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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 AGREEMENTS IN RELATION TO
EXTENSION OF LOANS**

Financial Adviser to the Company



中國通海企業融資
CHINA TONGHAI CAPITAL

SUPPLEMENTAL AGREEMENTS

On 12 May 2022, the Lender and the Borrower entered into conditional Supplemental Agreements, pursuant to which the Lender agreed to renew the Loans in the aggregate principal amount of approximately HK\$274.55 million and extend the repayment date of the Loans for 12 months in accordance with the terms and conditions of the Supplemental Agreements.

LISTING RULES IMPLICATIONS

The Extension of the Loans constitutes a provision of financial assistance under the Listing Rules. As one of the applicable percentage ratios under the Listing Rules in respect of the Extension of the Loans exceed 25%, the Extension of the Loans constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular, and Shareholders' approval requirements.

THE SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, approving the entering into the Supplemental Agreements and the transactions contemplated thereunder. To the best of the Director's knowledge, information, belief and having made all reasonable enquiries, no Shareholder has a material interest in the Supplemental Agreements and hence no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the entering into the Supplemental Agreements at the SGM.

GENERAL

A circular setting out, among others, details of the Supplemental Agreements and other information required to be disclosed under the Listing Rules, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 27 May 2022.

INTRODUCTION

Reference is made to the announcements of the Company dated 27 December 2018, 9 April 2019, 31 December 2019, 17 April 2020, 7 April 2021 and 16 April 2021 in relation to, among other things, the entering into Loan Facility A Agreement and the Supplemental Loan Facility A Agreement, and the circular dated 26 May 2020 in relation to, among others, the entering the Third Supplemental Loan Facility A Agreement in relation to the extension of the repayment date of Loan A and the poll results announcement of the special general meeting of the Company dated 26 June 2020.

THE SUPPLEMENTAL AGREEMENTS IN RELATION TO EXTENSION OF LOANS

A. Background

On 27 December 2018, the Lender and Borrower entered into the Loan Facility A Agreement, pursuant to which the Lender agreed to provide Loan A to the Borrower in two tranches with an aggregate amount of HK\$194 million with both tranches to be repaid on 26 March 2019, being the date falling three months following the date of utilisation of the said first tranche. The Personal Guarantor agreed to irrevocably and unconditionally guarantee in favour of the Lender for the due performance of the obligations of the Borrower under the Loan Facility A Agreement. The Group financed Loan A by its internal resources.

On 9 April 2019, the parties entered into the First Supplemental Loan Facility A Agreement to extend the repayment date of Loan A to 30 June 2019 with interest rate remaining at 9.5% per annum on Loan A from 27 March 2019 and up to and including 30 June 2019. Save as aforesaid, all other terms of the Loan Facility A Agreement remained in full force and effect.

On 31 December 2019, the parties entered into the Second Supplemental Loan Facility A Agreement to extend the repayment date of Loan A to 31 March 2020 with interest rate remaining at 9.5% per annum on Loan A from 1 July 2019 and up to and including 31 March 2020. Save as aforesaid, all other terms of the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement) remained in full force and effect.

On 17 April 2020, the parties entered into the Third Supplemental Loan Facility A Agreement to extend the repayment date of Loan A to 31 March 2021 and to increase the interest rate on Loan A from 9.5% per annum to 9.75% per annum for the period from 1 April 2020 and up to and including 31 March 2021. Save as aforesaid, all other terms of the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement and the Second Supplemental Loan Facility A Agreement) remained in full force and effect.

On 16 April 2021, the parties entered into the Fourth Supplemental Loan Facility A Agreement to extend the repayment date of Loan A to 31 March 2022 with the interest rate remaining at 9.75% per annum on Loan A from 1 April 2021 and up to and including 31 March 2022. Save as aforesaid, all other terms of the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement, the Second Supplemental Loan Facility A Agreement and the Third Supplemental Loan Facility A Agreement) remained in full force and effect.

On 11 May 2021, the Borrower repaid approximately HK\$9.45 million of the principal amount of Loan A and the outstanding principal amount of Loan A was reduced to approximately HK\$184.55 million.

On 20 August 2021, the parties entered into the Loan Facility B Agreement, pursuant to which the Lender agreed to provide the Borrower with Loan B in an amount of HK\$65 million for a period of four months at an interest rate of 9.75% per annum. The Borrower has drawn down the full amount of Loan B for the purpose of its general corporate and working capital requirements. If the Borrower fails to pay any sum payable to the Lender under the Loan Facility B Agreement when due, the Borrower shall pay interest on such sum from and including the due date up to and including the date of actual payment at the default rate of 18% per annum. The Personal Guarantor agreed to irrevocably and unconditionally guarantee in favour of the Lender for the due performance of the obligations of the Borrower under the Loan Facility B Agreement. The Group financed Loan B by its internal resources.

On 28 October 2021, the parties entered into the Loan Facility C Agreement, pursuant to which the Lender agreed to provide the Borrower with Loan C in an amount of HK\$25 million for a period of three months at an interest rate of 8.75% per annum. The Borrower has drawn down the full amount of Loan C for the purpose of its general corporate and working capital requirements. If the Borrower fails to pay any sum payable to the Lender under the Loan Facility C Agreement when due, the Borrower shall pay interest on such sum from and including the due date up to and including the date of actual payment at the default rate of 18% per annum. The Group financed Loan C by its internal resources.

As at the date of this announcement, the aggregate outstanding principal amount of Loan A, Loan B and Loan C is approximately HK\$274.55 million.

B. The Supplemental Agreements

Fifth Supplemental Loan Facility A Agreement

On 12 May 2022, the Lender and the Borrower entered into the Fifth Supplemental Loan Facility A Agreement, pursuant to which the repayment date of Loan A is further extended to 31 March 2023 with the interest rate remaining at 9.75% per annum on Loan A from 1 April 2022 and up to and including 31 March 2023. Interest on Loan A shall be paid on 31 March 2023. All accrued interests on Loan A up to and including 31 March 2022 was paid prior to the entering of the Fifth Supplemental Loan Facility A Agreement. Save as aforesaid, all other terms of the Loan Facility A Agreement (as amended by the Supplemental Loan Facility A Agreements) shall remain in full force and effect.

The Personal Guarantor has acknowledged and confirmed that the personal guarantee in favour of the Lender will remain as continuing security for the due performance of the obligations of the Borrower under the Loan Facility A Agreement (as amended by the Supplemental Loan Facility A Agreements and the Fifth Supplemental Loan Facility A Agreement).

Supplemental Loan Facility B Agreement

On 12 May 2022, the Lender and the Borrower entered into the Supplemental Loan Facility B Agreement, pursuant to which the repayment date of Loan B will be extended to 19 December 2022, with the interest rate remaining at 9.75% per annum on Loan B from 20 December 2021 and up to and including 19 December 2022. Interest on Loan B shall be paid on 19 December 2022. All accrued interests on Loan B up to and including 19 December 2021 was paid prior to the entering of the Supplemental Loan Facility B Agreement. Save as aforesaid, all other terms of the Loan Facility B Agreement shall remain in full force and effect.

The Personal Guarantor has acknowledged and confirmed that the personal guarantee in favour of the Lender will remain as continuing security for the due performance of the obligations of the Borrower under the Loan Facility B Agreement (as amended by the Supplemental Loan Facility B Agreement).

Supplemental Loan Facility C Agreement

On 12 May 2022, the Lender and the Borrower entered into the Supplemental Loan Facility C Agreement, pursuant to which the repayment date of Loan C will be extended to 1 February 2023, with the interest rate remaining at 8.75% per annum on Loan C from 2 February 2022 and up to and including 1 February 2023. Interest on Loan C shall be paid on 1 February 2023. All accrued interests on Loan C up to and including 1 February 2022 was paid prior to the entering of the Supplemental Loan Facility C Agreement. Save as aforesaid, all other terms of the Loan Facility C Agreement shall remain in full force and effect.

C. Completion

Completion of the Extension of the Loans is conditional upon the obtaining of the independent Shareholders' approval by way of a resolution at the SGM for the entering into the Supplemental Agreements and the transactions contemplated thereunder. In the event that the resolution is not passed on or before 31 October 2022 (or such later date as the parties may agree), the Supplemental Agreements shall terminate and the Loans and the accrued interest shall be repaid by the Borrower to the Lender within seven days of receipt of the written notice. If the Borrower fails to pay such sum, this shall constitute an event of default under the Loan Facility A Agreement, Loan Facility B Agreement and Loan Facility C Agreement (as the case may be).

REASONS FOR AND BENEFITS OF THE EXTENSION OF THE LOANS

The Extension of the Loans is in the ordinary course of business of the Lender. The terms of the Supplemental Agreements are negotiated on an arm's length basis between the Lender and the Borrower and are on normal commercial terms determined with reference to the commercial practice and the terms of conducting money lending business in Hong Kong. Taking into consideration of (i) the interest income to be received by the Group, (ii) the intention of maintaining a long term business relationship with the Borrower and (iii) the credit assessment of the background of the Borrower and the Personal Guarantor for Loan A and Loan B, the Directors consider that the terms of the Supplemental Agreements are fair and reasonable and the entering into the Supplemental Agreements is in the interest of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE GROUP AND THE LENDER

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.

The Lender is 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 licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services.

INFORMATION ON THE BORROWER AND PERSONAL GUARANTOR

The Borrower is Oceanic Vanguard Investments Limited, a company incorporated in the Samoa with limited liability. Its principal business is investment holding. The Personal Guarantor for Loan A and Loan B is Mr. WONG Pui Hoi, the sole director, the sole shareholder and the ultimate beneficial owner of the Borrower. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are Independent Third Parties.

LISTING RULES IMPLICATIONS

The Extension of the Loans constitutes a provision of financial assistance under the Listing Rules. As one of the applicable percentage ratios under the Listing Rules in respect of the Extension of the Loans exceed 25%, the Extension of the Loans constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular, and Shareholders' approval requirements.

THE SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, approving the entering into the Supplemental Agreements and the transactions contemplated thereunder. To the best of the Director's knowledge, information, belief and having made all reasonable enquiries, no Shareholder has a material interest in the Supplemental Agreements and hence no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the entering into the Supplemental Agreements at the SGM.

GENERAL

A circular setting out, among others, details of the Supplemental Agreements and other information required to be disclosed under the Listing Rules, will be despatched with the notice of the SGM and a proxy form to the Shareholders on or before 27 May 2022.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Oceanic Vanguard Investments Limited, a company incorporated in the Samoa with limited liability, being the borrower of Loan A, Loan B and Loan C
“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)
“Director(s)”	the director(s) of the Company
“Extension of the Loans”	the extension of the repayment date of each of Loan A, Loan B and Loan C (as the case may be) under the Supplemental Agreements
“Fifth Supplemental Loan Facility A Agreement”	the supplemental agreement dated 12 May 2022 entered into between the Lender and the Borrower to amend the Loan Facility A Agreement (as amended by the Supplemental Loan Facility A Agreements)
“First Supplemental Loan Facility A Agreement”	the supplemental agreement dated 9 April 2019 entered into between the Lender and the Borrower to amend the Loan Facility A Agreement, details of which are set out in the announcement of the Company dated 9 April 2019
“Fourth Supplemental Loan Facility A Agreement”	the supplemental agreement dated 16 April 2021 entered into between the Lender and the Borrower to amend the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement, the Second Supplemental Loan Facility A Agreement and the Third Supplemental Loan Facility A Agreement), details of which are set out in the announcement of the Company dated 16 April 2021
“Group”	the Company and its subsidiaries

“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 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 respective associates
“Lender”	China Tonghai Finance Limited, an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a registered money lender holding a valid money lenders licence 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 A”	the loan with a principal amount of HK\$194 million granted by the Lender to the Borrower pursuant to the Loan Facility A Agreement which was subsequently reduced from HK\$194 million to HK\$184.55 million (as amended by the Supplemental Loan Facility A Agreements)
“Loan B”	the loan with a principal amount of HK\$65 million granted by the Lender to the Borrower pursuant to the Loan Facility B Agreement
“Loan C”	the loan with a principal amount of HK\$25 million granted by the Lender to the Borrower pursuant to the Loan Facility C Agreement
“Loan Facility A Agreement”	the loan facility agreement dated 27 December 2018 entered into between the Lender and the Borrower in respect of Loan A, details of which are set out in the announcement of the Company dated 27 December 2018
“Loan Facility B Agreement”	the loan facility agreement dated 20 August 2021 entered into between the Lender and the Borrower in respect of Loan B
“Loan Facility C Agreement”	the loan facility agreement dated 28 October 2021 entered into between the Lender and the Borrower in respect of Loan C
“Loans”	collectively, Loan A, Loan B and Loan C

“parties”	together, the Borrower and the Lender
“Personal Guarantor”	Mr. WONG Pui Hoi, the sole director, the sole shareholder and the ultimate beneficial owner of the Borrower
“Second Supplemental Loan Facility A Agreement”	the supplemental agreement dated 31 December 2019 entered into between the Lender and the Borrower to amend the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement), details of which are set out in the announcement of the Company dated 31 December 2019
“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 entering into the Supplemental Agreements
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	collectively, the Fifth Supplemental Loan Facility A Agreement, the Supplemental Loan Facility B Agreement and the Supplemental Loan Facility C Agreement
“Supplemental Loan Facility A Agreements”	collectively, the First Supplemental Loan Facility A Agreement, the Second Supplemental Loan Facility A Agreement, the Third Supplemental Loan Facility A Agreement and the Fourth Supplemental Loan Facility A Agreement
“Supplemental Loan Facility B Agreement”	the supplemental agreement dated 12 May 2022 entered into between the Lender and the Borrower to amend the Loan Facility B Agreement
“Supplemental Loan Facility C Agreement”	the supplemental agreement dated 12 May 2022 entered into between the Lender and the Borrower to amend the Loan Facility C Agreement
“Third Supplemental Loan Facility A Agreement”	the supplemental agreement dated 17 April 2020 entered into between the Lender and the Borrower to amend the Loan Facility A Agreement (as amended by the First Supplemental Loan Facility A Agreement and the Second Supplemental Loan Facility A Agreement), details of which are set out in the announcement of the Company dated 17 April 2020 and the circular of the Company dated 26 May 2020

“0%”

per cent

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

Hong Kong, 12 May 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

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