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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)**

## **CONNECTED TRANSACTION SUBSCRIPTION OF GUARANTEED NOTES**

### **ISSUE OF GUARANTEED NOTES**

On 9 March 2022, the Issuer has resolved to issue a series of Notes in the size of up to HK\$100 million in four tranches by means of a private offering to Qualified Investors and Eligible Investors and the performance of the Issuer's obligation under the Notes will be guaranteed by the Company.

Pursuant to the offering conditions, the minimum principal amount of the Notes to be issued in the first tranche should be not less than HK\$20 million.

### **SUBSCRIPTION AGREEMENT**

On 11 March 2022, the Issuer entered into the subscription agreements with various subscribers, pursuant to which the Issuer agreed to issue the Notes and the subscribers agreed to subscribe the Notes pursuant to the terms and conditions of the Instrument. Among the subscribers, Mr. Lam, as an Eligible Investor, entered into the Subscription Agreement with the Issuer to subscribe for the Notes in the principal amount of HK\$5 million. The first tranche closing of the Notes is completed on 11 March 2022 and the Issuer has in total issued the Notes in the principal amount of HK\$21 million.

## **LISTING RULES IMPLICATIONS**

The Issuer is an indirect wholly-owned subsidiary of the Company. Mr. Lam is the executive Director of the Company and the director of the Issuer. Therefore Mr. Lam is the connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Subscription Agreement by Mr. Lam constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the subscription amount in aggregate are more than 0.1% but less than 5%, the transaction under the Subscription Agreement is subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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## THE NOTES

The principal terms and conditions of the Notes are summarized as follows:

Issuer	Well Foundation Company Limited
Guarantor	the Company
Issue Size	Private offering in an aggregate principal amount of up to HK\$100 million to be issued in four tranches on or before 15 April 2022
Ranking of the Notes	Each Note constitutes direct and secured obligations of the Issuer and first ranking Notes security shall be granted by the Issuer in favour of the noteholders when the security is/are provided. In so far as neither the charge over LP Interests in the Funds (or charge over LP Interests in Fund B only as the case may be) or the distribution in specie in the Funds (or Fund B only as the case may be) can be fulfilled, the obligations of the Issuer under the Notes shall remain unsecured
Target Investors	Qualified Investors and Eligible Investors
Offer price	100% of the principal amount of the Notes
Interest	4% per annum and interest of the Notes will be calculated on the basis of a 365-day a year payable on the Maturity Date from the issue date of the first tranche in arrears until maturity
Default Interest	12% per annum
Maturity Date	10 September 2022, being 6 months from the issue date of the first tranche of the Notes
Additional Cash Return	<p>In the event the average closing price of SenseTime on the Stock Exchange for the 5 business day immediately prior to the Maturity Date (“Calculated Reference Shares Price”) is more than HK\$5, the noteholders including Mr. Lam are entitled to an additional cash return pursuant to the following formula:</p> $20\% \times (\text{Calculated Reference Shares Price} - \text{HK\$5}) \times \text{Calculated Reference Number Shares} \times \text{Interest Period Factor}$

In the event the Calculated Reference Shares Price is higher than HK\$37.5, in calculation of the Additional Cash Return, Mr. Lam agrees to cap the Calculated Reference Share Price at HK\$37.5

Calculated Reference Number Shares means:

$$\frac{\text{Principal amount of Notes held by noteholders on Maturity Date} \times 15,000,000 \text{ class B shares of SenseTime}}{\text{HK\$100 million}}$$

Interest Period Factor means:

$$\frac{\text{Number of days the Notes held by the noteholders is in issue}}{184}$$

Where 184 is the number of calendar days from 11 March 2022 to 10 September 2022, both dates inclusive

#### Security Conditions

The Issuer shall use its reasonable endeavour to obtain the consent of the general partner of the Funds (or Fund B as the case maybe) in order to create a charge over LP Interests in the Funds (or charge over LP Interests (Fund B) only as the case maybe) in favour of the noteholders by 31 July 2022, which the Funds indirectly hold the class B shares in SenseTime.

#### Security

(a) Subject to the security conditions being fulfilled and

- (i) if the aggregate principal amount of the Notes issued is equal to or more than HK\$75million, the charge of the LP Interests in the Funds, which hold 27,140,000 class B shares in SenseTime; or
- (ii) if the aggregate principal amount of the Notes issued is less than HK\$75 million, the charge of the LP Interests (Fund B), which holds 21,190,000 class B shares in SenseTime

or

- (b) Subject to the occurrence of distribution in specie in the Funds after the Lock Up Period but before the Maturity Date and

- (i) if the aggregate principal amount of the Notes issued is equal to or more than HK\$75million, the charge over 27,140,000 class B shares in SenseTime and the proceeds from the sale of such class B shares in SenseTime; or
- (ii) if the aggregate principal amount of the Notes issued is less than HK\$75 million, the charge over 21,190,000 class B shares in SenseTime and the proceeds from sale of such class B shares in SenseTime

the Notes will be secured by the security in the above

Early Redemption	If the Issuer fails to provide any security of the Notes by 31 July 2022, the noteholders have the right to redeem all their respective holding of the Notes in full during the Early Redemption Period at a redemption price of 100% principal amount plus an annual return of 7.5% on a 365-day year from the date of issue of the Notes to the date of early redemption
Transferability	The Notes are transferrable to Qualified Investor in integral multiples of HK\$500,000
Listing	No listing of the Notes will be sought from the Stock Exchange or any other stock exchange

## **INFORMATION OF THE COMPANY**

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange. The Group is principally engaged in (i) corporate finance advisory and general advisory services; (ii) fund management, discretionary portfolio management and portfolio management advisory services; (iii) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing, insurance broking and wealth management services; (iv) money lending services; (v) financial media services; and (vi) investing and trading of various investment products.

## **INFORMATION OF THE ISSUER**

The Issuer is a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company. The Issuer is an investment holding company of the Group.

## **INFORMATION OF MR. LAM**

Mr. Lam is the executive director of the Company and the director of the Issuer. The biographical details of Mr. Lam could be found on page 49 of the annual report of the Company published on 19 April 2021 on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

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

The proceeds of the issue of the Notes will be used as general working capital for the businesses of the Company.

As a subscriber of the Notes, Mr. Lam has abstained from voting on the issuance of the Notes to him under the Subscription Agreement to avoid a perception of a conflict of interest. Save as disclosed, no other Directors have material interest in the transaction contemplated thereunder.

The board of Directors consider that the issue of the Notes to the subscribers including Mr. Lam is an appropriate means of raising additional capital of the Company taking into account the fact that the subscription represents an opportunity for the Company to obtain the funding at reasonable cost for enhancing its working capital and strengthen its capital base and financial position.

In light of the above, the board of Directors (including the independent non-executive Directors) consider that the issue of the Notes to the subscribers including Mr. Lam and the terms and conditions of the Notes in the Instrument are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Issuer is an indirect wholly-owned subsidiary of the Company. Mr. Lam is the executive Director of the Company and the director of the Issuer. Therefore Mr. Lam is the connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the Subscription Agreement by Mr. Lam constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the subscription amount in aggregate are more than 0.1% but less than 5%, the transaction under the Subscription Agreement is subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 952)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the director(s) of the Company
“Early Redemption Period”	means 1 August 2022 to 17 August 2022, the period within which the early redemption notice can be served on the Issuer
“Eligible Investor(s)”	(1) professional investor (which has the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong); and (2) not a competitor of SenseTime
“Fund A”	SenseVision Management L.P., an exempted limited partnership formed and registered in the Cayman Islands
“Fund B”	SenseLight Management L.P., an exempted limited partnership formed and registered in the Cayman Islands
“Funds”	Fund A and Fund B
“Group”	the Company and its subsidiaries
“Guarantor”	the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	means the instrument constituting the Notes dated 11 March 2022
“Issuer”	Well Foundation Company Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Lock Up Period”	a period of 6 months from the listing of class B shares of SenseTime on the Stock Exchange
“LP Interests”	each of (a) the LP Interests (Fund A) and (b) the LP Interests (Fund B) which in accordance with the terms of the respective partnership agreement of Fund A and Fund B, as at the date of this announcement together have an attributable indirect interest of 5,950,000 class B shares in SenseTime and 21,190,000 class B shares in SenseTime, respectively, resulting a total of 27,140,000 shares in SenseTime across both Fund A and Fund B, in each case, via the direct holding of those shares in SenseTime by the Funds
“LP Interests (Fund A)”	the limited partnership interest of the Issuer in Fund A
“LP Interests (Fund B)”	the limited partnership interest of the Issuer in Fund B
“Maturity Date”	10 September 2022, being 6 months from the issue date of the first tranche of the Notes
“Mr. Lam”	Mr. Kenneth Lam Kin Hing, the executive Director of the Company and the director of the Issuer
“Notes”	the series of four (4) per cent. guaranteed notes in the aggregate principal amount of up to HK\$100 million constituted by and issued pursuant to the Instrument, with the benefit of and subject to the provisions of the Instrument and due on the Maturity Date and the term “Notes” shall be construed accordingly



“Qualified Investor(s)”	(1) professional investor (which has the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong); (2) not a competitor of SenseTime; and (3) an independent third party of the Issuer and the Company and not a connected person of the Issuer and the Company and not a party acting in concert (as defined under The Code on Takeovers and Mergers and Share Repurchases) with the Issuer, the Company, directors and chief executive of the Issuer or the Company or substantial Shareholders (including controlling shareholder) (or as defined under Listing Rules) of the Company, any of its subsidiaries and their respective associate (as defined under Listing Rules)
“SenseTime”	SenseTime Group Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability and the class B shares of which are listed on the Stock Exchange since 30 December 2021 (Stock Code: 20)
“Shareholders”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered into between the Issuer and Mr. Lam dated 11 March 2022 in relation to the subscription of Notes in a principal amount of HK\$5 million

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

Hong Kong, 11 March 2022

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. 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