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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  
PROVISION OF FINANCIAL ASSISTANCE**

**Financial Adviser to China Tonghai International Financial Limited**



**THE LOAN AGREEMENT**

On 8 May 2020, the Lender (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to make available to the Borrower a loan facility of HK\$120,000,000.

**LISTING RULES IMPLICATIONS**

The Facility constitutes provision of financial assistance under the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Facility exceeds 25%, the Facility constitutes a major transaction of the Company 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 Loan Agreement 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 Keepwell Provider is owned as to approximately 21.69% and approximately 4.24% by Minsheng Royal Asset Management Co., Ltd.\* (民生加銀資產管理有限公司) and Minsheng Holdings respectively. Minsheng Royal Asset Management Co., Ltd.\* (民生加銀資產管理有限公司) is a subsidiary of Minsheng Bank. Two intermediate holding companies of the Company collectively hold approximately 6.94% equity interest in Minsheng Bank. Mr. Lu, the ultimate controlling Shareholder, is a non-executive director and the Vice-Chairman of Minsheng Bank. Minsheng Holdings is owned as to approximately 22.56% by a company ultimately controlled by Mr. Lu, and therefore Mr. Lu and his associates are considered to have material interest in the Loan Agreement and the transactions contemplated thereunder through his interest in the Borrower. Accordingly, Mr. Lu and his associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Loan Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular setting out, among others, details of the Loan Agreement and other information required to be disclosed under the Listing Rules, will be despatched together with the notice of the SGM and a proxy form to the Shareholders on or before 26 May 2020.

## **BACKGROUND**

On 8 May 2020, the Lender (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to make available to the Borrower a loan facility of HK\$120,000,000.

## **THE LOAN AGREEMENT**

The principal terms of the Loan Agreement are set out below:

Date: 8 May 2020

Parties: (i) China Tonghai Finance Limited, as the Lender; and  
(ii) the Borrower.

The Loan: A loan facility of HK\$120,000,000 to the Borrower.

**Guarantee:** A corporate guarantee by the Guarantor in favour of the Lender to secure the due performance of the obligation of the Borrower under the Loan Agreement.

**Keepwell:** The Keepwell Provider undertakes with the Lender that it shall procure the Borrower and the Guarantor to comply with the terms and conditions of the Loan Agreement, and the Guarantee, including the repayment of the Loan.

**Purpose of the Loan:** The Borrower will apply all Drawings for repayment of its existing outstanding indebtedness and general working capital requirements.

**Term:** One year from the date of making the first Drawing.

**Availability period:** The period commencing from the date on which all the conditions precedent are fulfilled and ending on the earlier of (i) the date falling one month after fulfilment of the conditions precedent of Loan Agreement or such other date as the Lender may agree; and (ii) the date on which the Commitment is reduced to zero.

**Repayment:** The Borrower shall on or before 31 January 2021 repay the Lender the principal amount of HK\$30,000,000 (and accrued interest thereon) and repay the remaining Loan Indebtedness on the Final Repayment Date.

**Interest:** From the date of each Drawing to the Final Repayment Date, or the date of prepayment of all outstanding Drawings (whichever is the earlier) the rate of interest on the Loan is 12% per annum.

For each Drawing of the Loan, interest shall be calculated and payable on the date falling six months after the date of the first Drawing and on the Final Repayment Date.

**Default interest:** Interest rate of 18% per annum shall be applied on any outstanding Loan from its due date to the date of its receipt by the Lender.

**Prepayment:** The Loan may only be prepaid after one month from the Drawing. The Borrower shall give the Lender not less than 7 business days' prior written notice to prepay the whole or any part (at a minimum of HK\$1,000,000 and thereafter in an integral multiple of the same amount) of the Drawing with accrued interest thereon.

Conditions precedent: The Facility will be made available to the Borrower upon satisfaction, among others, of the following conditions precedent:

- (i) the Borrower shall have procured the Guarantor to have duly executed the Guarantee to the absolute satisfaction of the Lender;
- (ii) the Keepwell Provider shall have duly executed the Keepwell Deed to the absolute satisfaction of the Lender;
- (iii) the Lender shall have issued a certificate confirming satisfaction of the conditions set out in (i) & (ii);
- (iv) the representation and warranties of the Borrower shall remain true and accurate in all material respects and not misleading in any material respect as at the Drawing; and
- (v) the Company shall have obtained shareholders' approval by an ordinary resolution at a SGM for the Loan and the entering into the Loan Agreement and the transaction contemplated thereunder.

If any of the conditions is not fulfilled by 31 July 2020, the Loan Agreement and the transaction contemplated thereunder will lapse. As at the date of this announcement, conditions (i) and (ii) are fulfilled.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower, determined with reference to the commercial practice and the terms of conducting money lending business in Hong Kong.

The Group intends to finance the Loan by its internal resources.

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

The Facility is provided in the ordinary course of business of the Group and on normal commercial terms. Taking into consideration of, among other things, (i) interest income to be received by the Group; (ii) the business and financial background of the Borrower; (iii) the business and financial background of the Guarantor, the Directors consider the terms of the Loan Agreement are fair and reasonable and the Facility is in the interests of the Company and the Shareholders as a whole.

## **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 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.

## **INFORMATION ON THE BORROWER, THE GUARANTOR AND THE KEEPWELL PROVIDER**

The Borrower is a company incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding.

The Guarantor is a company incorporated in Hong Kong with limited liability and is the sole shareholder of the Borrower. Its principal business is investment holding. The Guarantor is indirectly wholly-owned by the Keepwell Provider.

The Keepwell Provider is a company incorporated in the PRC with limited liability. Its principal business is mainly engaged in e-commerce and related businesses in the PRC. Through leveraging on its technological system and supply chain capabilities, it provides customized e-commerce and internet marketing solutions and related services including services for operation of the customer rewards scheme of financial institutions, with an aim to reduce the cost of the financial institutions and provide quality products and services.

The Keepwell Provider is owned as to approximately 21.69% and approximately 4.24% by Minsheng Royal Asset Management Co., Ltd.\* (民生加銀資產管理有限公司) and Minsheng Holdings respectively. Minsheng Royal Asset Management Co., Ltd.\* (民生加銀資產管理有限公司) is a subsidiary of Minsheng Bank. Two intermediate holding companies of the Company collectively hold approximately 6.94% equity interest in Minsheng Bank. Mr. Lu, the ultimate controlling Shareholder, is a non-executive director and the Vice-Chairman of Minsheng Bank. Minsheng Holdings is owned as to approximately 22.56% by a company ultimately controlled by Mr. Lu and therefore Mr. Lu and his associates are considered to have material interest in the Loan Agreement through his interest in the Borrower. Accordingly, Mr. Lu and his associates are required to abstain from voting at the SGM on the resolution in respect of the entering into the Loan Agreement and the transactions contemplated thereunder. To the best of the

knowledge, information and belief after making all reasonable enquiry, apart from Mr. Lu and his associates, no other Shareholder is required to abstain from voting at the SGM on the resolution as stated in the above.

To the best of our knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, each of the Borrower, the Guarantor and the Keepwell Provider and their respective ultimate beneficial owners are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

The Facility constitutes provision of financial assistance under the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Facility exceeds 25%, the Facility constitutes a major transaction of the Company 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 Loan Agreement and the transactions contemplated thereunder.

A circular setting out, among others, details of the Loan Agreement and other information required to be disclosed under the Listing Rules, will be despatched together with the notice of the SGM and a proxy form to the Shareholders on or before 26 May 2020.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Borrower”	MSEC Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“Commitment”	the Facility less (a) part of it (if any) which has been cancelled and (b) the amount of the Drawings
“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)
“connected person”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Drawing”	the principal amount of a drawing made by the Borrower under the Facility, as may from time to time be reduced by repayment and/or prepayment made by the Borrower, which has the right to make a maximum of three Drawings during the availability period
“Facility”	a loan facility of HK\$120,000,000 under the Loan Agreement
“Final Repayment Date”	the date falling one year from the date of the making of the first Drawing
“Financing Agreements”	the Loan Agreement, the Guarantee and all other documents executed or to be executed as further security for, or which is/are ancillary to, all or part of the obligations of the Borrower
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee executed by the Guarantor in favor of the Lender to guarantee payment of the Secured Indebtedness
“Guarantor”	Runming International Limited, a company incorporated in Hong Kong with limited liability, and the sole shareholder of the Borrower
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies 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 associates
“Keepwell Deed”	the keepwell deed executed by the Keepwell Provider in favour of the Lender
“Keepwell Provider”	Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd* (民生電商控股(深圳)有限公司), a company incorporated in the PRC with limited liability
“Lender”	China Tonghai Finance Limited, an indirectly 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 principal amount of a drawing made by the Borrower under the Facility, as may from time to time be reduced by repayment and/or prepayment made by the Borrower
“Loan Agreement”	the loan agreement dated 8 May 2020 entered into between the Lender and the Borrower in respect of the Loan
“Loan Indebtedness”	the Loan and interest and all other sums payable by the Borrower to the Lender under the Loan Agreement
“Minsheng Bank”	China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the PRC whose shares are listed on the main board of the Stock Exchange (stock code: 1988) and the Shanghai Stock Exchange (stock code: 600016)
“Minsheng Holdings”	Minsheng Holdings Co., Ltd* (民生控股股份有限公司), a company incorporated in the PRC with limited liability whose shares are listed on Shenzhen Stock Exchange (stock code: 000416)
“Mr. Lu”	Mr. Lu Zhiqiang (盧志強), the ultimate controlling Shareholder
“PRC”	the People’s Republic of China
“Secured Indebtedness”	all moneys due and/or to become due, to be paid by the Borrower, the Guarantor and the Keepwell Provider to the Lender under the Financing Agreements
“SGM”	the special general meeting of the Shareholders to be convened by the Company for the purpose of, considering and if thought fit, approving the entering into the Loan Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong



“%” per cent

*For the purpose of this announcement, unless otherwise specified or the context requires otherwise, “\*” denotes an English translation of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Hong Kong, 8 May 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