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中國通海國際金融有限公司

CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN A LISTED COMPANY

THE DISPOSALS

The Board wishes to announce that on 28 January 2021, the Vendor disposed of 1,000,000 Haitong H-Shares for a consideration of HK\$7,055,220 (excluding transaction costs) at the selling price of approximately HK\$7.0552 per Haitong H-Share through an on-market transaction. The Further Disposal Shares represent approximately 0.03% of the total issued Haitong H-Shares and approximately 0.008% of the total issued shares of Haitong as at the date of this announcement.

For the period from 30 March 2020 to 15 January 2021, the Vendor conducted a series of on-market transactions to dispose of an aggregate of 5,406,400 Haitong H-Shares (representing approximately 0.16% of the total issued Haitong H-Shares and approximately 0.04% of the total issued shares of Haitong) at an average price of approximately HK\$7.69 per Haitong H-Share for an aggregate consideration of HK\$41,595,692.38 (exclusive of transaction costs).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Further Disposal on a standalone basis and when aggregated with the First Disposals exceed 5% but are less than 25%, the Disposals constitute a discloseable transaction of the Company under the Listing Rules and are therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

THE FIRST DISPOSALS

For the period from 30 March 2020 to 15 January 2021, the Vendor, a wholly-owned subsidiary of the Company conducted a series of on-market transactions to dispose of an aggregate of 5,406,400 Haitong H-Shares (representing approximately 0.16% of the total issued Haitong H-Shares and approximately 0.04% of the total issued shares of Haitong) at an average price of approximately HK\$7.69 per Haitong H-Share for an aggregate consideration of HK\$41,595,692.38 (exclusive of transaction costs).

THE FURTHER DISPOSAL

The Board wishes to announce that on 28 January 2021, the Vendor disposed of 1,000,000 Haitong H-shares through an on-market transaction.

As each of the First Disposals and the Further Disposal were all conducted on the open market, the Company is not aware of the identities of the purchasers of the Disposed Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers of the Disposed Shares and their ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Further Disposal Shares of 1,000,000 Haitong H-Shares represent approximately 0.03% of the total issued Haitong H-Shares and approximately 0.008% of the total issued shares of Haitong as at the date of this announcement.

After the Disposals, the Vendor continues to own 18,957,200 Haitong H-Shares, representing approximately 0.56% of the total issued Haitong H-Shares and approximately 0.15% of the total issued shares of Haitong.

Consideration

The consideration was HK\$7,055,220 (excluding transaction costs) and will be settled by the purchasers in cash upon completion. The consideration represented the value of the Further Disposal Shares based on the market value of such shares at the time of the Further Disposal.

Selling price

The average selling price of approximately HK\$7.0552 per Haitong H-Share represented the market price of Haitong H-Shares at the time of the Further Disposal.

The Directors consider that such selling price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

COMPLETION

The Further Disposal will be completed on the second trading day following the execution date of the transaction and is expected to be completed on 1 February 2021.

REASONS FOR AND BENEFITS OF THE DISPOSALS

One of the principal businesses of the Group is investing and trading in various investment products.

The Further Disposal was made at the market price of Haitong H-Shares at the time of the Further Disposal. The Directors are of the view that the Disposals will enhance the liquidity of the Group. Having considered the factors above, the Directors consider that the Disposals were fair, reasonable, on normal commercial terms and in the best interest of the Company and the Shareholders as a whole.

The Group currently intends to use the proceeds as general working capital.

FINANCIAL IMPACT OF THE DISPOSALS

As at 31 December 2019, the carrying amount of the Disposed Shares was approximately HK\$59,003,000. As a result of the Disposals, the Group is expected to recognise a loss of approximately HK\$10,352,000 (before taxation and without deduction of expenses related to the Disposals), which is calculated based on the difference between the carrying amount of the Disposed Shares as at 31 December 2019 and the disposal price of the Disposed Shares. The actual amount of gain or loss as a result of the Disposals to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

The Group expects to receive net proceeds of approximately HK\$48,557,000 from the Disposals.

INFORMATION OF THE PURCHASER

As each of the First Disposals and the Further Disposal were all conducted on the open market, the Company is not aware of the identities of the purchasers of the Disposed Shares.

INFORMATION ON THE VENDOR AND 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.

The Vendor, a wholly-owned subsidiary of the Company, was incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

INFORMATION ON HAITONG

Haitong is a joint stock company incorporated in the PRC with limited liability, the H-Shares of which are listed on the Stock Exchange (Stock Code: 6837) and the A-shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600837).

Haitong is principally engaged in securities and futures contracts dealing and broking, proprietary trading, margin and other financing, underwriting, assets management, direct equity investments, finance lease business, banking services, corporate finance business, individual finance business, fund management business and provision of investment advisory and consultancy services.

Based on the audited consolidated financial statements of Haitong extracted from the annual report of Haitong for the year ended 31 December 2019, the audited total assets and net assets of Haitong were approximately RMB636,793,631,000 and RMB141,118,743,000.

Based on the unaudited consolidated financial statements of Haitong extracted from the interim report of Haitong for the six months ended 30 June 2020, the unaudited total assets and net assets of Haitong were approximately RMB681,547,216,000 and RMB146,229,813,000.

The audited net profit (before and after taxation and extraordinary items) of Haitong for the two financial years ended 31 December 2019 and the unaudited net profit (before and after taxation and extraordinary items) of Haitong for the six months ended 30 June 2020 respectively were as follows:

	For the six months ended 30 June 2020 <i>RMB</i>	For the year ended 31 December 2019 <i>RMB</i>	For the year ended 31 December 2018 <i>RMB</i>
Net profit before taxation and extraordinary items	7,819,488,000	13,871,921,000	7,570,366,000
Net profit after taxation and extraordinary items	5,901,461,000	10,540,663,000	5,770,708,000

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Further Disposal on a standalone basis and when aggregated with the First Disposals exceed 5% but are less than 25%, the Disposals constitute a discloseable transaction of the Company under the Listing Rules and are therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 952)
“Directors”	the directors of the Company
“Disposals”	the First Disposals and the Further Disposal
“Disposed Shares”	the Haitong H-Shares disposed of under the Disposals
“First Disposals”	the transactions in respect of 5,406,400 Haitong H-Shares from 30 March 2020 to 15 January 2021 in the open market for an aggregate consideration of HK\$41,595,692.38
“Further Disposal”	the disposal of the Further Disposal Shares through an on-market transaction
“Further Disposal Shares”	1,000,000 Haitong H-Shares
“Group”	the Company and its subsidiaries
“Haitong”	Haitong Securities Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H-Shares of which are listed on the Stock Exchange (Stock Code: 6837) and the A-shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600837)
“H-Share(s)”	the H-share(s) of Haitong which are listed on the Stock Exchange
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China Tonghai Capital (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 28 January 2021

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:

Mr. HAN Xiaosheng (*Chairman*)
Mr. FANG Zhou (*Deputy Chairman*)
Mr. ZHANG Xifang
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