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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
SUPPLEMENTAL AGREEMENT IN RELATION TO
EXTENSION OF LOAN**

Financial Adviser to the Company



中國通海企業融資
CHINA TONGHAI CAPITAL

SUPPLEMENTAL AGREEMENT

On 21 August 2020, the Lender and the Borrower entered into the Supplemental Agreement, pursuant to which, the repayment date of the Loan is extended to 18 June 2021 and an increase in the interest rate of the Loan from Prime Rate plus 1% per annum to Prime Rate plus 3.7% per annum. Save as aforesaid, all other terms of the Loan Facility Agreement shall remain in full force and effect.

LISTING RULES IMPLICATIONS

The Extension of Loan constitutes provision of financial assistance under the Listing Rules. As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Extension of Loan exceeds 25%, the Extension of Loan 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.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the entering into the Supplemental Agreement, the Controlling Shareholder, which is interested in approximately 72.51% of the issued share capital of the Company as at the date of this announcement, has given the written approval of the Extension of Loan and such written approval has been accepted in lieu of holding a general meeting for the approval of the Extension of Loan pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Extension of Loan will be convened and held.

As additional time is required for the Company to prepare and finalise certain information to be included in the circular, it is expected that the circular setting out, among others, details of the Supplemental Agreement and other information will be despatched to the Shareholders on or before 23 September 2020.

BACKGROUND

On 19 December 2019, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Facility Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower the Loan in an amount of HKD32.5 million for six months. The interest rate of the Loan was the Prime Rate plus 1% per annum. The Personal Guarantor guaranteed the performance by the Borrower of its obligations under the Loan Facility Agreement. All of the accrued interest on the Loan up to 18 June 2020 was paid prior to the entering of the Supplemental Agreement.

SUPPLEMENTAL AGREEMENT

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

Date of Supplemental Agreement:	21 August 2020
Lender:	China Tonghai Finance Limited
Borrower:	Elion International Investment Limited

Principal:	HKD32.5 million
Interest Rate:	Prime Rate plus 3.7% per annum effective for the period from 19 June 2020 and up to and including 18 June 2021
Date of Repayment:	18 June 2021
Personal Guarantee:	The personal guarantee given by the Personal Guarantor in favour of the Lender will remain as the continuing security for the due performance of the obligation of the Borrower under the Loan Facility Agreement (as amended and supplemented by the Supplemental Agreement).

Save as disclosed above, the Supplemental Agreement and the Loan Facility Agreement shall be read and construed as one instrument and save as amended, all other terms and provisions of the Loan Facility Agreement shall remain in full force and effect.

The Supplemental Agreement is conditional upon the obtaining of the written approval from the Controlling Shareholder in respect of the entering into the Supplemental Agreement and the transaction contemplated thereunder.

As at the date of this announcement, the above condition has been fulfilled.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The granting of loans is one of the principal businesses of the Group. The Extension of Loan to the Borrower is in the ordinary course of business of the Lender. The terms of the Supplemental Agreement were negotiated between the Lender and the Borrower on an arm's length basis. Taking into consideration of (i) the interest income to be received by the Group; and (ii) the credit assessment of the Extension of Loan including, among other things, the repayment ability of the Personal Guarantor in relation to the Loan having considered his net worth are sufficient in case of default, the Directors consider that the terms of the Supplemental Agreement are fair and reasonable and the entering into the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE BORROWER AND THE PERSONAL GUARANTOR

The Borrower is Elion International Investment Limited, a company incorporated in Hong Kong with limited liability. Its principal business is equity investment. Its ultimate controlling shareholder is Mr. WANG Wenbiao.

The Personal Guarantor is Mr. WANG Weitao, the sole director of the Borrower.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower, its ultimate beneficial owners and the Personal Guarantor 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 Loan constitutes provision of financial assistance under the Listing Rules. As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Extension of Loan exceeds 25%, the Extension of Loan 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.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the entering into the Supplemental Agreement, the Controlling Shareholder, which is interested in approximately 72.51% of the issued share capital of the Company as at the date of this announcement, has given the written approval of the Extension of Loan and such written approval has been accepted in lieu of holding a general meeting for the approval of the Extension of Loan pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Extension of Loan will be convened and held.

As additional time is required for the Company to prepare and finalise certain information to be included in the circular, it is expected that the circular setting out, among others, details of the Supplemental Agreement and other information will be despatched to the Shareholders on or before 23 September 2020.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Elion International Investment Limited, a company incorporated in Hong Kong 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)
“Controlling Shareholder”	Oceanwide Holdings International Financial Development Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“Directors”	the directors of the Company
“Extension of Loan”	the extension of the Loan under the Supplemental Agreement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is not connected with (within the meaning of the Listing Rules) and is/are independent of the directors, chief executives and substantial shareholders of the Group or any of their respective associates
“Lender”	China Tonghai Finance Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a registered money lender holding a valid money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the short term loan with principal amount of HKD32.5 million granted by the Lender to the Borrower pursuant to the Loan Facility Agreement

“Loan Facility Agreement”	the loan facility agreement dated 19 December 2019 entered into between the Lender and the Borrower in respect of the Loan
“Personal Guarantor”	Mr. WANG Weitao, the sole director of the Borrower
“Prime Rate”	the HKD prime rate quoted by the Standard Chartered Bank (Hong Kong) Limited from time to time, which is 5.25% as at the date of this announcement
“Shareholders”	holders of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 21 August 2020 entered into between the Lender and the Borrower to supplement the Loan Facility Agreement
“%”	per cent

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

Hong Kong, 21 August 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. LIU Bing
Mr. ZHAO Yingwei
Mr. ZHAO Xiaoxia