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If you have sold or otherwise transferred all your shares in **China Tonghai International Financial Limited**, you should at once hand this circular 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)

**MAJOR TRANSACTIONS
IN RELATION TO
(1) THE ENTERING OF A HEDGING CONTRACT
AND
(2) DISPOSAL OF SENIOR NOTES**

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 5 to 18 of this circular.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix I — Financial Information of the Group	19
Appendix II — General information	22

DEFINITIONS

In this circular, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Closing Price”	the average closing price of the GTJA Shares as quoted on the Stock Exchange for the five Business Days immediately prior to the Maturity Date. If for any reason such closing price is not available on the Maturity Date, the Closing Price shall be the average closing price of GTJA Shares for the last five Business Days that are available and quoted on the Stock Exchange prior to the Maturity Date
“Commencement Date”	the first Business Day after the Hedging Completion Date
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 952)
“Controlling Shareholder”	Oceanwide Holdings International Financial Development Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“Counterparty”	XingHai Pacific Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Notes by the Seller contemplated under the Sale and Purchase Agreement
“Disposal Completion”	completion of the sale and purchase of the Sale Notes under the Sale and Purchase Agreement
“Disposal Completion Date”	29 June 2020 or such other date as the Parties may agree in writing

DEFINITIONS

“Disposal Consideration”	HK\$25 million, the whole sum of which will be paid in cash at the Disposal Completion
“Extension Notice”	a duly completed extension notice by the Issuer
“First Extended Maturity Date”	22 December 2020, the date which is six months after the Original Maturity Date
“Group”	the Company and its subsidiaries
“Group Company” or “Seller”	China Tonghai Capital (Holdings) Limited (formerly known as Oceanwide Financial (Holdings) Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“GTJA”	Guotai Junan International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1788)
“GTJA Shares”	ordinary share(s) in the issued share capital of GTJA
“Hedging Completion Date”	the date falling within two Business Days after all the conditions precedent under the Hedging Contract have been fulfilled
“Hedging Consideration”	a non-refundable cash amount of HK\$15 million
“Hedging Contract”	the cash-settled hedging contract dated 17 June 2020 entered into between the Group Company and the Counterparty in respect of the Reference Shares
“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
“Issue Date”	22 June 2018
“Issuer” or “Purchaser”	VMS CSW 1 Land Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of VMS Real Estate Fund SPC

DEFINITIONS

“Latest Practicable Date”	20 July 2020, being the latest practicable date for the purpose of ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the first anniversary of Commencement Date. If the Maturity Date is not a Business Day, it shall be the next Business Day after the Maturity Date
“Mr. LU”	Mr. LU Zhiqiang, the ultimate controlling Shareholder
“Noteholders”	the holders of the Notes
“Notes”	the variable rates senior secured notes due 2020 issued by the Issuer
“Notes Instrument”	the terms and conditions of the Notes
“Notes Trustee”	Madison Pacific Trust Limited, a company incorporated in Hong Kong with limited liability
“Original Maturity Date”	22 June 2020
“Parties” and each a “Party”	the parties to the Hedging Contract or the Sale and Purchase Agreement (as the case may be)
“PRC”	the People’s Republic of China, for the purpose of this circular excluding Hong Kong
“Reference Price”	HK\$1.45 per GTJA Share
“Reference Shares”	the maximum of 154,275,711 GTJA Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 June 2020 entered into by the Seller and the Purchaser in respect of the sale and purchase of the Sale Notes
“Sale Noteholders”	the Noteholders other than the Seller
“Sale Notes”	the Notes disposed of by the Seller pursuant to the Sale and Purchase Agreement, in the principal amount of HK\$25 million

DEFINITIONS

“Second Extended Maturity Date”	22 June 2021, the date which is six months after the First Extended Maturity Date
“Settlement Amount”	the amount payable in cash by the Counterparty under the Hedging Contract calculated in accordance with the terms set out in the paragraph headed “Settlement Amount” in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of Hong Kong one third of one cent each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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 circular, 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.*

LETTER FROM THE BOARD



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

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

23 July 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTIONS
IN RELATION TO
(1) THE ENTERING OF A HEDGING CONTRACT
AND
(2) DISPOSAL OF SENIOR NOTES**

INTRODUCTION

Reference is made to the announcement of the Company dated 17 June 2020 in relation to, among other things, the entering into a Hedging Contract and the announcement of the Company dated 22 June 2020 in relation to, among other things, the disposal of the Sale Notes.

The purpose of this circular is to provide you with, among other things, details of the Hedging Contract and the Disposal; and the information of the Group.

LETTER FROM THE BOARD

(1) THE HEDGING CONTRACT

Background

On 16 March 2020, China Tonghai Securities Limited, an indirect wholly-owned subsidiary of the Company, as an underwriter to the rights issue by GTJA, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1788), subscribed to 154,275,711 GTJA Shares at the price of HK\$1.45 per GTJA Share. As part of the internal arrangement of the Group, such GTJA Shares are currently held by the Group Company.

On 17 June 2020 (after trading hours), the Group Company entered into the Hedging Contract with the Counterparty in respect of the hedging of the Reference Shares. Pursuant to the Hedging Contract, the Group Company agreed to pay the Hedging Consideration to the Counterparty on the Hedging Completion Date, in exchange for a right to require the Counterparty to pay the Settlement Amount after Maturity Date.

The Hedging Contract

The principal terms of the Hedging Contract are set out below:

Date : 17 June 2020

Parties : (1) the Group Company; and
(2) the Counterparty.

Subject Matter

The subject matter of the Hedging Contract is the Reference Shares being the maximum of 154,275,711 GTJA Shares.

Hedging Consideration

The Group Company shall pay a non-refundable cash amount of HK\$15 million to the Counterparty on the Hedging Completion Date. Such amount will be satisfied by the internal resources of the Group.

LETTER FROM THE BOARD

Hedging Provision

On Maturity Date, if the Closing Price is:

- (i) equal to or higher than the Reference Price, there shall be no payment obligation on either Party and the Parties shall be released from their respective obligations under the Hedging Contract; or
- (ii) less than the Reference price, the Counterparty shall pay the Settlement Amount to the Group Company.

Settlement Amount

The Settlement Amount shall be calculated by the Group Company in the following manner:

The number of GTJA Shares held by the Group Company as at Maturity Date (which shall not be more than the number of Reference Shares and does not include any GTJA Shares acquired by the Group Company after the Hedging Completion Date) multiplied by the difference between the Reference Price and the Closing Price, less the total dividends received in respect of the Reference Shares (if any).

The Settlement Amount shall be payable by the Counterparty to the Group Company, in cash, within five (5) Business Day after the Maturity Date.

The Board considers that this term is fair and reasonable because the calculation of the Settlement Amount takes into account that the Group may dispose of some or all of the Reference Shares prior to the Maturity Date and therefore, it is fair and reasonable for the Counterparty to only have to pay the Settlement Amount with respect to the Reference Shares held by the Group Company on the Maturity Date given that the Group may have already realised the value of some of the Reference Shares prior to the Maturity Date. As disclosed in this circular, this allows the Group the flexibility to dispose some or all of the Reference Shares at a price that it considers appropriate and which is in the best interests of the Company and its Shareholders.

Completion

Completion of the Hedging Contract shall be conditional upon and subject to:

- (i) the Group Company having conducted and is satisfied with the due diligence on the Counterparty;
- (ii) the warranties under the Hedging Contract remaining true and accurate in all respects; and

LETTER FROM THE BOARD

- (iii) the Company obtaining the written shareholders' approval from the controlling shareholder(s) of the Company who hold more than 50% of the voting rights of the Company at a general meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules.

Completion of the Hedging Contract took place on 18 June 2020.

Other Material Terms

The Group Company may dispose of all or part of the Reference Shares at any time during the term of the Hedging Contract at its sole and absolute discretion.

Neither the Counterparty nor its associates (as defined in the Listing Rules) may acquire any Reference shares from the Group Company (whether in the open market or off market) during the term of the Hedging Contract. For the avoidance of doubt, no GTJA Shares will be transacted between the Group and the Counterparty or its associates under the Hedging Contract and Settlement Amount shall be payable in cash.

Information of the Group Company

The Group Company is a wholly-owned subsidiary of the Company, which was incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and import/export trading liaison in Hong Kong.

Information of the Counterparty

The Counterparty is a company incorporated in British Virgin Islands with limited liability. Its principal business is investment holding. The sole director, sole shareholder and ultimate beneficial owner of the Counterparty is Mr. CHAN Siu Yeung.

The Counterparty does not have any other business relationship with the Company and its connected persons (as defined in the Listing Rules). China Tonghai Finance Limited ("**Tonghai Finance**"), an indirect wholly-owned subsidiary of the Company, is interested in approximately 19.9% of the shares in a company in which Mr. CHAN Siu Yeung, the ultimate beneficial owner of the Counterparty, has an approximately 80.1% interest in and Tonghai Finance has also provided a loan facility to such company under which an amount of approximately HK\$55 million is outstanding as at the Latest Practicable Date. Mr. CHAN Siu Yeung also holds a margin account with China Tonghai Securities Limited, an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Counterparty and its ultimate beneficial owner are Independent Third Parties.

LETTER FROM THE BOARD

Reasons for and Benefits of Entering into the Hedging Contract

The Group acquired the Reference Shares as a result of the underwriting of the rights issue of GTJA. The Group has been continuously monitoring the share price of GTJA in order to optimise the return on the Reference Shares at the right time. However, since the completion of the rights issue by GTJA, the stock price of GTJA has fallen considerably from the subscription price of the Reference Shares. The closing price of GTJA Shares on 20 July 2020 (being the Latest Practicable Date) was HK\$1.13. As part of its business and investments, the Group is exposed to such equity price risk which it manages by, among other things, hedging against such risk exposure. Accordingly, the Company considers that it is necessary and in the best interests of the Company to manage the risk of the loss in value of the Reference Shares by hedging against the equity price risk.

The Hedging Consideration paid by the Group Company to the Counterparty pursuant to the Hedging Contract was determined after arms-length negotiations with the Counterparty and calculated with reference to the historical price spread of GTJA Shares during the year between 14 May 2019 to 13 May 2020 compared to the Reference Price, and using the historical average daily loss of GTJA Shares as the basis for the future performance of GTJA Shares until the Maturity Date, as well as the current performance of the share price of GTJA Shares, the expected future performance of GTJA Shares and also the current economic and market conditions in Hong Kong.

The entering into of the Hedging Contract will allow the Group to hedge against any decrease in value of the Reference Shares in the future and no GTJA Shares will be transacted with the Counterparty pursuant to the Hedging Contract. The Hedging Contract also contains a term which allows the Group Company to dispose all or part of the Reference Shares at any time during the term of the Hedging Contract, which allows the Group to effectively monitor the value of its investment and to give it the flexibility to realise the Reference Shares if the share price of GTJA rises during the term of the Hedging Contract.

Given the current share price of GTJA Shares, the Group does not currently have any intention to dispose of some or all of the Reference Shares. However, the Group will continue to monitor and assess the share price of GTJA Shares and will consider disposing some or all the Reference Shares, at an appropriate price, if it is in the best interest of the Company to do so.

LETTER FROM THE BOARD

As the purpose of the Hedging Contract is to, among other things, manage the risk of the loss in value of the Reference Shares by hedging against the equity price risk, it is in the best interests of the Company to enter into the Hedging Contract because in the event that the trading price of GTJA Shares drops below the Reference Price on the Maturity Date, the Group can recover such loss in the value of the Reference Shares from the Settlement Amount. However, in the event that the trading price of GTJA Shares increases above the Reference Price during the term of the Hedging Contract, the Group has the flexibility and may consider disposing of some or all of the Reference Shares in order to realise the gain in the value of the Reference Shares, if it is in the best interests of the Company to do so. As such, the Board considers that the equity price risk of GTJA Shares can be managed by the Hedging Contract whilst simultaneously provides the flexibility to dispose of the Reference Shares in order to realise any gains in the value of the Reference Shares.

The Group Company entered into the Hedging Contract with the Counterparty, which is not a financial institution, because the Group had sought specific terms and conditions under the Hedging Contract (as disclosed in this circular), which financial institutions would not typically accept. As the Counterparty, whose principal business activity is investment, is able to conduct its own assessment on the future performance of GTJA Shares and is willing to accept the terms and conditions of the Hedging Contract, the Group Company decided to enter into the Hedging Contract with the Counterparty in order to achieve the hedging intentions of the Group.

Accordingly, the Directors consider the terms of the Hedging Contract (including the Hedging Consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Financial Effect of the Hedging Contract

On the Hedging Completion Date, the Group's investment is expected to be increased by HK\$15 million and the Group's asset is expected to be decreased by the same amount.

Pursuant to the Hedging Contract, the Hedging Contract will be settled after Maturity Date in the manner set out in the paragraph headed "Hedging Provision" above. There could be two scenarios with very different financial effects. If the Closing Price is less than the Reference price on the Maturity Date, the Counterparty shall pay the Settlement Amount to the Group Company, in which case, it is expected that the Hedging Contract, net of the investment cost, will increase our assets and profit by the difference between the Settlement Amount and HK\$15 million. Otherwise, there shall be no payment obligation on either Party and the Parties shall be released from their respective obligations under the Hedging Contract, in which case, it is expected that the Hedging Contract, net of the investment cost, will reduce our assets and profit by HK\$15 million.

There is no financial effect of the Hedging Contract on the liabilities of the Group.

LETTER FROM THE BOARD

(2) THE DISPOSAL OF THE SALE NOTES

Background

On 21 June 2018, the Seller subscribed to the Notes issued by the Issuer in the subscription amount of HK\$50 million. Summarised below and for reference are the principal terms of the Notes:

Issue Date	:	22 June 2018
Total issue size	:	HK\$1,150 million
Maturity Date	:	2 years after the Issue Date which may be extended to the First Extended Maturity Date upon the delivery of an Extension Notice by the Issuer which shall be subject to the consent of a majority of the Noteholders unless any agreed exemptions event has occurred and is subsisting at the date of such Extension Notice, in which case, the consent of the majority of the Noteholders is not required to extend the maturity date to the First Extended Maturity Date. Thereafter, the maturity date may be further extended to the Second Extended Maturity Date upon the delivery of a further Extension Notice by the Issuer which shall be subject to the consent of a majority of the Noteholders unless any agreed exemptions event has occurred and is subsisting at the date of such Extension Notice, in which case, the consent of the majority of the Noteholders is not required to extend the maturity date to the Second Extended Maturity Date
Use of proceeds by the Issuer	:	<p>Pursuant to the subscription agreement in relation to the Notes, the proceeds from the issue of the Notes by the Issuer shall be solely used for the purpose of, among others:</p> <ul style="list-style-type: none">(a) financing the acquisition of a target company in connection with a development project and the payment of security and costs associated with such acquisition; and(b) funding a coupon reserve account in relation to the Notes

LETTER FROM THE BOARD

Security : the Issuer's payment obligations and the performance of the Issuer's other obligations in relation to the Notes shall be secured by way of, among others, a share mortgage over the shares of the Issuer, a debenture over all the assets of the Issuer, and an assignment and subordination of intra-group loans advanced to the Issuer. Such security will be held by Madison Pacific Trust Limited, as the security trustee, for the benefit of the holders of the Notes

Coupon Rate : (a) 6.25% per annum for the period from (and including) the Issue Date to (but excluding) the first anniversary of the Issue Date;

(b) 8.25% per annum for the period from the first anniversary of the Issue Date to the Original Maturity Date (both inclusive);

(c) (if the Original Maturity Date has been extended to the First Extended Maturity Date) 8.75% per annum for the period from (but excluding) the Original Maturity Date to (and including) the First Extended Maturity Date; and

(d) (if the First Extended Maturity Date has been extended to the Second Extended Maturity Date) 9.25% per annum for the period from (but excluding) the First Extended Maturity Date to (and including) the Second Extended Maturity Date;

in each case, payable in cash semi-annually in arrears

Redemption at maturity : unless previously redeemed or purchased and cancelled, the Issuer will redeem each Note at its principal amount together with unpaid accrued coupon thereon on either (i) the Original Maturity Date; (ii) (if the Issuer has delivered an Extension Notice on or prior to the date which is 30 Business Days before the Original Maturity Date) the First Extended Maturity Date; or (iii) (if the Issuer has delivered a further Extension Notice on or prior to the date which is 30 Business Days before the First Extended Maturity Date) the Second Extended Maturity Date

LETTER FROM THE BOARD

Mandatory redemption : upon the occurrence of, among others, the change of control of the Issuer or a mandatory prepayment event under an existing bank facility entered into by a subsidiary of the Issuer in connection with a development project which will be partially funded by the proceeds of the subscription of the Notes or receipt by the Issuer of any dividends or repayment of any intra-group shareholders loans. For any redemption prior to the Original Maturity Date, the amount payable by the Issuer to the Seller on redemption shall include an amount equal to the interest which would have accrued from the date of the redemption to the Original Maturity Date

Remarks : the Notes constitute direct, unsubordinated and unconditional obligations of the Issuer, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, subject to the terms of the security obligations in relation to the Notes and save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least equally with all its other present and future unsecured, unsubordinated and unconditional obligations

On 22 June 2020 (after trading hours), the Seller and the Purchaser entered into the Sale and Purchase Agreement, whereby the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Notes in the principal amount of HK\$25 million for a total consideration of HK\$25 million.

In respect of the remaining Notes held by the Seller in the principal amount of HK\$25 million (which does not form part of the Disposal), the Seller and the Sale Noteholders (who form the majority of the Noteholders) shall give their respective consent to irrevocably extend the Original Maturity Date to the Second Extended Maturity Date, i.e. 22 June 2021 (which is a further extension of the First Extended Maturity Date) in accordance with the terms of the Notes Instrument.

LETTER FROM THE BOARD

The Sale and Purchase Agreement

Summarised below are the principal terms of the Sale and Purchase Agreement:

Date	:	22 June 2020
Seller	:	China Tonghai Capital (Holdings) Limited (formerly known as Oceanwide Financial (Holdings) Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
Purchaser	:	VMS CSW 1 Land Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of VMS Real Estate Fund SPC
Subject Matter	:	the Sale Notes in the principal amount of HK\$25 million
Consideration	:	HK\$25 million, the whole sum of which will be paid in cash at the Disposal Completion
Disposal Completion Date	:	29 June 2020 or such other date as the Parties may agree in writing

The net profits attributable to the Sale Notes to the Group for the financial years ended 31 December 2018 and 2019 are approximately HK\$0.4 million (before taxation) and approximately HK\$0.3 million (after taxation), and approximately HK\$2.5 million (before taxation) and approximately HK\$2.1 million (after taxation), respectively.

Disposal Completion

The Disposal Completion is conditional upon and subject to:

- (i) the receipt by the Purchaser, the Seller and the Sale Noteholders of a written confirmation from the Notes Trustee, confirming that the Seller and the Sale Noteholders have consented to irrevocably extend the Original Maturity Date to the Second Extended Maturity Date, i.e. 22 June 2021 (which is a further extension of the First Extended Maturity Date) in accordance with the terms of the Notes Instrument with effect from the Original Maturity Date;
- (ii) each of the Sale Noteholders having entered into sales and purchase agreement with the Purchaser in respect of each of their holdings of Notes (the “**Other Agreements**”), and none of the Other Agreements have been terminated; and

LETTER FROM THE BOARD

- (iii) the Purchaser shall deliver to the Seller, a fee letter confirming the agreement that in consideration of the execution of the Sale and Purchase Agreement and to extend the Original Maturity Date to the Second Extended Maturity Date, the Purchaser shall pay an upfront extension fee (which is equivalent to one percent (1%) of the total outstanding principal amount of the Notes held by the Seller after the Disposal Completion together with any accrued and unpaid interest under the Sale Notes of the Seller from the next day of the date of the Sale and Purchase Agreement to the Disposal Completion Date) in the amount of approximately HK\$293,000.

The Disposal Completion took place on 29 June 2020.

Financial Effect of the Disposal and Use of Proceeds

It is expected that the Group's assets and profit will increase approximately HK\$0.6 million in the current financial year, as a result of the Disposal, subject to review and audit by the auditors of the Company. The profit represents the difference between the amount to be received under the Disposal and the carrying amount of the Sale Notes of approximately HK\$24.7 million as of 31 December 2019. It is expected that the net proceeds from the Disposal which is about HK\$25.3 million will be used for general working capital of the Group.

There is no financial effect of the Disposal on the liabilities of the Group.

Extension of the Notes

Based on the terms of the Notes Instrument, the Original Maturity Date of the Notes is 2 years after the Issue Date i.e. 22 June 2020, which may be extended to the First Extended Maturity Date upon delivery of an Extension Notice by the Issuer and subject to the consent of the majority of the Noteholders. Thereafter, the First Extended Maturity Date may be further extended to the Second Extended Maturity Date upon delivery of a further Extension Notice by the Issuer and subject to the consent of the majority of the Noteholders.

On 22 June 2020, the Seller and the Sale Noteholders, delivered a letter to the Notes Trustee, whereby the Seller and the Sale Noteholders, by virtue of the said letter, have waived the requirement in connection with the delivery of an Extension Notice pursuant to the Notes Instrument, and have irrevocably consented to extend the Original Maturity Date to the Second Extended Maturity Date, i.e. 22 June 2021 (which is a further extension of the First Extended Maturity Date) in accordance with the terms of the Notes Instrument.

Upon the extension of the Notes, the Seller shall continue to receive interest income in respect of the remaining Notes held by the Seller in principal amount of HK\$25 million at the relevant coupon rate in accordance with the Notes Instrument as set out in page 12 of this circular.

LETTER FROM THE BOARD

All other terms and conditions of the Notes as set out in the Notes Instrument shall remain valid and in force.

Reasons for and Benefits of the Disposal

On 21 June 2018, the Group had subscribed to the Notes in the principal amount of HK\$50 million for investment purpose. Prior to the Original Maturity Date, the Seller and the Sale Noteholders entered into discussions with the Purchaser with regards to the arrangement in respect of the Notes.

Following negotiations with the Purchaser, the Seller and the Sale Noteholders agreed with the Purchaser that the Original Maturity Date may be extended to the Second Extended Maturity Date and that the Seller and the Sale Noteholders will respectively sell part of the Notes held by them to the Purchaser.

The Directors consider that the Disposal provides the Seller with a good opportunity to realise part of the investment in the Notes in order to enhance the liquidity of the Group. In respect of the Sale Notes, the Seller has received a coupon amount in the amount of approximately HK\$3.7 million from the Issue Date to the Original Maturity Date. The extension of the remaining Notes held by the Seller in the amount of HK\$25 million will allow the Group to continue to earn the coupon amount at an attractive coupon rate until the Second Extended Maturity Date. The Group will also receive an extension fee (which is equivalent to one percent (1%) of the total outstanding principal amount of the Notes held by the Seller after the Disposal Completion together with any accrued and unpaid interest under the Sale Notes of the Seller from the next day of the date of the Sale and Purchase Agreement to the Disposal Completion Date) under the terms of the fee letter from the Purchaser to the Seller. The Directors consider that the Disposal and the extension of the Notes is consistent with the investment purpose of the subscription of the Notes.

The Disposal Consideration to be paid by the Purchaser was determined after arms-length negotiations between the Purchaser and the Seller and represents the principal amount of the Sale Notes. Accordingly, the Directors consider the Disposal (including the Disposal Consideration) is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Information of the Seller

The Seller is a wholly-owned subsidiary of the Company, which was incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and import/export trading liaison in Hong Kong.

Information of the Purchaser

The Purchaser is a company incorporated in the British Virgin Islands, and is wholly-owned by VMS Real Estate Fund SPC and its VMS CSW 1 Fund Segregated

LETTER FROM THE BOARD

Portfolio incorporated in the Cayman Islands. The Purchaser has engaged VMS Real Estate Investment Management Limited to be the project manager, and the ultimate beneficial owner of the project manager is Ms. Viola MAK Siu Hang. The Purchaser is principally engaged in investment holdings.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE GROUP

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.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Hedging Contract and the Disposal, respectively, exceeds 25% but all are less than 75%, the entering into of the Hedging Contract and the Disposal respectively constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

All Shareholders who have a material interest (which is different from that of all other Shareholders) in the Hedging Contract and the Disposal and the transactions contemplated thereunder, and their close associates, will be required to abstain from voting on the resolution to approve the Hedging Contract and the Disposal and the transactions contemplated thereunder.

As no Shareholder was required to abstain from voting if the Company were to convene a general meeting for approving the Hedging Contract and the Disposal, respectively, and as the Company has obtained written approval of the transaction from the Controlling Shareholder, who was interested in 4,493,764,732 shares of the Company, representing approximately 72.51% of the issued share capital of the Company as at the date of entering into the relevant agreements in relation to the Hedging Contract and the Disposal dated 17 June 2020 and 22 June 2020, respectively, pursuant to Rule 14.44 of the Listing Rules, the shareholders' approval requirement was deemed to have been fulfilled and the Company was not required to convene a general meeting for approving the transactions.

Recommendations

Having considered the reasons set out herein, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Hedging Contract and the

LETTER FROM THE BOARD

Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolution to approve the Hedging Contract and the Disposal and the transactions contemplated thereunder if the Company were to convene a special general meeting to approve the Hedging Contract and the Disposal.

Additional Information

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board of
China Tonghai International Financial Limited
HAN Xiaosheng
Chairman

1. FINANCIAL INFORMATION

The financial information of the Group the year ended 31 March 2017, nine months ended 31 December 2017, years ended 31 December 2018 and 2019 were disclosed in the annual reports of the Company for the year ended 31 March 2017 (pages 65 to 155), nine months ended 31 December 2017 (pages 61 to 167), year ended 31 December 2018 (pages 65 to 178), year ended 31 December 2019 (pages 85 to 206). The aforementioned financial information of the Group has been published on both the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.tonghaifinancial.com). Please refer to the hyperlinks as stated below:

2017 annual report (for the year ended 31 March 2017):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0720/ltn20170720602.pdf>

2017 annual report (for the nine months ended 31 December 2017):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0417/ltn201804171195.pdf>

2018 annual report (for the year ended 31 December 2018):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn201904171252.pdf>

2019 annual report (for the year ended 31 December 2019):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802410.pdf>

2. INDEBTEDNESS

At the close of business on 31 May 2020, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Borrowings

Bank loans, notes payable and lease liabilities totaling approximately HK\$2,297,537,000, comprising:

(a) Bank loans, which were:

	<i>HK\$'000</i>
Secured and guaranteed by the Company*	894,788
Secured and guaranteed by the ultimate controlling Shareholder**	816,053
Unsecured and unguaranteed	70,065
	<u>1,780,906</u>

* *These bank loans were secured by marketable securities as at 31 May 2020 and the Company's guarantee. The marketable securities include securities collaterals provided by the margin clients to the Group.*

** *These bank loans were secured by corporate bonds held by the Company as at 31 May 2020, certain Shares held by the immediate controlling Shareholder and certain fellow subsidiary's listed shares held by its immediate controlling Shareholder. These bank loans were also guaranteed by the ultimate controlling Shareholder and a wholly-owned subsidiary of the Company.*

(b) Unsecured and unguaranteed notes payable of approximately HK\$416,431,000.

(c) Lease liabilities of approximately HK\$100,200,000.

Contingent liabilities

As at 31 May 2020, the Group had contingent liabilities in respect of a counterclaim by the defendant in a High Court case in respect of a service fee paid by the defendant of HK\$0.9 million.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases, hire purchases commitments (whether guaranteed, unguaranteed, secured or unsecured), guarantees or other material contingent liabilities at the close of business on 31 May 2020.

To the best knowledge of the Directors, having made all reasonable enquiries, there have been no material changes in indebtedness or contingent liabilities of the Group since 31 May 2020 and up to the Latest Practicable Date.

3. WORKING CAPITAL

After taking into account the present financial resources and the borrowings, the Directors are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will take a more prudential stance towards its business in light of the prevailing complex, ever-changing and highly volatile market environment. More efforts are put on the following three aspects:

- (1) Increase fee-based income: The Company will deploy more resources in boosting fee-based income. By continuous consolidation of sales and marketing efforts on securities, corporate finance and assets management businesses, the Company is determined to expand the respective market share and to lift business volume.
- (2) Enhance risk management: Given the subjective market factors, the Group will continue to strengthen risk control via reducing concentration risks, decelerating loan portfolio expansion rate and attracting higher quality customers.
- (3) Deepen business interaction between the Company and the Controlling Shareholder: The Company will further deepen business interaction with Oceanwide Holdings Co., Ltd. (Stock Code: 000046.SZ) and the Group's controlling Shareholders and the business interaction with its non-listed group, with the objective to operate more connected businesses in the future, and bring higher return to the Group and Shareholders as a whole by better utilising various established networks and competitive edges of the Controlling Shareholder.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse changes in the financial or trading position or outlook of the Group since 31 December 2019, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. 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 Group. 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.

2. DISCLOSURE OF INTERESTS**Interests of the Directors**

As at the Latest Practicable Date, interests of the Directors and the chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

I. Long position in the Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of total interests in the Shares in issue (Note 1)
Mr. Kenneth LAM Kin Hing	Beneficial owner	113,072,833	1.82%

II. Long positions in the shares of associated corporations of the Company**(a) Oceanwide Holdings Co., Ltd. (“Oceanwide Holdings”)**

Name of Director	Capacity	Number of shares in Oceanwide Holdings	Approximate percentage of shareholding in Oceanwide Holdings (Note 2)
Mr. HAN Xiaosheng	Beneficial owner	3,500,000	0.06%
Mr. ZHANG Bo	Beneficial owner	510,000	0.009%
Mr. ZHANG Xifang	Beneficial owner	276,000	0.005%
Mr. LIU Hongwei	Beneficial owner	30,000	0.0005%
Mr. LIU Bing	Beneficial owner	90,000	0.001%
Mr. ZHAO Yingwei	Beneficial owner	200,000	0.003%
Mr. ZHAO Xiaoxia	Beneficial owner	183,500	0.003%

(b) China Oceanwide Holdings Limited (“China Oceanwide”)

Name of Director	Capacity	Number of shares in China Oceanwide	Approximate percentage of shareholding in China Oceanwide (Note 2)
Mr. LIU Jipeng	Beneficial owner	9,212,000	0.05%

III. Interest in the debentures of the associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Amount of debenture
Mr. Kenneth LAM Kin Hing	Oceanwide Holdings International Development III Co., Ltd.	Personal interest	US\$5,000,000
	Oceanwide Holdings International 2017 Co., Limited	Personal interest	US\$400,000

Notes:

- The approximate percentage shown was the number of Shares the relevant Director was interested in expressed as a percentage of the total number of issued Shares as at the Latest Practicable Date.

2. The approximate percentage shown was the number of shares the relevant Director was interested in expressed as a percentage of the total number of issued shares of the relevant entity as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had or was deemed to have an interest or short position in the Shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interest of the substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the issued voting shares capital of any other member of the Group:

Long positions in Shares and underlying Shares

Name of holder of Shares/underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the total issued share capital of the Company (Note 11)
Mr. LU	Interest of controlled corporations	4,493,764,732 (Note 1)	72.51%
Ms. HUANG Qiongzi	Interest of controlled corporations	4,493,764,732 (Note 1)	72.51%

Name of holder of Shares/underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the total issued share capital of the Company (Note 11)
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	4,493,764,732 (Note 2)	72.51%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	4,493,764,732 (Note 3)	72.51%
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	4,493,764,732 (Note 4)	72.51%
Oceanwide Holdings	Interest of controlled corporations	4,493,764,732 (Note 5)	72.51%
China Oceanwide Group Limited	Interest of controlled corporations	4,493,764,732 (Note 5)	72.51%
Oceanwide Holdings International Financial Development Co., Ltd. ("Oceanwide Holdings IF")	Beneficial owner	4,493,764,732 (Note 5)	72.51%
Haitong Securities Co., Ltd.	Interest of controlled corporations	4,100,000,000 (Note 6)	66.16%
Haitong International Holdings Limited	Interest of controlled corporations	4,100,000,000 (Note 7)	66.16%
Haitong International Securities Group Limited	Interest of controlled corporations	4,100,000,000 (Note 8)	66.16%
Haitong International Investment Solutions Limited	Security interest in Shares	4,100,000,000 (Note 9)	66.16%

Notes:

- Mr. LU and Ms. HUANG Qiongzi (the spouse of Mr. LU) together hold more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.* (通海控股有限公司). By virtue of the SFO, Mr. LU and Ms. HUANG Qiongzi are deemed to be interested in all the Shares in which Tohigh Holdings Co., Ltd.* (通海控股有限公司) is interested.
- Tohigh Holdings Co., Ltd.* (通海控股有限公司) holds the entire issued share capital of Oceanwide Group Co., Ltd.* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.* (通海控股有限公司) is deemed to be interested in all the Shares held by Oceanwide Group Co., Ltd.* (泛海集團有限公司).
- Oceanwide Group Co., Ltd.* (泛海集團有限公司) holds 98% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.* (泛海集團有限公司) is deemed to be interested in all the Shares held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).
- China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) directly and indirectly holds 70.88% interest in the issued share capital of Oceanwide Holdings. By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares held by Oceanwide Holdings.

5. Oceanwide Holdings IF is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly-owned subsidiary of Oceanwide Holdings. During 2 January 2020 to the Latest Practicable Date, the Company was informed by Oceanwide Holdings IF that a total of 690,000 Shares were sold in the open market, as a result of which the number of Shares it held was reduced from 4,494,454,732 to 4,493,764,732. By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings are deemed to be interested in 4,493,764,732 Shares.
6. Haitong Securities Co., Ltd held 100% interest in the issued share capital of Haitong International Holdings Limited. By virtue of the SFO, Haitong Securities Co., Ltd is deemed to be interested in all the Shares held by Haitong International Holdings Limited.
7. Haitong International Holdings Limited indirectly held 63.08% interest in the issued share capital of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Holdings Limited is deemed to be interested in all the Shares held by Haitong International Securities Group Limited.
8. Haitong International Investments Solutions Limited is an indirect subsidiary of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Securities Group Limited is deemed to be interested in all the Shares held by Haitong International Investments Solutions Limited.
9. According to the announcement of Oceanwide Holdings dated 5 December 2018, Oceanwide Holdings IF issued to Haitong International Investment Solutions Limited the short term notes in the principal amount up to HK\$1,100,000,000 pursuant to which Oceanwide Holdings IF has pledged 4,100,000,000 Shares (representing 66.16% of the issued share capital of the Company as at the Latest Practicable Date) to Haitong International Investment Solutions Limited.
10. The following entities, namely Tisé Media Fund LP and China Alliance Properties Limited (and its associates), disclosed to the Company that they were, directly or indirectly interested or deemed to be interested in 5% or more of the Shares on 28 August 2015 pursuant to the subscription agreement entered among the Company, CMBC International Holdings Limited (“**CMBCI**”), and the co-investors, namely New Hope Global Holding Co., Limited, United Energy International Trading Limited, Mind Power Investments Limited, China P&I Services (Hong Kong) Limited, China Alliance Properties Limited, Good First International Holding Limited, Divine Unity Limited, Tisé Media Fund LP, Novel Well Limited, Ristora Investments Limited and Insight Multi-Strategy Funds SPC for the account of Insight Phoenix Fund III SP (together “**Co-Investors**”) on 28 August 2015 which CMBCI and the Co-Investors had conditionally agreed to subscribe for an aggregate of 23,054,875,391 shares of the Company at the subscription price of HK\$0.565 per Subscription Share (the “**First Subscription Agreement**”).

As disclosed in the announcement of the Company dated 1 March 2016, the First Subscription Agreement ceased to be effective as of 28 February 2016 as certain conditions precedent under the First Subscription Agreement remained outstanding as at the long stop date. Accordingly, as at the Latest Practicable Date, as far as the Directors were aware, CMBCI and the Co-Investors had ceased to have any interests in the Shares.
11. The approximate percentage shown was the number of Shares the relevant company/person was interested in expressed as a percentage of the total number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director and chief executive of the Company) had or was deemed or taken to have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other member of the Group.

3. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Group conducted during the year and are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Investing entity	Nature of interest	Nature of business considered to compete or likely to compete with the business of the Group
Mr. ZHANG Bo	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business
Mr. ZHANG Xifang	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business
Mr. FENG Henian	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business
Mr. LIU Bing	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and will avoid any potential conflict of interests and duties.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any interests in contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group taken as a whole.

5. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets acquired by or disposed of or leased to any member of the Group, or is proposed to

be acquired by or disposed of or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which were not expiring and determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any members of the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within two years preceding the issue of this circular and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Company as a whole:

- (i) the sale and purchase agreement dated 22 June 2020 entered into between the Seller and the Purchaser in respect of the sale and purchase of the Sale Notes;
- (ii) the hedging contract dated 17 June 2020 entered into among the Group Company and the Counterparty in relation to the hedging of Reference Shares;
- (iii) the loan facility agreement dated 8 May 2020 entered into between China Tonghai Finance Limited and MSEC Holdings Limited in respect of the short term loan with principal amount of HK\$120 million (the “**MSEC Loan Facility Agreement**”), details of which are set out in the announcement of the Company dated 8 May 2020;
- (iv) the third supplemental agreement dated 17 April 2020 entered into between China Tonghai Finance Limited and Oceanic Vanguard Investments Limited (the “**Third Supplemental Agreement I**”) to supplement the loan facility agreement dated 27 December 2018 entered into between the same parties in respect of the short term loan with principal amount of HK\$194 million (the “**Loan Facility Agreement I**”), details of which are set out in the announcement of the Company dated 27 December 2018 (as amended and supplemented by the first supplemental agreement dated 9 April 2019, details of which are set out in the announcement of the Company dated 9 April

2019; and the second supplemental agreement dated 31 December 2019, details of which are set out in the announcement of the Company dated 31 December 2019);

- (v) the fourth supplemental agreement dated 17 April 2020 entered into between China Tonghai Finance Limited and Sunny Chance Investment Limited (the “**Fourth Supplemental Agreement II**”) to supplement the loan facility agreement dated 23 July 2018 entered into between the same parties in respect of the short term loan with principal amount of HK\$255 million (the “**Loan Facility Agreement II**”) (as amended and supplemented by (i) the first supplemental agreement dated 6 September 2018, details of which are set out in the announcement of the Company dated 6 September 2018; (ii) the second supplemental agreement dated 31 December 2018, details of which are set out in the announcement of the Company dated 31 December 2018; and (iii) the third supplemental agreement dated 30 December 2019, details of which are set out in the announcement of the Company dated 30 December 2019);
- (vi) the fifth supplemental agreements dated 17 April 2020 entered into between China Tonghai Finance Limited and Grand Profit International Investment Limited (the “**Fifth Supplemental Agreements III**”) to supplement the loan facility agreement dated 23 July 2018 entered into between the same parties in respect of the short term loan with principal amount of HK\$225 million or HK\$125 million (as the case maybe) and the loan facility agreement dated 9 August 2018 entered into between the same parties in respect of the short term loan with principal amount of HK\$120 million (the “**Loan Facility Agreements III**”) (as amended and supplemented by (i) the first supplemental agreements dated 23 September 2018, details of which are set out in the announcement of the Company dated 23 September 2018; (ii) the second supplemental agreements dated 15 January 2019, details of which are set out in the announcement of the Company dated 15 January 2019; (iii) the third supplemental agreements dated 10 April 2019, details of which are set out in the announcement of the Company dated 10 April 2019; and (iv) the fourth supplemental agreements dated 27 December 2019, details of which are set out in the announcement of the Company dated 27 December 2019);
- (vii) the framework services agreement entered into between the Company and China Oceanwide on 30 August 2019 in relation to various services, investment, lending and underwriting transactions with each other effective from 1 January 2020 to 31 December 2022;
- (viii) the framework services agreement entered into between the Company and Oceanwide Holdings on 30 August 2019 in relation to various services, investment, lending and underwriting transactions with each other effective from 1 January 2020 to 31 December 2022;

- (ix) the framework services agreement entered into between the Company and Tohigh Holdings Co., Ltd* (通海控股有限公司) on 30 August 2019 in relation to various services, investment, lending and underwriting transactions with each other effective from 1 January 2020 to 31 December 2022;
- (x) the facility agreement dated 1 March 2019 entered into among China Tonghai Finance Limited and another lender, the borrower and the agent in relation to the provision of a loan facility of HK\$294,000,000 for 24 months following the first utilisation date, pursuant to which the commitment of China Tonghai Finance Limited under the facility was HK\$166,000,000;
- (xi) the second supplemental agreements dated 15 January 2019 entered into between China Tonghai Finance Limited and Grand Profit International Investment Limited to supplement the Loan Facility Agreements III;
- (xii) the subscription agreement dated 31 December 2018 entered into among Well Foundation Company Limited (an indirect wholly-owned subsidiary of the Company), Filled Converge Limited and China Ruifeng Renewable Energy Holdings Limited (the “**Issuer**”) in relation to the subscription of the 8% secured redeemable convertible bonds due 2021 to be issued by the Issuer in the principal amount of HK\$19,612,000 and HK\$294,183,000 respectively; and
- (xiii) the supplemental agreement dated 22 October 2018 entered into among the Lender, the borrower and China Tonghai Securities Limited (as the arranger) in relation to the extension of a loan in the amount of HK\$270,000,000 to 22 October 2019.

Save as disclosed above, as at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by any members of the Group within two years preceding the issue of this circular and ending on the Latest Practicable Date and are or may be material.

9. GENERAL

- (i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The head office and principal place of business in Hong Kong of the Company is located on 18th and 19th Floors, China Building, 29 Queen’s Road Central, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited on Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (iv) The company secretary of the Company is Ms. Hortense CHEUNG Ho Sze who is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as “The Institute of Chartered Secretaries and Administrators”) in United Kingdom.
- (v) This circular has been prepared in both English and Chinese. In the event of any discrepancy, the English text shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on 18th Floor, China Building, 29 Queen’s Road Central, Hong Kong during normal business hours on business days from the date of this circular up to and including 6 August 2020:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the year ended 31 March 2017, nine months ended 31 December 2017, year ended 31 December 2018 and year ended 31 December 2019;
- (iii) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (iv) the circular of the Company in relation to the entering into the MSEC Loan Facility Agreement, Third Supplemental Agreement I, Fourth Supplemental Agreement II and Fifth Supplemental Agreements III dated 26 May 2020; and
- (v) this circular.