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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
SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO
EXTENSION OF LOAN**

SECOND SUPPLEMENTAL AGREEMENT

On 31 December 2019, the Lender and the Borrower No. 1 entered into the Second Supplemental Agreement, pursuant to which, the repayment date of the Loan is extended to 31 March 2020 and to remain the interest rate of 9.5% per annum on the Loan as applicable from 1 July 2019 and up to and including 31 March 2020. Accrued interest on the Loan due on the last repayment date of 30 June 2019 and accrued interest on the Loan for the period from 1 July 2019 and up to and including 30 November 2019 were both paid as at the date of this announcement. Save as aforesaid, all other terms of the Loan Facility Agreement (as amended by the First Supplemental Agreement) shall remain in full force and effect.

LISTING RULES IMPLICATIONS

The relevant percentage ratios under the Listing Rules in respect of the Loan entered into within 12 months in aggregate is still exceeded 5% but less than 25%. However, as the percentage ratios under Rule 14.07 of the Listing Rules in respect of the Extension of Loan to the Borrower No. 1 under the Second Supplemental Agreement exceeds 5% but less than 25%, therefore, the Extension of Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement thereunder.

BACKGROUND

Reference is made to the announcement of the Company dated 27 December 2018 and 9 April 2019 in relation to the Loan Facility Agreement and the First Supplemental Agreement.

On 27 December 2018, the Lender, an indirect wholly-owned subsidiary of the Company, entered into a Loan Facility Agreement with the Borrower No. 1, pursuant to which the Lender agreed to provide the Borrower No. 1 the Loan in two tranches in an aggregate amount of HK\$194 million with both tranches to be repaid on 26 March 2019, being the date falling three months following the date of utilisation of the said first tranche.

On 9 April 2019, the parties entered into the First Supplemental Agreement to extend the repayment date of the Loan to 30 June 2019 and to remain the interest rate of 9.5% per annum on the Loan from 27 March 2019 and up to and including 30 June 2019. Saved as aforesaid, all other terms of the Loan Facility Agreement remained in full force and effect.

The Second Supplemental Agreement

On 31 December 2019, the Lender and the Borrower No. 1 entered into the Second Supplemental Agreement, pursuant to which, the repayment date of the Loan is extended to 31 March 2020 and to remain the interest rate of 9.5% per annum on the Loan as applicable from 1 July 2019 and up to and including 31 March 2020. Accrued interest on the Loan due on the last repayment date of 30 June 2019 and accrued interest on the Loan for the period from 1 July 2019 and up to and including 30 November 2019 were both paid as at the date of this announcement. Saved as aforesaid, all other terms of the Loan Facility Agreement (as amended by the First Supplemental Agreement) shall remain in full force and effect.

The personal guarantee given by the Personal Guarantor in favour of the Lender will remain as the continuing security for the due performance of the obligation of the Borrower No. 1 under the Loan Facility Agreement (as amended by the First Supplemental Agreement and the Second Supplemental Agreement).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

The provision of the Loan to the Borrower No. 1 is in the ordinary course of business of the Lender. The terms of the Second Supplemental Agreement are negotiated between the Lender and the Borrower No. 1 on an arm's length basis and are on normal commercial terms. Taking into consideration of the interest income to be received by the Group, the Directors consider that the terms of the Second Supplemental Agreement is fair and reasonable and the entering into the Second Supplemental Agreement is in the best interest of the Company and the Shareholders as a whole.

INFORMATION ON THE BORROWER NO. 1 AND PERSONAL GUARANTOR

The Borrower No. 1 is Oceanic Vanguard Investments Limited, a company incorporated in the Samoa with limited liability. Its principal business is investment holding.

The Personal Guarantor is Mr. WONG Pui Hoi, a director, a sole shareholder and the ultimate beneficial owner of the Borrower No. 1.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower No. 1 and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ON THE GROUP AND THE LENDER

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

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

LISTING RULES IMPLICATIONS

The relevant percentage ratios under the Listing Rules in respect of the Loan entered into within 12 months in aggregate is still exceeds 5% but less than 25%. However, as the percentage ratios under Rule 14.07 of the Listing Rules in respect of the Extension of Loan to the Borrower No. 1 under the Second Supplemental Agreement exceeds 5% but less than 25%, therefore, the Extension of Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement thereunder.

DEFINITIONS

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

“Board	the board of Directors
“Borrower No. 1”	Oceanic Vanguard Investments Limited, a company incorporated in the Samoa with limited liability
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 952)
“Directors”	the director(s) of the Company
“Extension of Loan”	the extension of the Loan under the Second Supplemental Agreement
“First Supplemental Agreement”	the supplemental agreement dated 9 April 2019 entered into between the Lender and the Borrower No. 1 to supplement the Loan Facility Agreement, details of which are set out in the announcement of the Company dated 9 April 2019
“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”	the short term loan with principal amount of HK\$194 million granted by the Lender to the Borrower No. 1 pursuant to the Loan Facility Agreement
“Loan Facility Agreement”	the loan facility agreement dated 27 December 2018 entered into between the Lender and the Borrower No. 1 in respect of the Loan
“Personal Guarantor”	Mr. WONG Pui Hoi, a director, a sole shareholder and the ultimate beneficial owner of the Borrower No. 1
“Second Supplemental Agreement”	the supplemental agreement dated 31 December 2019 entered into between the Lender and the Borrower No. 1 to supplement the Loan Facility Agreement (as amended by the First Supplemental Agreement)
“Shareholders”	holders of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 31 December 2019

As at the date of this announcement, the Board 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