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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)**

**VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO  
DISPOSAL OF SALE LOAN AND THE CALL OPTION**

**Financial Adviser to the Company**



**中國通海企業融資**  
**CHINA TONGHAI CAPITAL**

**THE DISPOSAL**

The Board is pleased to announce that on 17 March 2021 (after trading hours), the Seller and the Buyer entered into a conditional SPA, pursuant to which the Seller has conditionally agreed to sell and the Buyer has conditionally agreed to purchase the Sale Loan and the Call Option for a consideration of approximately HK\$261 million.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Disposal and the transaction contemplated thereunder.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal and the transaction contemplated thereunder at the SGM.

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 Disposal and the transaction contemplated thereunder and the notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 23 April 2021.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent to the SPA which are set out in the paragraph headed "The SPA" of this announcement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.**

## BACKGROUND

Reference is made to (i) the announcement of the Company dated 28 August 2017 in relation to the Original Facility Agreement entered into among China Tonghai Securities and other Lenders, the Guarantors and the Agent, pursuant to which China Tonghai Securities and other Lenders agreed to provide the Borrower a Loan Facility in an aggregate amount of HK\$5,810 million in which the participation of China Tonghai Securities under the Loan Facility is HK\$500 million, and (ii) the Announcement and the circular dated 23 September 2020 in relation to the Amendment and Restatement Agreement and the Deed of Call Option in respect of among others the extension of the repayment date of the Loan Facility to the Maturity Date.

China Tonghai Securities transferred by novation all of its rights and obligations under the Original Facility Agreement to the Seller on 29 March 2018. Each of China Tonghai Securities and the Seller is a wholly-owned subsidiary of the Company.

Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

## **THE SALE LOAN**

The Borrower has not fully repaid the Loan Facility to the Seller and other Lenders on the Maturity Date. As at the Maturity Date, the aggregate amount owed by the Borrower to the Seller, under the Loan Facility, including the outstanding principal, interest and default interest, was approximately HK\$319,243,224.24.

## **AMENDMENT AND RESTATEMENT AGREEMENT**

Set out below are the principal terms of the Amendment and Restatement Agreement:

### **Date**

29 July 2020

### **Maturity Date**

2 September 2020

### **Interest rate**

12% per annum on and after 3 September 2019

### **Default interest**

- (i) Interest rate will be increased to 18% per annum; and
- (ii) Any unpaid default interest arising from the unpaid amount will be compounded with the unpaid amount at the end of each month and will remain immediately due and payable.

On 29 July 2020, the Lenders agreed to waive a default interest of HK\$430,654,045.46 which represented 50% of the outstanding default interest payable from 19 October 2018 to 2 September 2019 which was triggered by the failure to maintain LTV Ratio under the Original Facility Agreement. The waiver of 50% default interest was determined as part of the overall negotiations between the Borrower and the Lenders during the Negotiation Period. The Seller's entitlement of the remaining 50% of the outstanding default interest from 19 October 2018 to 2 September 2019 is HK\$37,061,449.66 as at the Maturity Date.

### **Events of Default:**

The events of default should include, but not limited to:

- (i) Non-payment: a default occurs if any Obligors do not pay on due date any amount payable unless the failure is caused by administrative or technical error and disruption events such as material disruption to the payment or communication

systems, and the occurrence of any other events results in a disruption to the treasury or payments operation etc. and that such default is not remedied within five days from the due date thereof;

- (ii) Cross default: (a) any financial indebtedness of any Obligors or PRC Listco is not paid when due nor within any originally applicable grace period; or (b) any financial indebtedness of any Obligors or PRC Listco is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or (c) any commitment for any financial indebtedness of any Obligors or PRC Listco is cancelled or suspended by a creditor of any Obligors or PRC Listco as a result of an event of default (however described); or (d) any creditor of any Obligors or PRC Listco becomes entitled to declare any financial indebtedness of any Obligors or PRC Listco due and payable prior to its specified maturity as a result of an event of default (however described); or (e) no event of default will occur if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within paragraphs (a) to (d) above is less than HK\$3,000,000 (or its equivalent in any other currency or currencies);
- (iii) Insolvency: any Obligors or PRC Listco is or is presumed or deemed to be unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties or the value of the assets of any Obligors or PRC Listco is less than its liabilities;
- (iv) Insolvency proceedings: (a) any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, bankruptcy, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligors or PRC Listco; or (b) a composition or arrangement with any creditor of any Obligors or PRC Listco, or an assignment for the benefit of creditors generally of any Obligors or PRC Listco or a class of such creditors; or (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor, manager of the estate or business, nominee in relation to any voluntary arrangement or other similar officer in respect of any Obligors or PRC Listco or any of their respective assets; or (d) enforcement of any security over any assets of any Obligors or PRC Listco.

If an event of default occurs, the commitments would be cancelled, and the outstanding liabilities should be immediately due and payable together with exercise any or all of its rights, remedies, powers or discretions under the Amendment and Restatement Agreement.

**Securities:**

- (i) share mortgage over all issued shares in CGA by Huge Auto;
- (ii) share mortgage over all issued shares in Huge Auto by HGH;
- (iii) share mortgage over all issued shares in HGH by National Holdings;
- (iv) share mortgage over all issued shares in National Holdings by Mr. Huang;
- (v) share mortgage over all issued shares in CGA Mauritius by CGA;
- (vi) charge over a Hong Kong bank account of CGA Mauritius;
- (vii) cash pledge and charge over a PRC bank account of CGA Mauritius; and
- (viii) share pledge over 1,621,932,099 shares in the PRC Listco held by CGA Mauritius

**Guarantee:**

The Guarantors jointly and severally guarantee the performance by the Borrower of their obligations under the Finance Documents.

**THE DEED OF THE CALL OPTION**

Set out below are the principal terms of the Deed of Call Option:

**Date**

29 July 2020

**Parties**

- (i) China Tonghai Holdings, as a one of the Grantee;
- (ii) Other Lenders, as Grantees;
- (iii) Huge Auto, as the Grantor;
- (iv) HGH; and
- (v) BOCI Leveraged & Structured Finance Limited, as the Agent.

## **Option Shares**

The Option Shares represent 100% of the issued share capital of CGA. CGA holds 100% equity interest in CGA Mauritius, which hold 1,621,932,099 shares of the PRC Listco, representing approximately 19.88% of the total issued shares of PRC Listco as at the Maturity Date. Based on the average closing price for the five business days immediately preceding the date of this announcement, the market value of the shares of the PRC Listco held by CGA Mauritius was approximately RMB4,311,095,519.

## **Option period**

The Grantees shall have the right to exercise the Call Option within two years after the Deed of Call Option becoming effective (the “**Call Option Period**”), provided that the Borrower fails to irrevocably pay all outstanding amount owed by the Borrower under the Amendment and Restatement Agreement on the Maturity Date in full.

## **Exercise price**

On the exercise of the Call Option by the Grantees, the Grantees shall be bound to purchase and the Grantor shall become bound to transfer the Option Shares then held by the Grantor to the Grantees, at a consideration (the “**Exercise Price**”) payable by each Grantee, equal to the corresponding Participation Percentage of the aggregate amount of outstanding amounts owed by the Borrower and the Obligors payable to such Grantee and the Agent.

Following the exercise of the Call Option, the Exercise Price payable by such Grantee under the Call Option shall be set off automatically against the corresponding Participation Percentage of the total outstanding amount of the Loan Facility owed by the Borrower and the Obligors payable to such Grantee and the Agent, and no further amount is payable by the Grantee to the Grantor as the Exercise Price of the Call Option.

For any transfer of the Option Shares to each of the Grantees pursuant to the Call Option, any declared but unpaid dividends to which the Grantor is otherwise entitled in respect of the Option Shares subject to the Call Option shall be transferred with the Option Shares, and no additional consideration is payable by any Grantee for such declared but unpaid dividends on or after completion of the transfer of the Option Shares.

## **Exercise of the Call Option**

Under the Deed of Call Option, the exercise of the Call Option must be in full but not in part by all the Grantees and the exercise of the Call Option is on joint but not singly basis. In particular, a majority consent of 80% among the Lenders is a condition for the Seller to exercise the Call Option. Apart from the above mentioned condition, there is no other condition required for the Seller to exercise the Call Option.

## **Lapse of the Call Option**

The Call Option may only be exercised once and the Call Option not exercised shall lapse and cease to have any further effect on the expiration of the Call Option Period.

## **CREDIT ASSESSMENT**

Our Group has performed an internal assessment to assess credit and risk management of the extension of the Loan and the exercise of the Call Option. Our Group has closely monitored the PRC Listco including the news, LTV Ratio and the share price performance. As a normal process for credit assessment and risk management of extension of the Loan, an internal committee consisted of four senior management members of the Group and a member from the risk department, has considered the relevant information including, among other things, the background of the Borrower, its repayment history including several payments made during the Negotiation Period which reduced the principal amount and hence lowered the respective risk associated to the Sale Loan and the value of the shares of the PRC Listco indirectly held by the Grantor which covers the Sale Loan.

Assuming the Call Option is exercised by the Grantees, the maximum of 1,621,932,099 shares of CGA (which indirectly hold 1,621,932,099 shares of PRC Listco) held by the Grantor will be transferred to the Lenders, of which 139,581,075 shares of CGA will be allocated to the Group based on the Participation Percentage. Base on the average closing price for the five business days immediately preceding the date of this announcement, the value of the Options Shares represents RMB371,006,497, equivalent to approximately HK\$441,497,731.

The Loan attributable to the Seller represents the Participation Percentage of approximately 8.61% of the total outstanding principal amount to all Lenders on the Maturity Date. Since the Seller is a minority lender, its decision to vote for or against the exercise of the Call Option has no casting effect and not influential to the final decision of the Lenders. The position of the Seller under the Call Option is passive and the right to exercise is not at the Seller's sole discretion.

After the Maturity Date, the Seller had several rounds of discussions with the Borrower and other Lenders and no agreement was reached in relation to the restructuring or the Loan Facility or a repayment plan. In this regard, the Seller together with the Lenders agreed that the Loan Facility will not be extended. In addition, the Lenders are unable to obtain a majority consent of 80% among themselves to vote for the exercise of the Call Option. Therefore, the Group cannot recover the Sale Loan through exercising the Call Option and hence the sale of the Option Shares and therefore faces uncertainty of repayment. In view of the foregoing, the Group considered the sale of the Sale Loan is the best option.

## THE DISPOSAL

The Board is pleased to announce that on 17 March 2021 (after trading hours), the Seller and the Buyer entered into a conditional SPA, pursuant to which the Seller has conditionally agreed to sell and the Buyer has conditionally agreed to purchase the Sale Loan and the Call Option for a consideration of approximately HK\$261 million.

## THE SPA

The principal terms of the SPA are set out below:

Date: 17 March 2021

Parties: (i) China Tonghai Capital (Holdings) Limited, as the Seller; and  
(ii) Joyful Richness Holdings Limited, as the Buyer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject matter: The Seller has conditionally agreed to sell and the Buyer has conditionally to purchase the Sale Loan and the Call Option

Payment terms: The Consideration of approximately HK\$261 million shall be settled by cash by the Buyer in the following manner:

- (a) a deposit (being an amount equal to HK\$10 million) shall be paid to the Seller by the Buyer on the date of signing of the SPA; and
- (b) the remaining balance of the Consideration of approximately HK\$251 million shall be paid to the Seller upon Completion.

Consideration: The Consideration represent (a) approximately HK\$252 million, being the Loan at par and (b) approximately HK\$9 million, being the Seller's entitlement of accrued interest at discount.



According to the Amendment and Restatement Agreement, the Seller is entitled to the (a) accrued interest of approximately HK\$30.2 million and (b) the remaining 50% of the outstanding default interest for the period 19 October 2018 to 2 September 2019 of approximately HK\$37.1 million. In view of the uncertainty of repayment, the Group considered that the consideration of HK\$9 million for the Seller's entitlement of accrued interest is fair and reasonable. For further details, please refer to the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

In arriving at the Consideration, the Seller had considered (i) its rights and entitlement of the remaining 50% default interest from 19 October 2018 to 2 September 2019 and (ii) its rights and entitlement of accrued interest (whether at a default interest rate or otherwise) from the Maturity Date to and including the Completion Date. The Buyer and the Seller agreed to exclude the aforesaid in determining the Consideration.

The Consideration was arrived at after arm's length negotiation between the Seller and Buyer on normal commercial terms and has taken into consideration the carrying value of the Sale Loan, the historical repayment record and the credit profile of the Borrower. The Seller has also made reference to the terms and conditions of some other Lender's disposal of their portion of the Loan Facility, which are the same as in the SPA.

Long Stop Date:	30 June 2021 (or any other date as agreed by the parties in writing)
Conditions Precedent:	Completion is conditional upon the fulfillment of the following conditions precedent, (i) the passing of a resolution of the Shareholders at SGM approving the Disposal and the transaction contemplated therein; and (ii) the representations and warranties of the Seller and the Buyer being true, accurate and complete in all respects when made and remaining true, accurate and complete and not misleading as at the Completion Date. The Seller is required to notify the Buyer by notice in writing upon the conditions precedent being fulfilled and the SPA therefore becoming unconditional and the parties shall proceed to Completion. If the conditions precedent are not fulfilled on or before the Long Stop Date then (a) the SPA shall forthwith terminate and Seller and the Buyer should be released from all obligations under the SPA; and (b) the Seller shall refund the HK\$10 million deposit without interest to the Buyer if the conditions precedent (i) is not fulfilled on or before the Long Stop Date.

**Completion:** Completion shall take place on the Completion Date after fulfillment of the last of the conditions precedent set out in the SPA or such other earlier date and time as the Seller and the Buyer may agree in writing. On the Completion Date, the Seller among others shall deliver the signed Transfer Certificate and the signed Call Option Assignment Deed together with its signed notices to the Buyer and the Buyer shall pay the Consideration (less the HK\$10 million deposit) to the Seller in such manner as the Seller shall notify the Buyer in advance.

Upon Completion, the Sale Loan shall be transferred to the Buyer.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

### **Impact on financial performance**

The Sale Loan has contributed interest income of HK\$36.6 million pursuant to the Amendment and Restatement Agreement. HK\$13.4 million and HK\$23.2 million were recognised for the year ended 31 December 2019 and 2020 respectively. The Group had recognised a net loss of HK\$35.0 million for the Sale Loan for the year ended 31 December 2020, representing the net amount of the interest income of HK\$23.2 million and the impairment loss for expected credit losses of approximately HK\$58.2 million.

Upon the Completion of the Disposal, it is expected that the Sale Loan will not cause any material impact on the earnings of the Group as there is no difference between the Consideration and the carrying amount of the Sale Loan as at 31 December 2020. The exact amount of the financial effect on earnings on the Disposal to be recorded in the consolidated financial statements of the Group for the year ended 31 December 2020 is subject to audit.

### **Impact on financial position**

The Sale Loan was accounted for an asset with carrying amount of approximately HK\$261 million as at 31 December 2020.

Upon the Completion of the Disposal, it is expected the Sale Loan will not cause any material impact on the total assets and total liabilities of the Group. The exact amount of the financial effect on assets and liabilities to be recorded in the consolidated financial statements of the Group for the year ended 31 December 2020 is subject to audit.

## **USE OF PROCEEDS**

The Disposal provides for a one-off repayment of the outstanding principal amount and accrued interest of the Seller's participation under the Loan Facility, which allows the Group to use the proceeds from the Disposal as general working capital and future investment opportunities of the Group. Hence, the Board has approved the Disposal and the transaction contemplated thereunder after considering all the circumstances, including the timing of payment and recoverable amount. The Board considers that the above analysis and the decision made is beneficial to the Company and its shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE SELLER**

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

## **INFORMATION ON THE BUYER**

The Buyer is Joyful Richness Holdings Limited.

Joyful Richness Holdings Limited is a company incorporated in the British Virgin Islands which principally engages in investment holding, the shares of which are wholly-owned by Mr. Zhu Junjie, who has been primarily engaged in real estate investment, construction projects, finance investment and commercial trade in the PRC for several years.

Mr. Zhu Junjie was first introduced by the Agent and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer and its ultimate beneficial owner is an Independent Third Party and do not have any relationships with (i) any other creditors, debtors, business partners of the Company and its connected persons; and (ii) the Group and connected person of the Company.

## **INFORMATION OF THE BORROWER**

The Borrower is HGH and Huge Auto. HGH is a company incorporated in Hong Kong with limited liability whose principal business is investment holding, the shares of which are wholly-owned by National Holdings. Huge Auto is a company incorporated in the British Virgin Islands with limited liability whose principal business is investment holding, the shares of which are wholly-owned by HGH. The Borrower was introduced by VMI Capital Group, an independent referral agent.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Sale Loan, the Company did not grant loans to the Borrower and its ultimate beneficial owner.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed in the above, the Borrower and its ultimate beneficial owner is Independent Third Party and do not have any relationships with (i) any other creditors, debtors, business partners of the Company and its connected persons; and (ii) the Group and connected persons of the Company.

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

Despite the Borrower entered into the Amendment and Restatement Agreement with the Sellers and other Lenders on 29 July 2020, the Borrower has failed to fulfill its repayment obligations since the Maturity Date. The Seller has several rounds of discussions with the Borrower and other Lenders and no agreement was reached in relation to the restructuring or extension of the Loan Facility or a repayment plan.

The Group has considered other exit options and among others, the exercise of the Call Option. In November 2020, the Seller had voted for the exercise of the Call Option. However, the Lenders are unable to obtain a majority consent of 80% as some Lenders considered that it will take more than a year to transfer the Option Shares to them and is not a feasible option to sell the Option Shares in the market within a short period of time. The Group considered the Disposal is the best option to the Group. The Group had approached other potential buyers for the Disposal including an investment bank, a private company and other Lenders, however none of them provides a better offer than that of the Buyer. The Disposal, which is to be sold to a party not originally involved in the Loan Facility though selling at a discount, provides for a one-off repayment of the outstanding principal amount and accrued interest of the Seller's participation under the Loan Facility, which allows the Group to use the proceeds from the Disposal as general working capital and future investment opportunities of the Group.

In view of the above, the Directors consider that the terms and conditions of the Disposal (including the Consideration) are on normal commercial terms and such terms are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Disposal and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal and the transaction contemplated thereunder at the SGM.

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 Disposal and the transaction contemplated thereunder and the notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 23 April 2021.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent to the SPA which are set out in the paragraph headed "The SPA" of this announcement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

"Agent"	BOCI Leveraged & Structured Finance Limited, a company incorporated in Hong Kong with limited liability and the agent of the Original Lenders
"Amendment and Restatement Agreement"	the amendment deed dated 29 July 2020 on the extension of the Loan Facility to the Maturity Date together with other amendment as defined in the Announcement
"Announcement"	the announcement of the Company dated 29 July 2020
"Borrower"	HGH and Huge Auto
"Board"	the Board of Directors
"Buyer"	Joyful Richness Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Call Option”	the irrevocable right to purchase from the Grantor and to require the Grantor to sell all (but not part) of the corresponding number of Option Shares together with all related rights
“Call Option Assignment Deed”	the deed relating to the assignment of Call Option pursuant to which the Seller shall on Completion assign all its rights, title and interest and duties, obligations and liabilities in the Deed of Call Option to the Buyer
“Call Option Period”	as defined in the section headed “The Deed of the Call Option” in this announcement
“CGA”	China Grand Automotive Group Limited, an exempted company incorporated in the Cayman Islands with limited liability
“CGA Mauritius”	China Grand Automotive (Mauritius) Limited, a private company limited by shares incorporated under the laws of Mauritius
“China Tonghai Holdings” or “Seller”	China Tonghai Capital (Holdings) Limited, a direct wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability
“China Tonghai Securities”	China Tonghai Securities Limited (formerly known as Quam Securities Company Limited at the time of entering into the Original Facility Agreement), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a corporation licensed to carry out Type 1 regulated activity (dealing in securities), Type 2 regulated activity (dealing in futures contracts), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and Type 9 regulated activity (asset management) under the SFO
“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)
“Completion”	the completion of the Disposal between the Seller and the Buyer on Completion Date
“Completion Date”	the completion date of the Disposal, being 30 June 2021, or an earlier date as mutually agreed by the Seller and the Buyer in writing
“Consideration”	HK\$261,018,141, being the total consideration payable by the Buyer to the Seller for the Disposal

“Deed of Call Option”	the deed dated 29 July 2020 entered into among Mr. Huang, National Holdings, HGH, the Agent and the Seller and the other Lenders in respect of the Call Option
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Loan and the Call Option pursuant to the terms and conditions of the SPA
“Exercise Price”	as defined in the section headed “The Deed of the Call Option” in this announcement
“Finance Documents”	the Original Facility Agreement, Amended and Restatement Agreement, the Deed of Call Option and the security, mortgage, charge, pledge, guarantee in relation to the Loan Facility and any other amendments, supplements, accessions, waivers, or variation of such documents
“Grantees”	China Tonghai Holdings and the other Original Lenders, as grantees of the Call Option
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Huang and National Holdings
“HGH”	Huge Group Holdings Limited, a company incorporated in Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Auto” or “Grantor”	Huge Auto Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“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 Company and its subsidiaries or any of their respective associates
“Lender(s)”	the Original Lenders and any bank, financial institution, trust, fund or other entity which has become a lender pursuant to the Amendment and Restatement Agreement, which has not ceased to be a party to the Amendment and Restatement Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Loan”	the outstanding amount of the Seller’s participation in the Loan Facility
“Loan Facility”	the loan facility in an aggregate amount of HK\$5,810 million granted by China Tonghai Securities and other lenders to the Borrower pursuant to the Original Facility Agreement dated 28 August 2017 together with its amendments and supplements under the Amendment and Restatement Agreement
“LTV Ratio”	the loan-to-value ratio of the PRC Listco
“Maturity Date”	2 September 2020
“Mr. Huang”	Mr. Huang Chusheng (黃楚生)
“National Holdings”	National Holdings Group Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Negotiation Period”	the period from 3 September 2019 being the date of the expiration of the Original Facility Agreement to 28 July 2020 being the date before the entering of the Amendment and Restatement Agreement and the Deed of Call Option
“Obligors”	the Borrower, the Guarantors, CGA, CGA Mauritius and any of their respective subsidiaries from time to time and “Obligor” mean each one of them
“Option Shares”	1,621,932,099 shares of China Grand Automotive Group Limited wholly-owned by the Grantor subject to the Deed of Call Option
“Original Facility Agreement”	the original facility agreement dated 28 August 2017 entered into among the Original Lenders, Borrower, the Guarantors and the Agent in relation to the provision of the Loan Facility
“Original Lender(s)”	the original lenders under the Original Facility Agreement
“Participation Percentage”	the respective proportion of the participation or outstanding principal amount of the Loan owned to each Grantee as recorded by the Agent expressed as a percentage of the total outstanding principal amount of the Loan pursuant to the Amendment and Restatement Agreement
“Sale Loan”	the outstanding principal amount, accrued interest in the Seller’s participation in the Loan Facility and the Seller’s rights, obligations and other entitlement under the Finance Documents



“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve, among other things, the Disposal and the transaction contemplated thereunder
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company
“SPA”	the sale and purchase agreement dated 17 March 2021 and entered into between the Seller and the Buyer in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Certificate”	the transfer certificate pursuant to which the Seller shall on Completion, novates all of the Seller’s rights, obligations and entitlement under the Finance Documents to the Buyer
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“%”	per cent

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

Hong Kong, 17 March 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