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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)

**MAJOR TRANSACTION
FIFTH SUPPLEMENTAL AGREEMENTS IN RELATION TO
EXTENSION OF LOANS**

FIFTH SUPPLEMENTAL AGREEMENTS

On 17 April 2020, the Lender and the Borrower entered into the Fifth Supplemental Agreements, pursuant to which, the repayment date of the Loans is further extended to 31 March 2021 together with an increase in the interest rate of the Loans from 9.5% to 9.75% per annum effective for the period from 1 April 2020 and up to and including 31 March 2021. Accrued interest of the Loans will be payable semi-annually on 30 September 2020 and 31 March 2021 respectively. All of the accrued interest on the Loans up to 31 March 2020 was paid prior to the entering of the Fifth Supplemental Agreement. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended and supplemented by the Supplemental Agreements) shall remain in full force and effect.

LISTING RULES IMPLICATIONS

The Extension of Loans constitutes provision of financial assistance under the Listing Rules. As the relevant percentage ratios under the Listing Rules in respect of the Extension of Loans exceeds 25%, therefore, the Extension of Loans constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SGM

The SGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the entering into the Fifth Supplemental Agreements and the transactions contemplated thereunder. As at the date of this announcement, to the best of the Directors' knowledge, information, belief and having made all reasonable enquiries, the Borrower holds approximately 4.39% of the issued share capital of the Company and therefore is considered to have material interest in the Fifth Supplemental Agreements. Accordingly, the Borrower and its associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Fifth Supplemental Agreements and the transactions contemplated thereunder.

GENERAL

A circular setting out, among others, details of the Fifth Supplemental Agreements and other information required to be disclosed under the Listing Rules, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 26 May 2020, as additional time is required for the Company to prepare and finalize certain information to be included in the circular.

BACKGROUND

Reference is made to the announcements of the Company dated 9 August 2018, 23 September 2018, 15 January 2019, 10 April 2019 and 27 December 2019 in relation to the entering of Loan Facility Agreements and the Supplemental Agreements and also the circular of the Company dated 20 February 2019 in relation to, among other things, the entering of Second Supplemental Agreements.

On 23 July 2018, the First Loan Facility Agreement was entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, pursuant to which the Lender agreed to provide the Borrower the First Loan in an amount of HK\$225 million for a period of two months.

On 9 August 2018, the Lender entered into the Second Loan Facility Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower the Second Loan in an amount of HK\$120 million for a period of two months.

On 23 September 2018, the parties entered into the First Supplemental Agreements to extend the repayment date of the First Loan and the Second Loan to 21 December 2018 and to increase the interest rate on the First Loan from 6.25% per annum to 9.5% per annum, which was the same as the interest rate of the Second Loan. Save as aforesaid, all other terms of the Loan Facility Agreements remained in full force and effect.

On 15 January 2019, the parties entered into the Second Supplemental Agreements to extend the repayment date of the Loans to 21 March 2019. The principal amount of the First Loan was partially settled by the Borrower and reduced from HK\$225 million to HK\$125 million. The interest rate of 9.5% per annum on the Loans remained the same and was applicable from 22 December 2018 and up to and including 21 March 2019. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements) remained in full force and effect. After the partial repayment of the First Loan by the Borrower, the principal amount of the Loans in aggregate was reduced from HK\$345 million to HK\$245 million.

On 10 April 2019, the parties entered into the Third Supplemental Agreements to extend the repayment date of the Loans to 30 June 2019. The interest rate of 9.5% per annum on the Loans remained the same and was applicable from 22 March 2019 and up to and including 30 June 2019. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements and the Second Supplemental Agreements) remained in full force and effect.

On 27 December 2019, the parties entered into the Fourth Supplemental Agreements to extend the repayment date of the Loans to 31 March 2020. The interest rate of 9.5% per annum on the Loans remained the same and was applicable from 1 July 2019 and up to and including 31 March 2020. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements, the Second Supplemental Agreements and the Third Supplemental Agreements) remained in full force and effect.

Fifth Supplemental Agreements

On 17 April 2020, the Lender and the Borrower entered into the Fifth Supplemental Agreements, pursuant to which, the repayment date of the Loans is further extended to 31 March 2021 together with an increase in the interest rate of the Loans from 9.5% per annum to 9.75% per annum effective for the period from 1 April 2020 and up to and including 31 March 2021. Accrued interest of the Loans will be payable semi-annually on 30 September 2020 and 31 March 2021 respectively. All of the accrued interest on the Loans up to 31 March 2020 was paid prior to the entering of the Fifth Supplemental Agreement. Save as aforesaid, all other terms of the Loan Facility Agreements (as amended and supplemented by the Supplemental Agreements) shall remain in full force and effect.

The Fifth Supplemental Agreements are conditional upon the satisfaction of the following condition:

The Company shall obtain the Shareholders' approval at the SGM in respect of the relevant resolution to approve the Fifth Supplemental Agreements and the transactions contemplated thereunder.

The Personal Guarantor confirms the personal guarantee in favour of the Lender will remain as the continuing security for the due performance of the obligation of the Borrower under the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements, the Second Supplemental Agreements, the Third Supplemental Agreements, the Fourth Supplemental Agreements and the Fifth Supplemental Agreements) upon the satisfaction of the above condition.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FIFTH SUPPLEMENTAL AGREEMENTS

The Extension of Loans to the Borrower is in the ordinary course of business of the Lender. The terms of the Fifth Supplemental Agreements are negotiated on an arm's length basis between the Lender and the Borrower and are on normal commercial terms. Taking into consideration of the interest income to be received by the Group and the intention of maintaining a long term business relationship with the Borrower, the Directors consider that the terms of the Fifth Supplemental Agreements are fair and reasonable and the entering into the Fifth Supplemental Agreements is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE BORROWER AND PERSONAL GUARANTOR

The Borrower is Grand Profit International Investment Limited, a company incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding. To the best of the Directors' knowledge, information, belief and having made all reasonable enquiries, the Borrower holds approximately 4.39% of the issued share capital of the Company as at the date of this announcement.

The Personal Guarantor is Mr. HAN Lei, a director, a sole shareholder and the ultimate beneficial owner of the Borrower.

To the best of the Director's knowledge, information, belief and having made all reasonable enquiries, the Borrower 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 Extension of Loans constitutes provision of financial assistance under the Listing Rules. As the relevant percentage ratios under the Listing Rules in respect of the Extension of Loans exceeds 25%, therefore, the Extension of Loans constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SGM

The SGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the Fifth Supplemental Agreements and the transactions contemplated thereunder. As at the date of this announcement, to the best of the Directors' knowledge, information, belief and having made all reasonable enquires, the Borrower holds approximately 4.39% of the issued share capital of the Company and therefore is considered to have material interest in the Fifth Supplemental Agreements. Accordingly, the Borrower and its associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Fifth Supplemental Agreements and the transactions contemplated thereunder.

GENERAL

A circular setting out, among others, details of the Fifth Supplemental Agreements and other information required to be disclosed under the Listing Rules, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 26 May 2020, as additional time is required for the Company to prepare and finalize certain information to be included in the circular.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Grand Profit International Investment Limited, a company incorporated in the British Virgin Islands 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 directors of the Company
“Extension of Loans”	the extension of the Loans under the Fifth Supplemental Agreements
“First Loan”	the short term loan with principal amount of HK\$225 million granted by the Lender to the Borrower pursuant to the First Loan Facility Agreement (as amended and supplemented by the First Supplemental Agreements) or the principal amount of HK\$125 million pursuant to the First Loan Facility Agreement (as amended and supplemented by the Supplemental Agreements) (as the case may be)
“First Loan Facility Agreement”	the loan facility agreement dated 23 July 2018 entered into between the Lender and the Borrower in respect of the First Loan
“First Supplemental Agreement”	the supplemental agreements dated 23 September 2018 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements, details of which are set out in the announcement of the Company dated 23 September 2018
“Fourth Supplemental Agreements”	the supplemental agreements dated 27 December 2019 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements, the Second Supplemental Agreements and the Third Supplemental Agreements), details of which are set out in the announcement of the Company dated 27 December 2019
“Fifth Supplemental Agreement”	the supplemental agreements dated 17 April 2020 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements (as amended and supplemented by the Supplemental Agreements)
“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

“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
“Loans”	the First Loan and the Second Loan
“Loan Facility Agreements”	the loan facility agreements dated 23 July 2018 and 9 August 2018 entered into between the Lender and the Borrower in relation to the provision of the Loans respectively
“Personal Guarantor”	Mr. HAN Lei, a director, a sole shareholder and the ultimate beneficial owner of the Borrower
“Second Loan”	the short term loan with principal amount of HK\$120 million granted by the Lender to the Borrower pursuant to the Second Loan Facility Agreement (as amended and supplemented by the Supplemental Agreements)
“Second Loan Facility Agreement”	the loan facility agreement dated 9 August 2018 entered into between the Lender and the Borrower in respect of the Second Loan, details of which are set out in the announcement of the Company dated 9 August 2018
“Second Supplemental Agreements”	the supplemental agreements dated 15 January 2019 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements), details of which are set out in the announcement of the Company dated 15 January 2019
“SGM”	the special general meeting of the Company to be convened for the purpose of, considering and if thought fit, approving the Fifth Supplemental Agreements and the transactions contemplated thereunder
“Shareholders”	holders of the ordinary shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the First Supplemental Agreements, the Second Supplemental Agreements, the Third Supplemental Agreements and the Fourth Supplemental Agreements
“Third Supplemental Agreements”	the supplemental agreements dated 10 April 2019 entered into between the Lender and the Borrower to supplement the Loan Facility Agreements (as amended and supplemented by the First Supplemental Agreements and the Second Supplemental Agreements), details of which are set out in the announcement of the Company dated 10 April 2019
“%”	per cent

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

Hong Kong, 17 April 2020

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