. Rights on general offer**

If a general or partial offer whether by way of a take-over or share repurchase offer (other than by way of scheme of arrangement pursuant to paragraph 14) being made to all the Shareholders (or all such holders other than the offeror, any person controlled by the

offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee (or his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional.

#### **14. Rights on a scheme of arrangement**

If a general or partial offer by way of a scheme of arrangement is made to all Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee (or his legal personal representatives) may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the notice.

#### **15. Rights on a compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date or soon after it despatches such notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and the Grantees (or his legal personal representatives) may by notice in writing to the Company accompanied by the remittance for the full amount of the Subscription Price in respect of the Option (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either in full or in part and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Upon the compromise or arrangement becoming effective, all Options shall lapse except previously exercised.

#### **16. Rights on winding up**

If a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company, give notice thereof to all Grantees and any Grantee (or his legal personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the Subscription Price in respect of the relevant Option (such notice to be received by the Company no later than two Business Days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) whether in full or to the extent that he may specify in his notice and the Company shall as soon as possible and in any event no later than one Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

**17. Lapse of Options**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs 11, 12 and 15, where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph 13;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 14;
- (v) subject to the expiry of the period of extension (if any) referred to in paragraph 11, the date on which the Grantee ceases to be a Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified herein below;

the date on which the Grantee ceases to be a Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;

- (vi) the date on which the Grantee ceases to be a Participant by reason of the termination of his relationship with the Group as a consultant or adviser on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (vii) the date of the commencement of the winding-up of the Company referred to in paragraph 16;
- (viii) the date when the proposed compromise or arrangement becomes effective;
- (ix) the date the Grantee commits any breach of the provision of paragraph 8;
- (x) the date on which the Option is cancelled by the Board as provided in paragraph 23; or
- (xi) the non-fulfilment of any condition referred to in paragraph 24.

**18. Maximum number of Shares available for subscription**

- (i) The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed the Scheme Mandate Limit unless the Company obtains a fresh approval from its shareholders pursuant to paragraph 18(ii) or the Options are granted pursuant to paragraph 18(iii). Options lapsed in accordance with paragraph 17 shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may seek approval from Shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which Options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% (the “**Renewal Limit**”) of the issued share capital of the Company at the date of approval to renew such limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) shall not be counted for the purpose of calculating the Renewal Limit.
- (iii) The Company may grant Options to specified Participants beyond the Scheme Mandate Limit or the Renewal Limit (as the case may be) if the grant of such Options is specifically approved by the Shareholders in general meeting.

The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other scheme of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued on the exercise of Options granted and to be granted pursuant to the Share Option Scheme and any other scheme of the Company to each Participant (including both exercised and outstanding Options) in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue (the “**Personal Limit**”). Any further grant of Options in excess of the Personal Limit shall be subject to the approval of the Shareholders in general meeting, at which such Participant and his close associates (or his associates if the Participant is a connected person) shall abstain from voting.



**19. Reorganisation of capital structure**

In the event of a capitalisation issue, rights issue, subdivision or consolidation of the Shares, subdivision or reduction of the share capital of the Company while any option remains exercisable (excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in:

- (i) the number or nominal amount of Shares (without fractional entitlements) subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the Share to which the Option relates; and/or
- (iv) the method of exercise of the Option (if applicable).

The auditors of the Company or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the alterations satisfies the requirements set out in the note to Rule 17.03 (13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but so that no such alterations shall be made the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Option in full being increased.

The capacity of an independent financial adviser appointed by the Company or the auditors of the Company in this paragraph is that of experts and not of arbitrators and their certification shall be final, conclusive and binding on the Company and the Grantees in the absence of manifest error. The costs of an independent financial adviser appointed by the Company or the auditors of the Company in so certifying shall be borne by the Company.

**20. Alteration of the Share Option Scheme**

The terms and conditions of the Share Option Scheme may be waived or altered in any respect by resolution of the Board except that the definition of “Grantee” and “Participants” and the provisions of the Share Option Scheme relating to Rule 17.03 of the Listing Rules shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of the Participant or Grantee provided that the prior approval of the Shareholders in general meeting has been obtained. Any alterations to any terms of the Options granted or to the terms and conditions of the Share Option Scheme, which are of a material nature or change the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme shall continue to comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.

## **21. Grant of Options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates**

Any grant of Options to a director, chief executive or substantial shareholder (or its subsidiaries), or any of their respective associates, under this Share Option Scheme shall be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the Grantee of the relevant Options).

Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director (or its subsidiaries), or any of their respective associates, and such Option which if exercised in full, would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted pursuant to the Share Option Scheme and other share option schemes of the Company (including option exercised, cancelled, and outstanding but excluding options which have lapsed) to such Participant in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then such grant of Option must be subject to approval by shareholders of the Company. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

The Company shall send a circular to the Shareholders which shall contain:

- (i) details of the number and terms (including Subscription Price) of the Options to be granted to each Participant, which must be fixed before the general meeting and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;
- (ii) a recommendation from the independent non-executive Directors (excluding an independent non-executive Director who is a relevant Grantee) to the independent Shareholders as to voting; and
- (iii) the information and disclaimer required under the Listing Rules and the information as may be required by the Stock Exchange from time to time.

## **22. Termination**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme before the end of its tenure and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect of any Options granted prior thereto but not yet exercised at the time of termination.

**23. Cancellation**

The Board may at any time cancel the Options granted but not exercised. Where the Company cancels Options and offers new Options to the same Option holder, the offer of such new Options may only be made under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the Scheme Mandate Limit and the Renewal Limit.

**24. Conditions of the Share Option Scheme**

The adoption of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholder at the SGM to approve the terms of the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in any Shares which may be issued and allotted pursuant to the exercise of Options granted under the Share Option Scheme.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the special general meeting (the “SGM”) of China Tonghai International Financial Limited (the “Company”) will be held at 22/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Tuesday, 22 September 2020 at 12:00 noon for the purpose of considering and, if thought fit, approving the following resolution as an ordinary resolution of the Company, with or without amendments:

### ORDINARY RESOLUTION

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of Hong Kong one third of one cent each (the “Shares”) in the capital of the Company falling to be issued pursuant to the share option scheme (the “Share Option Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with such number of Shares as may be required to be issued pursuant to the exercise of any option granted thereunder and to do such acts and to take all such steps as may consider necessary or expedient to give full effect to the Share Option Scheme.”

On behalf of the Board

**China Tonghai International Financial Limited**

**HAN Xiaosheng**

*Chairman*

Hong Kong, 4 September 2020

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## NOTICE OF SPECIAL GENERAL MEETING

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*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of  
Business in Hong Kong:*  
18th and 19th Floors  
China Building  
29 Queen's Road Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the By-laws of the Company, vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. Completion and deposit of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish. In the event that you attend the meeting after having deposited a form of proxy, your form or forms of proxy shall be deemed to be revoked.
3. In the case of joint holders, any one of such holders may attend and vote at the meeting either personally or by proxy, but if more than one of such joint holders are present at the meeting personally or by proxy, the vote of the said persons so present whose name stands first on the register of members in respect of the joint holding shall be accepted to the exclusion of the votes of the other joint holders.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under its common seal, or under the hand of any officer or attorney or other person, duly authorised; and the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority must be deposited at the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
5. If tropical cyclone warning signal no. 8 or above is in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on the date of the meeting, the special general meeting will not be held on that day but will be automatically postponed. The Company will publish an announcement on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tonghaifinancial.com](http://www.tonghaifinancial.com)) respectively to notify the members of the Company of the date, time and place of the rescheduled meeting.
6. In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending shareholders of the Company ("**Shareholders**"), staff and other stakeholders from the risk of infection:
  - (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue;
  - (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the SGM at all times, and to maintain a safe distance between seats;
  - (iii) no refreshment will be served and no corporate gift will be distributed at the SGM; and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (iv) each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the SGM venue or be required to leave the SGM venue.

Any person who does not comply with above requirements may be denied entry into the SGM venue or be required to leave the SGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of other attendees at the SGM. In our case, denied entry to the SGM venue also means that person will not be allowed to attend the SGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of novel coronavirus, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

As at the date of this notice, 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. LIU Bing  
Mr. ZHAO Yingwei  
Mr. ZHAO Xiaoxia