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Quam Tonghai Holdings Limited
華新通有限公司

*(incorporated in Hong Kong with
limited liability)*



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)

JOINT ANNOUNCEMENT

**(1) DEED OF SHARE PURCHASE RELATING
TO THE SALE AND PURCHASE OF SHARES IN
CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED; AND
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
AND
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF QUAM TONGHAI HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY
QUAM TONGHAI HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT (OTHER THAN THE
VENDOR GROUP))**

Joint financial advisers to the Offeror



THE DEED OF SHARE PURCHASE

Reference is made to the Rule 3.7 Announcement and the subsequent monthly update announcements issued by the Company pursuant to Rule 3.7 of the Takeovers Code. As disclosed in the Rule 3.7 Announcement, the Board was informed of the appointment of the Receivers in respect of 4,098,510,000 Shares (representing approximately 66.13% of the entire issued share capital of the Company) held by the Vendor pursuant to the Deed of Appointment of Receivers under the Security Deed. Accordingly, the offer period has commenced on the date of the Rule 3.7 Announcement (i.e. 27 October 2021) pursuant to the Takeovers Code.

The Board was informed by the Offeror that on 15 September 2022, the Offeror (as purchaser), the Vendor (as vendor) and the Receivers (as receivers) entered into the Deed of Share Purchase, pursuant to which the Offeror has conditionally agreed to purchase and the Vendor (acting by the Receivers as its attorneys without personal liability pursuant to the powers granted under the Security Deed) has conditionally agreed to sell 4,098,510,000 Shares (i.e. the Sale Shares), representing approximately 66.13% of the entire issued share capital of the Company as at the date of this joint announcement. The Consideration is HK\$819,702,000 in aggregate, equivalent to HK\$0.2 per Sale Share. Completion of the Deed of Share Purchase is conditional upon the fulfilment (or waiver) of the Conditions as set out in the paragraph headed “Conditions precedent to the Deed of Share Purchase” in the section headed “The Deed of Share Purchase” of this joint announcement. Subject to the Conditions being fulfilled (or waived, as may be applicable), Completion shall take place on the Completion Date. Please refer to the section headed “Background” in this joint announcement for details of the background leading to the sale and purchase of the Sale Shares under the Deed of Share Purchase.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it (other than the Vendor Group) holds 113,072,833 Shares, representing approximately 1.82% of the entire issued share capital of the Company. Since the Offeror and parties acting in concert with it (other than the Vendor Group) will own approximately 67.96% of the entire issued share capital of the Company upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it (other than the Vendor Group)).

The Offer

Subject to Completion, Haitong International Securities and Red Sun will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer to acquire all the Offer Shares on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code.

For each Offer Share HK\$0.2 in cash

The Offer Price of HK\$0.2 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Deed of Share Purchase.

The Offer will be unconditional in all respects when made.

Irrevocable undertakings for not accepting the Offer

Grand Profit holds 271,910,000 Shares, representing approximately 4.39% of the entire issued share capital of the Company as at the date of this joint announcement. On 8 August 2022, Grand Profit gave the Grand Profit's Irrevocable Undertaking to the Offeror pursuant to which Grand Profit (i) will not accept any offer of the Shares; (ii) will not whether directly or indirectly, sell, grant any option over or otherwise dispose of the Shares; and (iii) will not take any action that will result in the Shares being able to be tendered for acceptance.

Sunny Chance holds 306,852,000 Shares, representing approximately 4.95% of the entire issued share capital of the Company as at the date of this joint announcement. On 8 August 2022, Sunny Chance gave the Sunny Chance's Irrevocable Undertaking to the Offeror pursuant to which Sunny Chance (i) will not accept any offer of the Shares; (ii) will not whether directly or indirectly, sell, grant any option over or otherwise dispose of the Shares; and (iii) will not take any action that will result in the Shares being able to be tendered for acceptance.

Value of the Offer

Upon Completion, the Offeror would be interested in (i) 4,098,510,000 Sale Shares; and (ii) Mr. Lam is interested in 113,072,833 Shares and therefore the total number of Offer Shares shall be 1,985,466,387 Shares. On the basis of the Offer Price of HK\$0.2 per Offer Share and 1,985,466,387 Offer Shares and assuming there is no change in the number of issued Shares before the close of the Offer, the total value of the Offer shall be HK\$397,093,277.40.

On 8 August 2022, (i) Grand Profit gave the Grand Profit's Irrevocable Undertaking with respect to the Shares, which shall include the 271,910,000 Shares held by Grand Profit as at the date of this joint announcement, to the Offeror and (ii) Sunny Chance gave the Sunny Chance's Irrevocable Undertaking with respect to the Shares, which shall include the 306,852,000 Shares held by Sunny Chance as at the date of this joint announcement, to the Offeror. Although the number of Shares subject to the Offer will be 1,985,466,387 Shares and the value of the Offer is therefore HK\$397,093,277.40, only a maximum of 1,406,704,387 Shares will be tendered to the Offer after taking into account the above irrevocable undertakings. Accordingly, on the basis of the Offer Price of HK\$0.2 per Offer Share, the maximum amount payable by the Offeror under the Offer will be HK\$281,340,877.40 (assuming that there is no change in the total number of issued Shares from the date of this joint announcement up to the Closing Date).

Confirmation of financial resources available for the Offer

Based on the Offer Price of HK\$0.2 per Offer Shares and 1,406,704,387 Offer Shares (being 1,985,466,387 Offer Shares under the Offer less (i) 271,910,000 Shares which are subject to the Grand Profit's Irrevocable Undertaking, and (ii) 306,852,000 Shares which are subject to the Sunny Chance's Irrevocable Undertaking), the total maximum consideration of the Offer will be HK\$281,340,877.40 (assuming the Offer is accepted in full and there is no change in the share capital of the Company from the date of this joint announcement up to the Closing Date).

The Offeror intends to finance the entire consideration payable under the Offer solely through the Loan Facilities, as secured by, among others, a charge in favour of Realord over such Offer Shares that may be acquired pursuant to the Offer (if any) (excluding the Sale Shares). The Loan Facilities will in turn be financed by virtue of the Participation Agreement entered into among Realord, Wanhai and Lego, pursuant to which Realord shall be obligated to lend out to the Offeror the first HK\$162,000,000 of the Loan Facilities, and Wanhai and Lego shall participate, without recourse to Realord, in the remaining portion of the Loan Facilities for an amount of up to HK\$120,000,000 of which Wanhai shall be obligated to lend out to the Offeror the next HK\$60,000,000 of the Loan Facilities while the remaining portion of the Loan Facilities in the amount of HK\$60,000,000 shall be lent out by Lego. For each drawdown, Wanhai and/or Lego (as the case may be) shall make payment to Realord, on demand and upon production of relevant documents and evidence by Realord to Wanhai and/or Lego (as the case may be) and Red Sun as well as obtaining of approval from Red Sun by Realord.

Red Sun, being one of the financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration and the total maximum consideration payable by the Offeror upon full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising five (5) non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Roy Lo Wa Kei, Mr. Kong Aiguo, Mr. Liu Jipeng, Mr. He Xuehui and Mr. Huang Yajun, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The Independent Financial Adviser will be appointed, subject to the approval of the Independent Board Committee, to advise the Independent Board Committee in relation to the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Further announcement will be made by the Company after the Independent Financial Adviser has been appointed.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document to be posted. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee in respect of the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer; and (iv) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to.

As the making of the Offer is conditional upon Completion (which in turn is conditional upon satisfaction or waiver (as may be applicable) of the Conditions), including but not limited to the obtaining of the formal approval from the SFC on the Offeror becoming a substantial shareholder of a subsidiary(ies) of the Company and holder(s) of SFC licence to carry out regulated activities under the SFO, an application will be made by the Offeror to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date falling within seven days of the Initial Long Stop Date which in any event shall be no later than 23 June 2023 (if no Extension Notice is served) or within seven days of the Extended Long Stop Date which in any event shall be no later than 22 September 2023 (if the Extension Notice is served), or 29 September 2023, whichever is earlier, or such other date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

WARNING

The Offer will only be made if Completion takes place. Completion is conditional upon the satisfaction or waiver (as may be applicable) of the Conditions. Accordingly, the Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

INTRODUCTION

Reference is made to the Rule 3.7 Announcement and the subsequent monthly update announcements issued by the Company pursuant to Rule 3.7 of the Takeovers Code. As disclosed in the Rule 3.7 Announcement, the Board was informed of the appointment of the Receivers in respect of 4,098,510,000 Shares (representing approximately 66.13% of the entire issued share capital of the Company) held by the Vendor pursuant to the Deed of Appointment of Receivers under the Security Deed. Accordingly, the offer period has commenced on the date of the Rule 3.7 Announcement (i.e. 27 October 2021) pursuant to the Takeovers Code.

BACKGROUND

The Subscription Agreement and the Notes

On 3 December 2018, the Vendor (as issuer) and Spring Progress (as noteholder) entered into the Subscription Agreement in relation to the subscription of the Notes in the principal amount of HK\$1,100,000,000, pursuant to which the Notes in the principal amount of HK\$1,100,000,000 were issued on 4 December 2018. The Notes were guaranteed by COGL under the Guarantee and initially secured by 4,100,000,000 Shares (which subsequently was reduced to 4,098,510,000 Shares) under the Security Deed. The Subscription Agreement and the Notes have been amended and extended thereafter from time to time, and of which the original principal amount of the Notes was subsequently revised from HK\$1,100,000,000 to HK\$1,168,996,507.89, and subsequently, Other Assets of OHII, a wholly-owned subsidiary of COGL, namely, the California Mortgage, the Equitable Share Mortgage and the Equitable Share Mortgage — Preferred Shares had also been included as securities to, among others, the Notes.

The First Deed of Assignment

Pursuant to the First Deed of Assignment, Spring Progress subsequently assigned all its rights, title and interest in the Notes, and including the security interests under the Guarantee by COGL and the share charge of the 4,098,510,000 Shares under the Security Deed to HIFCL. In addition, HIFCL irrevocably appointed Spring Progress as its attorney to take all actions as Spring Progress may be instructed to do by HIFCL in connection with the exercise of, among others, the assigned rights by HIFCL under, *inter alia*, the Security Deed.

Each of Spring Progress and HIFCL have confirmed that they are not shareholders of the Company.

Occurrence of Events of Default

In light of the occurrence of one or more event(s) of default under the Subscription Agreement (as amended and extended from time to time) and the Security Deed, Spring Progress exercised its rights under the Security Deed and appointed the Receivers as the joint and several receivers of the Sale Shares on 20 October 2021.

Receivers

The Receivers are conferred with powers under the Security Deed, among others, to manage the 4,098,510,000 Shares (i.e. the Sale Shares) as they think fit, and to sell or otherwise dispose of all or any part of the Sale Shares. Monies received by any receiver under the Security Deed after the Sale Shares have become enforceable shall be applied in the following order: first, in satisfaction of all costs and expenses incurred by the noteholder or the Receivers in connection with the Security Deed or the Sale Shares; second, in satisfaction of the remaining secured obligations under the Security Deed; and third, in payment of any surplus to the Vendor or other person entitled to it.

As receivership was only appointed over the Sale Shares and as a general practice of receivership for similar transactions, and pursuant to the Security Deed, the Receivers are conferred with powers to manage the Sale Shares, and not to manage the Notes or the secured obligations thereunder. There is no guarantee that the proceeds from the disposal of the Sale Shares are able to fully settle the remaining secured obligations of the Security Deed. The treatment of the remaining outstanding debts should be agreed between the Vendor and its creditor(s).

Second Deed of Assignment

On 6 May 2022, the Offeror (as assignee) and HIFCL (as assignor) entered into the Second Deed of Assignment, pursuant to which the following have been assigned to the Offeror:

- (i) the rights, title and interest (other than any voting rights of the Notes) in the Notes in the principal amount of HK\$784,378,183.38 (the “**Assigned Notes**”);

- (ii) the rights, title and interest (other than any voting rights of the Notes) in the accrued but unpaid interest of the Notes up to but excluding 6 May 2022 in the aggregate amount of HK\$68,271,527.50 (the “**Assigned Interests**”); and
- (iii) the rights, title and interest (other than any voting rights of the Notes) in the transaction documents relating to the Second Deed of Assignment and the Notes (other than those relating to the Other Assets) corresponding to the rights, title and interest (other than voting rights of the Notes) assigned pursuant to paragraphs (i) and (ii) above.

However, HIFCL retained:

- (i) all rights, title and interest in the Notes in the principal amount of HK\$384,618,324.51 (the “**HIFCL Notes**”);
- (ii) all rights, title and interest in the interest of the Notes (other than the Assigned Notes) on and after 6 May 2022;
- (iii) all the security interest created under the Other Assets; and
- (iv) any voting rights under or in connection with all of the Notes (including the Assigned Notes).

As a result, the rights assigned to the Offeror under the Second Deed of Assignment as mentioned above are only secured by the 4,098,510,000 Shares in addition to the Guarantee from COGL.

The rights of the Offeror to receive any payment or distribution, whether principal or interest or otherwise under the rights, title and interest (other than any voting rights of the Notes) assigned thereunder (the “**Junior Debt Liabilities**”), is subordinated to the liabilities owed to HIFCL under or in connection with the Notes to which it owns (the “**Senior Debt Liabilities**”). The Senior Debt Liabilities must be discharged in full before the Junior Debt Liabilities are discharged.

Further, HIFCL and the Offeror have appointed Spring Progress to act as a security agent for HIFCL and the Offeror (as noteholders) in performing their respective functions and duties under, *inter alia*, the Security Deed and with respect to the security assets under the Security Deed. The parties to the Second Deed of Assignment further agreed that each of HIFCL and the Offeror shall not, unless otherwise agreed by Spring Progress, have any independent power to enforce, or have recourse to, any of the security or to exercise any right, power, authority or discretion arising under, *inter alia*, the Security Deed except through Spring Progress.

Deed of Confirmation and Guarantee

The Deed of Confirmation and Guarantee was executed on 6 May 2022 pursuant to which the Assigned Notes owned by the Offeror and the HIFCL Notes owned by HIFCL are both secured by 4,098,510,000 Shares under the Security Deed (as supplemented by the Deed of Confirmation and Guarantee) and guaranteed by COGL under the Guarantee (as supplemented by the Deed of Confirmation and Guarantee). Further, Spring Progress is the security agent under the Deed of Confirmation and Guarantee, pursuant to which it holds the benefit of the Security Deed on trust for, among others, HIFCL, and also holds the 4,098,510,000 Shares, or otherwise acts, for the benefit of, among others, HIFCL.

With the appointment of Spring Progress as the attorney and/or security agent under the First Deed of Assignment, the Second Deed of Assignment and the Deed of Confirmation and Guarantee, respectively, Spring Progress has the rights and power to release the share charge in respect of the Sale Shares under the Security Deed in order to dispose of the Sale Shares under the Deed of Share Purchase. For details, please refer to the section headed “the Deed of Share Purchase — Conditions precedent to the Deed of Share Purchase” in this joint announcement.

THE DEED OF SHARE PURCHASE

The Board was informed by the Offeror that on 15 September 2022, the Offeror (as purchaser), the Vendor (as vendor) and the Receivers (as receivers) entered into the Deed of Share Purchase, principal terms of which are summarised below:

Date: 15 September 2022

Parties: (i) Quam Tonghai Holdings Limited as the purchaser;

(ii) Oceanwide Holdings International Financial Development Co., Ltd as the vendor; and

(iii) Messrs. Tsui Chi Chiu and So Kit Yee Anita both of Ernst & Young Transactions Limited, as the joint and several receivers over the Sale Shares.

For further details of the Offeror, please refer to the section headed “Information on the Offeror” in this joint announcement.

Subject matter

Pursuant to the Deed of Share Purchase, the Offeror has conditionally agreed to purchase and the Vendor (acting by the Receivers as its attorneys without personal liability pursuant to the powers granted under the Security Deed) has conditionally agreed to sell 4,098,510,000 Shares (i.e. the Sale Shares), representing approximately 66.13% of the entire issued share capital of the Company as at the date of this joint announcement, on the Completion Date and such rights attaching to the Sale Shares at the Completion Date, including all dividends and distributions declared, made or paid or agreed to be made or paid thereon or in respect thereof on or after the Completion Date. Pursuant to the Security Deed, the Vendor has charged in favour of Spring Progress all its rights, title and interest in the Sale Shares. Given that the Sale Shares under the Deed of Share Purchase shall be sold free from all encumbrances, the Sale Shares shall be released from all encumbrances prior to Completion.

Consideration

The consideration for the Sale Shares is HK\$819,702,000 in aggregate, equivalent to HK\$0.2 per Sale Share, of which:

- (i) HK\$384,618,324.51 (the “**Cash Consideration**”) shall be payable in cash by the Offeror to the Receivers; and
- (ii) HK\$435,083,675.49 (the “**Non-cash Consideration**”) shall be payable by way of surrender, release and discharge of (A) the Notes in the principal amount of HK\$345,184,836.04 (the “**Surrender Notes**”) and (B) the Assigned Interests in the amount of HK\$68,271,527.50 deemed paid together with interest of the Assigned Notes deemed paid (accrued from (excluding) 5 May 2022 up to and including 14 September 2022) of HK\$21,627,311.95 (collectively, the “**Surrender Interests**”), in the aggregate sum of HK\$435,083,675.49 (the “**Released Indebtedness**”) by the Offeror.

The Cash Consideration shall be payable by the Offeror to the bank account of Spring Progress on the Completion Date. The Non-cash Consideration shall be settled by the Offeror by way of surrender of the note certificate(s) in respect of the Surrender Notes for cancellation and entering into a surrender deed in the form to the reasonable satisfaction of the Receivers (the “**Surrender Deed**”) confirming (a) the principal amount of the Surrender Notes, the Surrender Interests and the Released Indebtedness have been unconditionally and irrevocably settled upon Completion; and (b) that the Receivers shall have no obligation under the Notes or otherwise to issue and return or procure the Vendor to issue and return the note certificate(s) representing the original principal amount under the Assigned Notes less the principal amount under the Surrender Notes nor procure any registration of the surrender of the Surrender Notes; and (c) the Receivers shall have no obligation, duty or liability to the Offeror in respect of any payment or claim of any outstanding interests or other payments (if any) under the Assigned Notes or Surrender Notes.

The Offeror will proceed to request the Vendor to split the note certificate representing the Assigned Notes into two certificates, one for the Surrender Notes and one for the Notes in the remaining principal amount of HK\$439,193,347.34 (the “**Remaining Notes**”) after the signing of the Deed of Share Purchase. The note certificate representing the Remaining Notes will be issued and will be the documentary proof evidencing that the Vendor is still indebted to the Offeror for the Remaining Notes. The Surrender Notes will be applied to settle the Non-cash Consideration at Completion. Subject to the consent from HIFCL and Spring Progress to be obtained before the Completion, the Remaining Notes will be applied and assigned to Nautical League Limited towards the part repayment of the Loan which is due and owing to Nautical League Limited by way of set-off prior to the Completion.

The Consideration has been arrived at after arm’s length negotiations between the Offeror and the Receivers with reference to, among others, the prevailing market price of the Company traded on the Stock Exchange.

As mentioned in the section headed “Background — Second Deed of Assignment” in this joint announcement, since the Junior Debt Liabilities is subordinated to the Senior Debt Liabilities, the Senior Debt Liabilities must be discharged in full before the Junior Debt Liabilities are discharged. Therefore, if the Consideration is payable by way of surrender of Notes only, the Receivers will not receive HK\$384,618,324.51 in cash to pay Spring Progress (as security agent) in full settlement of the principal amount of the HIFCL Notes owned by HIFCL. For this reason, part of the Consideration will be Cash Consideration in the amount of HK\$384,618,324.51. The Offeror will finance the Cash Consideration through the HT Loan Facility, which is secured by the HT Security Deed.

As mentioned in the section headed “Background — Receivers” in this joint announcement, as receivership was only appointed over the Sale Shares and pursuant to the Security Deed, the Receivers are conferred with powers to manage the Sale Shares, and not to manage the Notes or the secured obligations thereunder. There is no guarantee that the proceeds from the disposal of the Sale Shares are able to fully settle the remaining secured obligations of the Security Deed.

Conditions precedent to the Deed of Share Purchase

Completion of the Deed of Share Purchase shall be conditional upon the fulfilment (or waiver) of the following conditions:

- (i) the SFC granting approval on the Offeror becoming a substantial shareholder of a subsidiary(ies) of the Company and holder(s) of SFC licence to carry out regulated activities under the SFO (the “**Licensed Corporation**”) (either unconditionally or subject only to conditions to which the Offeror does not reasonably object), as a result of the sale and purchase of the Sale Shares under the Deed of Share Purchase;
- (ii) the deed of release of the share charge in respect of the Sale Shares under the Security Deed having been executed by Spring Progress upon Completion;

- (iii) Spring Progress remaining as the security trustee and security agent of the Sale Shares and having full rights and power to dispose the Sale Shares under the Security Deed and the appointment of the Receivers under the Deed of Appointment of Receivers not being revoked and remaining in full force and effect upon Completion;
- (iv) the sale and purchase of the Sale Shares and the transactions contemplated under the Deed of Share Purchase, the enforceability of the Sale Shares under the Security Deed, the appointment of the Receivers or the ownership of the Vendor on the Sale Shares are not subject to any challenge or objection from any person;
- (v) no written notification or indication being received from the Executive that the Offer Price shall be increased to a price higher than the purchase price per Sale Share under the Offer, and such requirements remaining in subsistence and not being revoked or withdrawn;
- (vi) the Shares remaining listed and traded on the Stock Exchange; and
- (vii) the Vendor remaining as the beneficial owner of the Sale Shares.

Save for Conditions (ii), (vi) and (vii) above which can be waived by the Offeror and Conditions (iii) and (iv) above which can be waived by the Receivers, all of the Conditions cannot be waived (i.e. (i) and (v) are not waivable) by any party to the Deed of Share Purchase.

Long Stop Date

The Offeror shall use its endeavours to procure that the Conditions shall be fulfilled (or waived, as may be applicable) on or before 15 June 2023 (being the day falling the nine month after the date of the Deed of Share Purchase) (the “**Initial Long Stop Date**”), whereupon the Initial Long Stop Date shall be extended by an additional three months’ period until 15 September 2023 (being the day falling the twelve month after the date of the Deed of Share Purchase) (the “**Extended Long Stop Date**”) accordingly with the Offeror giving a written notice to the Receivers (the “**Extension Notice**”) at least three (3) business days before the Initial Long Stop Date, provided that during this extension period the Receivers shall be entitled to conduct negotiation with any potential buyer with the view to dispose of the Sale Shares in the event that the application to SFC for obtaining approval to become a substantial shareholder of the Licensed Corporation made by the Offeror (the “**Application**”) was not successful or any of the Conditions is not fulfilled (or waived) by the expiry of the Extended Long Stop Date.

Termination

The Deed of Share Purchase shall be terminated upon happening of the following events:

- (i) the Offeror (a) fails to file the Application with SFC in accordance with the Deed of Share Purchase or (b) fails to comply with any its obligations as stipulated under the Deed of Share Purchase on the Completion Date to complete the transaction contemplated under the Deed of Share Purchase; or (c) breaches any provision of the Deed of Share Purchase, and the Receivers serve a notice to the Offeror to terminate the Deed of Share Purchase;
- (ii) other than the events under (i), (iii) or (iv) under these termination events, (a) the Application has been refused or rejected by SFC (notwithstanding and disregarding any appeal has been/or will be filed with SFC or the result of the appeal, if any); or (b) the Conditions are not fulfilled (or waived) on or before the Initial Long Stop Date (if no Extension Notice is served on the Receivers) or (c) the Conditions are not fulfilled (or waived) on or before the Extended Long Stop Date (if the Extension Notice is served on the Receivers), and either the Receivers or the Offeror may serve a notice to the other to terminate the Deed of Share Purchase;
- (iii) written notification or indication being received from the Executive that the Offer Price shall be increased to a price higher than the purchase price per Sale Share under the Offer, and such requirements remaining in subsistence and not being revoked or withdrawn, and the Offeror serves a notice to the Vendor and/or the Receivers to terminate the Deed of Share Purchase; or
- (iv) (a) the Vendor and/or the Receivers fail to comply with any of their respective obligations as stipulated under the Deed of Share Purchase on the Completion Date to complete the transaction contemplated under the Deed of Share Purchase; or (b) the Vendor and/or the Receivers commit a breach of any of the warranties, representations and/or undertakings given by the Vendor under the Deed of Share Purchase, and the Offeror serves a notice to the Vendor and the Receivers to terminate the Deed of Share Purchase,

in such circumstances, without prejudice to any other remedies available to the Receivers, the provisions of the Deed of Share Purchase (other than those in the surviving provisions as specified therein and the reimbursement of professional fees to the Receivers below, which shall remain in full force and effect) shall have no effect and the parties to the Deed of Share Purchase shall be released from any further obligations without any liability save as to any antecedent breach and without prejudice to any accrued rights and remedies of either party to the Deed of Share Purchase. The Receivers shall be free to dispose of all or any part of the Sale Shares to any third party.

If the Deed of Share Purchase is terminated pursuant to (i) or (ii) or (iii) above, the Offeror shall pay or reimburse to the Receivers the professional fees and the Receivers' fees from the date of indication of interest in the Sale Shares by the Offeror to the Receivers, to the date of termination, which have been properly and reasonably incurred by the Receivers' solicitors and the Receivers in preparation for the Deed of Share Purchase and the transactions contemplated thereunder.

Completion

Subject to the Conditions being fulfilled (or waived, as may be applicable), Completion shall take place on the Completion Date.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Vendor Group holds 4,493,764,732 Shares (inclusive of the Sale Shares) representing approximately 72.51% of the entire issued share capital of the Company and Mr. Lam holds 113,072,833 Shares, representing approximately 1.82% of the entire issued share capital of the Company. As at the date of this joint announcement, the aggregate shareholding of the Offeror and the parties acting in concert with it (including the Vendor Group) is 4,606,837,565 Shares, representing approximately 74.33% of the entire issued share capital of the Company.

Given that each of Haitong International Securities, Realord, Wanhai and Lego is a person, other than an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) providing finance or financial assistance to the Offeror under the HT Loan Facility, the Loan Facilities and the Participation Agreement in connection with sale and purchase of the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer, each of Haitong International Securities, Realord, Wanhai and Lego is presumed to be a party acting in concert with the Offeror under the presumption in class (9) of the definition of "acting in concert" under the Takeovers Code.

Since the Offeror and parties acting in concert with it (other than the Vendor Group) holds 113,072,833 Shares, representing approximately 1.82% of the entire issued share capital of the Company prior to the Completion and the Offeror and parties acting in concert with it (other than the Vendor Group) will own 4,211,582,833 Shares, representing approximately 67.96% of the entire issued share capital of the Company upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it (other than the Vendor Group)).

Securities of the Company

As at the date of this joint announcement, the Company has 6,197,049,220 Shares in issue. The Company does not have any outstanding options, warrants, derivatives or other securities which may confer upon the holder any right to subscribe for, convert or exchange Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Principal terms of the Offer

Subject to Completion, Haitong International Securities and Red Sun will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer to acquire all the Offer Shares on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code.

The Offer

For each Offer Share HK\$0.2 in cash

The Offer Price of HK\$0.2 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Deed of Share Purchase.

The Offer will be unconditional in all respects when made.

Comparison of value

The Offer Price of HK\$0.2 per Offer Share represents:

- (i) a premium of approximately 16.3% to the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 16.3% over the average closing price of approximately HK\$0.172 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 17.0% over the average closing price of approximately HK\$0.171 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 16.3% over the average closing price of approximately HK\$0.172 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

- (v) a premium of approximately 21.2% over the average closing price of approximately HK\$0.165 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 14.3% over the average closing price of approximately HK\$0.175 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 180 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 65.52% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.58 per Share (based on the total number of issued Shares as at the date of this joint announcement) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021; and
- (viii) a discount of approximately 62.96% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.54 per Share (based on the total number of issued Shares as at the date of this joint announcement) as at 30 June 2022 as set out in the interim results announcement of the Company for the six months ended 30 June 2022.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the commencement of the offer period (as defined in the Takeovers Code), i.e. 27 October 2021 and up to and including the Last Trading Day, were HK\$0.280 per Share (on 27 April 2021 and 28 April 2021) and HK\$0.128 per Share (on 4 May 2022), respectively.

Irrevocable undertakings for not accepting the Offer

Grand Profit holds 271,910,000 Shares, representing approximately 4.39% of the entire issued share capital of the Company as at the date of this joint announcement. On 8 August 2022, Grand Profit gave the Grand Profit's Irrevocable Undertaking to the Offeror pursuant to which Grand Profit (i) will not accept any offer of the Shares; (ii) will not whether directly or indirectly, sell, grant any option over or otherwise dispose of the Shares; and (iii) will not take any action that will result in the Shares being able to be tendered for acceptance.

Sunny Chance holds 306,852,000 Shares, representing approximately 4.95% of the entire issued share capital of the Company as at the date of this joint announcement. On 8 August 2022, Sunny Chance gave the Sunny Chance's Irrevocable Undertaking to the Offeror pursuant to which Sunny Chance (i) will not accept any offer of the Shares; (ii)

will not whether directly or indirectly, sell, grant any option over or otherwise dispose of the Shares; and (iii) will not take any action that will result in the Shares being able to be tendered for acceptance.

Value of the Offer

Upon Completion, the Offeror would be interested in (i) 4,098,510,000 Sale Shares; and (ii) Mr. Lam is interested in 113,072,833 Shares and therefore the total number of Offer Shares shall be 1,985,466,387 Shares. On the basis of the Offer Price of HK\$0.2 per Offer Share and 1,985,466,387 Offer Shares and assuming there is no change in the number of issued Shares before the close of the Offer, the total value of the Offer shall be HK\$397,093,277.40.

On 8 August 2022, (i) Grand Profit gave the Grand Profit's Irrevocable Undertaking with respect to the Shares, which shall include the 271,910,000 Shares held by Grand Profit as at the date of this joint announcement, to the Offeror and (ii) Sunny Chance gave the Sunny Chance's Irrevocable Undertaking with respect to the Shares, which shall include the 306,852,000 Shares held by Sunny Chance as at the date of this joint announcement, to the Offeror. Although the number of Shares subject to the Offer will be 1,985,466,387 Shares and the value of the Offer is therefore HK\$397,093,277.40, only a maximum of 1,406,704,387 Shares will be tendered to the Offer after taking into account the above irrevocable undertakings. Accordingly, on the basis of the Offer Price of HK\$0.2 per Offer Share, the maximum amount payable by the Offeror under the Offer will be HK\$281,340,877.40 (assuming that there is no change in the total number of issued Shares from the date of this joint announcement up to the Closing Date).

Confirmation of financial resources available for the Offer

Based on the Offer Price of HK\$0.2 per Offer Shares and 1,406,704,387 Offer Shares (being 1,985,466,387 Offer Shares under the Offer less (i) 271,910,000 Shares which are subject to the Grand Profit's Irrevocable Undertaking, and (ii) 306,852,000 Shares which are subject to the Sunny Chance's Irrevocable Undertaking), the total maximum consideration of the Offer will be HK\$281,340,877.40 (assuming the Offer is accepted in full and there is no change in the share capital of the Company from the date of this joint announcement up to the Closing Date).

The Offeror intends to finance the entire consideration payable under the Offer solely through the Loan Facilities, as secured by, among others, a charge in favour of Realord over such Offer Shares that may be acquired pursuant to the Offer (if any) (excluding the Sale Shares). The Loan Facilities will in turn be financed by virtue of the Participation Agreement entered into among Realord, Wanhai and Lego, pursuant to which Realord shall be obligated to lend out to the Offeror the first HK\$162,000,000 of the Loan Facilities, and Wanhai and Lego shall participate, without recourse to Realord, in the remaining portion of the Loan Facilities for an amount of up to HK\$120,000,000 of which Wanhai shall be obligated to lend out to the Offeror the next HK\$60,000,000 of the Loan Facilities while the remaining portion of the Loan Facilities in the amount of

HK\$60,000,000 shall be lent out by Lego. For each drawdown, Wanhai and/or Lego (as the case may be) shall make payment to Realord, on demand and upon production of relevant documents and evidence by Realord to Wanhai and/or Lego (as the case may be) and Red Sun as well as obtaining of approval from Red Sun by Realord.

Red Sun, being one of the financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration and the total maximum consideration payable by the Offeror upon full acceptance of the Offer.

Conditions of the Offer

The Offer will only be made if the Deed of Share Purchase is completed and, if made, will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. Completion of the Deed of Share Purchase is conditional upon the fulfilment of the Conditions referred to in the paragraph headed “Conditions precedent to the Deed of Share Purchase” in the section headed “The Deed of Share Purchase” above.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code. The Company did not declare any dividend or distributions for the financial year ended 31 December 2021. The Company did not declare any interim dividend for the six months ended 30 June 2022. As at the date of this joint announcement, the Company does not have any dividends or distributions announced, declared, recommended or made but unpaid. In the event that the Company decides to make or declare any dividends or other distributions before the close of the Offer, the Offeror has no intention to deduct such net dividends or other distributions from the Offer Price.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should obtain information about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers and/or seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Haitong International

Capital, Red Sun and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

The Vendor Group and the Offeror (and its ultimate beneficial owners) are considered as parties acting in concert under the Takeovers Code.

Save for the Sale Shares under the Deed of Share Purchase, none of the Offeror or parties acting in concert with it has dealt for value in nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six (6) months period prior to the commencement of the offer period (as defined under the Takeovers Code) (i.e. 27 October 2021) and up to and including the date of this joint announcement.

The Offeror confirms that as at the date of this joint announcement,

- (i) save for the 113,072,833 Shares held by Mr. Lam and the 4,493,764,732 Shares (inclusive of the Sale Shares) representing approximately 72.51% of the entire issued share capital of the Company held by the Vendor Group, none of the Offeror, Mr. Lam, Mr. Han and parties acting in concert with any one of them holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (ii) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, Mr. Lam, Mr. Han and/or any person acting in concert with any one of them;
- (iii) none of the Offeror, Mr. Lam, Mr. Han and parties acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Deed of Share Purchase, the pledge of 4,098,510,000 Shares under the Security Deed, the HT Loan Facility Agreement, the HT Security Deed and the pledge of the Offer Shares under the terms of the Loan Facilities Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (v) save for the Deed of Share Purchase, there is no agreement or arrangement to which the Offeror, Mr. Lam, Mr. Han and/or parties acting in concert with any one of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

- (vi) save for Grand Profit's Irrevocable Undertaking and Sunny Chance's Irrevocable Undertaking, none of the Offeror, Mr. Lam, Mr. Han and/or parties acting in concert with any one of them has received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) there are no conditions to which the Offer is subject;
- (viii) there is no understanding, arrangement or agreement which constitutes a special deal under Rule 25 of the Takeovers Code between the Offeror, Mr. Lam, Mr. Han or any parties acting in concert with any one of them (other than the Vendor Group) on the one hand and the Vendor and any parties acting in concert with it on the other hand;
- (ix) save for the Consideration, no other consideration, compensation or benefit in whatever form is paid or to be paid by the Offeror, Mr. Lam, Mr. Han or any parties acting in concert with any one of them (other than the Vendor Group) to the Vendor or any parties acting in concert with it in connection with the sale and purchase of the Sale Shares; and
- (x) save for the Deed of Share Purchase, Grand Profit's Irrevocable Undertaking and Sunny Chance's Irrevocable Undertaking, there is no understanding, arrangement, agreement or special deal under Rule 25 of the Takeovers Code between (1) any Shareholders; and (2)(a) the Offeror, Mr. Lam, Mr. Han and any parties acting in concert with any one of them; or (b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE OFFEROR

Information on the Offeror

The Offeror was incorporated in Hong Kong with limited liability as an investment holding company on 25 April 2022. The Offeror was incorporated for the purposes of acquiring the Notes and has no operations since its incorporation. As at the date of this joint announcement, the Offeror is owned as to 51% by Mr. Lam and 49% by Mr. Han. Mr. Lam and Mr. Han are the directors of the Offeror. Each of Mr. Lam and Mr. Han confirms that he does not act on instructions of any parties and both Mr. Lam and Mr. Han are the ultimate beneficial owners of the Offeror.

On 6 May 2022, the Offeror (as assignee) and HIFCL (as assignor) entered into the Second Deed of Assignment, pursuant to which the Offeror was assigned part of the rights, title and interest (other than any voting rights of the Notes) in the Notes in the principal amount of HK\$784,378,183.38 and the accrued but unpaid interest of all of the Notes up to but excluding 6 May 2022 in the aggregate amount of HK\$68,271,527.50 from HIFCL, for a consideration of approximately HK\$853 million. The Assigned Notes owned by the Offeror and the HIFCL Notes owned by HIFCL are both secured by 4,098,510,000 Shares under the Security Deed (as supplemented by the Deed of

Confirmation and Guarantee) and guaranteed by COGL under the Guarantee (as supplemented by the Deed of Confirmation and Guarantee). For further details, please refer to the section headed “Background” in this joint announcement.

Information on Mr. Lam

Mr. Lam is an executive Director and the chief executive officer of the Company. He is a member of nomination committee of the Company. Since 1994, he has been the managing director of Dharmala Capital Holdings Group, a company which was subsequently amalgamated with the Company. Mr. Lam is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the SFO for China Tonghai Securities Limited and a responsible officer for Types 1, 4 and 9 regulated activities under the SFO for China Tonghai Asset Management Limited. Mr. Lam had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. Lam has more than 30 years of experience in corporate finance and banking. He is the Vice Chairman of the General Committee of The Chamber of Hong Kong Listed Companies since June 2021 and the Vice Chairman and past Chairman (2009 to 2010) of the Institute of Securities Dealers Limited. He holds a Bachelor of Science Degree in University of Western Ontario (now known as Western University) with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

As at the date of this joint announcement, Mr. Lam is interested in and is the beneficial owner of 113,072,833 Shares, representing approximately 1.82% of the entire issued share capital of the Company. He also has interests in US\$15,200,000 of the US\$146,045,000 14.5% private notes due 2024 issued by Oceanwide Holdings International Development III Co., Ltd (“**OHID III**”), an associated corporation (as defined in the SFO) of the Company.

Mr. Lam also has interests in (i) US\$5,000,000 of US\$210,200,000 12% guaranteed senior notes due 2021 issued by OHID III, which matured and delisted from the Stock Exchange on 31 October 2021; and (ii) US\$500,000 of the US\$280,000,000 14.5% guaranteed senior notes due 2021 issued by OHID III, which matured and delisted from the Stock Exchange on 23 May 2021. However, the principal amount of these guaranteed senior notes subscribed by Mr. Lam together with interest accrued thereon remain unpaid.

Information on Mr. Han

Mr. Han is an executive Director and the chairman of the Company. He is also the chairman of nomination committee of the Company. He obtained a master’s degree in economics from Renmin University of China in July 1996 and a Ph.D in Management from Huazhong University of Science & Technology in June 2018. Mr. Han is a senior accountant in the PRC.

As at the date of this joint announcement, Mr. Han is interested in and is the beneficial owner of 3,500,000 shares in Oceanwide Holdings, an associated corporation (as defined in the SFO) of the Company.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror to continue the existing principal business of the Group. The Offeror believes that the Sale Shares being under receivership by the Receivers and financial issues encountered by the Vendor and its controlling shareholders have created uncertainty over the future ownership of the Company, which in turn have hampered the development of the Group. The Offeror is confident on the prospects of the Group after the removal of this uncertainty and is dedicated to enhancing the value of the Group by advancing the existing principal business of the Group and strengthening its revenue. The Offeror has no plan to change the core business of the Group. The Offeror has no intention to discontinue the employment of any employees by virtue only of the change of control of the Company, or to dispose of or re-deploy the assets of the Group.

BOARD COMPOSITION OF THE COMPANY

As at the date of this joint announcement, the Board comprises four executive Directors, namely Mr. Han, Mr. Fang Zhou, Mr. Liu Hongwei and Mr. Lam; three non-executive Directors, namely Mr. Liu Bing, Mr. Zhao Yingwei and Mr. Zhao Xiaoxia; and five independent non-executive Directors, namely Mr. Roy Lo Wa Kei, Mr. Kong Aiguo, Mr. Liu Jipeng, Mr. He Xuehui and Mr. Huang Yajun.

The Offeror will consider the composition of the Board including nominating new Directors to the Board with effect from the earliest time permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the date of this joint announcement, the Offeror has not decided on the candidates to be nominated. Further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

INFORMATION OF THE GROUP

The Company was incorporated in Bermuda with limited liability and its issued Shares have been listed on the main board of the Stock Exchange. The Group has identified the following reportable segments:

- (1) the corporate finance segment engages in securities placing and underwriting services, corporate finance advisory and general advisory services;
- (2) the asset management segment engages in fund management, discretionary portfolio management and portfolio management advisory services;

- (3) the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, margin financing, insurance broking and wealth management services;
- (4) the interest income segment engages in money lending services and interest income arising from debt instruments measured at amortised cost;
- (5) the investments segment engages in investing and trading of various investment products; and
- (6) the others segment represents financial media services and other insignificant operating segments.

Financial information of the Group

The following table is a summary of certain audited consolidated financial information of the Group for the three financial years ended 31 December 2021 as extracted from the annual reports of the Company for the two years ended 31 December 2020 and 31 December 2021:

	For the year ended/As at 31 December		
	2021 <i>HK\$'000</i> (Audited)	2020 <i>HK\$'000</i> (Audited)	2019 <i>HK\$'000</i> (Audited)
Revenue	857,822	1,104,615	779,432
(Loss)/profit before tax	(2,199,184)	113,120	3,609
Net (Loss)/profit attributable to equity holders of the Company	(2,260,577)	103,250	5,347
Total comprehensive (loss)/income attributable to equity holders of the Company	(2,263,437)	107,663	4,319
Total equity	3,596,795	5,891,217	5,783,554

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Completion and before the Offer is made:

Shareholders	As at the date of this joint announcement		Immediately after Completion and before the Offer is made	
	Number of Shares	Approximately %	Number of Shares	Approximately %
The Offeror and parties acting in concert with it				
— The Offeror (<i>Note 1</i>)	—	—	4,098,510,000	66.1365
— Mr. Lam (<i>Notes 1 and 2</i>)	113,072,833	1.8246	113,072,833	1.8246
— The Vendor Group (<i>Notes 3, 4 and 5</i>)	<u>4,493,764,732</u>	<u>72.5146</u>	<u>395,254,732</u>	<u>6.3781</u>
Sub-total	<u>4,606,837,565</u>	<u>74.3392</u>	<u>4,606,837,565</u>	<u>74.3392</u>
Calvin Chiu Chun Kit, director of subsidiaries of the Company, and his close associates	10,000	0.0002	10,000	0.0002
Public Shareholders (<i>Note 6</i>)	<u>1,590,201,655</u>	<u>25.6606</u>	<u>1,590,201,655</u>	<u>25.6606</u>
Total	<u>6,197,049,220</u>	<u>100.00</u>	<u>6,197,049,220</u>	<u>100.00</u>

Notes:

- The Offeror is a company incorporated in Hong Kong with limited liability, which is owned as to 51% by Mr. Lam and 49% by Mr. Han.
- Mr. Lam is an executive Director and the chief executive officer of the Company, and he is interested in 51% of the entire issued share capital of the Offeror and a director of the Offeror. As at the date of this joint announcement, Mr. Lam is the beneficial owner of 113,072,833 Shares. Other than as disclosed above, no other Directors or directors of subsidiaries of the Company hold any Shares or securities of the Company.
- As at 30 June 2022, the Vendor is the beneficial owner of 4,493,764,732 Shares, which is wholly-owned by COGL, which is wholly-owned by Oceanwide Holdings, which is directly and indirectly (through Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司)) held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) as to approximately 63.54%, which is held by Oceanwide Group Co., Ltd.* (泛海集團有限公司) as to approximately 98%, which is wholly-owned by Tohigh Holdings Co., Ltd.* (通海控股有限公司). Mr. Lu Zhiqiang held 77.14% of the interests in Tohigh Holdings Co., Ltd.* (通海控股有限公司) and the other 22.86% of the interests in Tohigh Holdings Co., Ltd.* (通海控股有限公司) is held by 泛海公益基金會 (Oceanwide Foundation), a charitable foundation which was founded by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).

4. The Vendor has pledged the Sale Shares (being 4,098,510,000 Shares) to Spring Progress. Based on the 2021 annual report of the Company published on 28 April 2022, Spring Progress is an indirect subsidiary of Haitong International Securities Group Limited, which is held by Haitong International Holdings Limited indirectly as to 63.08%, which is wholly-owned by Haitong Securities Co., Ltd. HIFCL is a direct subsidiary of Haitong International Securities Group Limited.
5. On 20 October 2021, Messrs. Tsui Chi Chiu and So Kit Yee Anita of Ernst & Young Transactions Limited were appointed by Spring Progress as joint and several receivers over 4,098,510,000 Shares held by the Vendor pursuant to the Deed of Appointment of Receivers.
6. Include the (i) 271,910,000 Shares, representing approximately 4.39% of the entire issued share capital of the Company as at the date of this joint announcement, held by Grand Profit under the Grand Profit's Irrevocable Undertaking, and (ii) 306,852,000 Shares, representing approximately 4.95% of the entire issued share capital of the Company as at the date of this joint announcement, held by Sunny Chance under the Sunny Chance's Irrevocable Undertaking. Other than the Grand Profit's Irrevocable Undertaking and the Sunny Chance's Irrevocable Undertaking, there is no other undertakings nor relationships between each of Grand Profit and Sunny Chance and the Offeror.
7. Percentage figures may not add up to the total due to rounding.

MAINTAINING THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror and the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising five (5) non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Roy Lo Wa Kei, Mr. Kong Aiguo, Mr. Liu Jipeng, Mr. He Xuehui and Mr. Huang Yajun, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Given that (i) Mr. Liu Bing has an interest in 90,000 shares in Oceanwide Holdings, the controlling Shareholder of the Company and a deemed party acting in concert with the Offeror; (ii) Mr. Zhao Yingwei has an interest in 200,000 shares in Oceanwide Holdings, the controlling Shareholder of the Company and a deemed party acting in concert with the Offeror; and (iii) Mr. Zhao Xiaoxia has an interest in 183,500 shares in Oceanwide Holdings, the controlling Shareholder of the Company and a deemed party acting in concert with the Offeror, the aforementioned non-executive Directors are considered as having an interest in the Offer and therefore they are excluded from being the members of the Independent Board Committee.

The Independent Financial Adviser will be appointed, subject to the approval of the Independent Board Committee, to advise the Independent Board Committee in relation to the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Further announcement will be made by the Company after the Independent Financial Adviser has been appointed.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document to be posted. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee in respect of the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer; and (iv) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to.

As the making of the Offer is conditional upon Completion (which in turn is conditional upon satisfaction or waiver (as may be applicable) of the Conditions), including but not limited to the obtaining of the formal approval from the SFC on the Offeror becoming a substantial shareholder of a subsidiary(ies) of the Company and holder(s) of SFC licence to carry out regulated activities under the SFO, an application will be made by the Offeror to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date falling within seven days of the Initial Long Stop Date which in any event shall be no later than 23 June 2023 (if no Extension Notice is served) or within seven days of the Extended Long Stop Date which in any event shall be no later than 22 September 2023 (if the Extension Notice is served), or 29 September 2023, whichever is earlier, or such other date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, Shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Offer will only be made if Completion takes place. Completion is conditional upon the satisfaction or waiver (as may be applicable) of the Conditions. Accordingly, the Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Assigned Interests”	has the meaning ascribed to it in the section headed “Background — Second Deed of Assignment” of this joint announcement
“Assigned Notes”	has the meaning ascribed to it in the section headed “Background — Second Deed of Assignment” of this joint announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“California Mortgage”	a mortgage relating to parcels of land in San Francisco, California indirectly held by OHII
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“COGL”	China Oceanwide Group Limited, a company incorporated in Hong Kong with limited liability, the immediate holding company as to 100% of the Vendor
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 952)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Deed of Share Purchase
“Completion Date”	the fifth (5th) business day after the last Condition has been fulfilled (or waived) or such other date mutually agreed between the parties to the Deed of Share Purchase

“Composite Document”	the composite offer and response document (together with the relevant forms of acceptance and transfer) to be jointly issued by the Offeror and the Company in connection with the Offer in compliance with the Takeovers Code
“Conditions”	the conditions precedent to Completion as set out in the Deed of Share Purchase
“Consideration”	the consideration in the amount of HK\$819,702,000 for the Sale Shares pursuant to the Deed of Share Purchase
“Deed of Appointment of Receivers”	the deed of appointment of receivers dated 20 October 2021 under the Security Deed pursuant to which the Receivers were appointed as the joint and several receivers over 4,098,510,000 Shares held by the Vendor
“Deed of Confirmation and Guarantee”	the deed of confirmation and guarantee dated 6 May 2022 entered into by the Vendor (as chargor) in favour of HIFCL (as noteholder), the Offeror (as noteholder) and Spring Progress (as security agent), and acknowledged and agreed by COGL as supplemental to the Security Deed and the Guarantee
“Deed of Share Purchase”	the deed of share purchase dated 15 September 2022 and entered into among the Receivers, the Vendor and the Offeror relating to the sale and purchase of the Sale Shares
“Director(s)”	director(s) of the Company
“Equitable Share Mortgage”	an equitable share mortgage relating to the entire issued ordinary shares of OHII
“Equitable Share Mortgage — Preferred Shares”	an equitable share mortgage relating to the entire issued preferred shares of OHII
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“Extended Long Stop Date”	has the meaning ascribed to it in the section headed “Long Stop Date” of this joint announcement
“Extension Notice”	has the meaning ascribed to it in the section headed “Long Stop Date” of this joint announcement

“First Deed of Assignment”	the deed of assignment dated 26 August 2021 entered into between Spring Progress (as assignor) and HIFCL (as assignee) in connection with the assignment of all the rights, claims, benefits, entitlements and interests in the Notes
“Grand Profit”	Grand Profit International Investment Limited, a company incorporated in the BVI with limited liability, of which the beneficial owner is Mr. Han Lei
“Grand Profit’s Irrevocable Undertaking”	the irrevocable undertaking dated 8 August 2022 given by Grand Profit and Mr. Han Lei to the Offeror
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee and indemnity dated 4 December 2018 entered into between COGL (as guarantor) and Spring Progress (as noteholder)
“Haitong International Capital”	Haitong International Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer
“Haitong International Securities”	Haitong International Securities Company Limited, a fellow subsidiary of Haitong International Capital, and a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“HIFCL”	Haitong International Finance Company Limited, a company incorporated in Hong Kong with limited liability
“HIFCL Notes”	has the meaning ascribed to it in the section headed “Background — Second Deed of Assignment” of this joint announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HT Loan Facility”	the margin loan facility of up to HK\$400 million granted by Haitong International Securities (as lender) to the Offeror (as borrower), which is secured by the HT Security Deed

“HT Loan Facility Agreement”	the facility agreement dated 15 September 2022 entered into between Haitong International Securities (as lender) and the Offeror (as borrower) in relation to the HT Loan Facility
“HT Security Deed”	the security deed dated 15 September 2022 entered into between Offeror (as chargor) and Haitong International Securities (as chargee) in respect of the Sale Shares as security for the HT Loan Facility
“Independent Board Committee”	the independent board committee of the Company comprising five (5) non-executive Directors, namely Mr. Roy Lo Wa Kei, Mr. Kong Aiguo, Mr. Liu Jipeng, Mr. He Xuehui and Mr. Huang Yajun, established to advise the Independent Shareholders on the Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it (other than the Vendor Group)
“Initial Long Stop Date”	has the meaning ascribed to it in the section headed “Long Stop Date” of this joint announcement
“Last Trading Day”	14 September 2022, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of this joint announcement
“Lego”	Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan facility of up to HK\$900 million granted by Nautical League Limited, a company beneficially solely owned by Ms. Lu
“Loan Facilities”	the credit loan facilities in an aggregate principal amount of up to HK\$282 million granted by Realord (as lender) to the Offeror (as borrower), as secured by, among others, a charge in favour of Realord over such Offer Shares that may be acquired by the Offeror (if any) pursuant to the Offer (excluding the Sale Shares)

“Loan Facilities Agreement”	the loan facilities agreement dated 15 September 2022 entered into between Realord (as lender) and the Offeror (as borrower) in relation to the Loan Facilities
“Mr. Han”	Mr. Han Xiaosheng, an executive Director and the chairman of the Company, and he is interested in 49% of the entire issued share capital of the Offeror and a director of the Offeror
“Mr. Lam”	Mr. Kenneth Lam Kin Hing, an executive Director and the chief executive officer of the Company, and he is interested in 51% of the entire issued share capital of the Offeror and a director of the Offeror
“Ms. Lu”	Ms. Lu Xiaoyun, the daughter of Mr. Lu Zhiqiang
“Notes”	the secured and guaranteed notes in the original principal amount of HK\$1,100,000,000 issued by the Vendor to Spring Progress on 4 December 2018, which was subsequently revised to HK\$1,168,996,507.89
“Oceanwide Holdings”	Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000046)
“Offer”	the mandatory unconditional cash offer to be made by Haitong International Securities and Red Sun, on behalf of the Offeror, to acquire the Offer Shares on the terms and conditions set out in this joint announcement in accordance with the Takeovers Code
“Offer Price”	HK\$0.2 per Offer Share
“Offer Share(s)”	the issued Share(s) other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it (other than the 395,254,732 Shares held by the Vendor Group as at the date of this joint announcement)
“Offeror”	Quam Tonghai Holdings Limited, a company incorporated in Hong Kong with limited liability, details of which are set out in the paragraph headed “Information on the Offeror” in this joint announcement
“OHII”	Oceanwide Holdings International Investment Co., Ltd, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of COGL

“Other Assets”	the California Mortgage, Equitable Share Mortgage and Equitable Share Mortgage — Preferred Shares
“Overseas Shareholders”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Participation Agreement”	the participation agreement dated 15 September 2022 entered into among Realord, Wanhai and Lego in respect of their participation and obligations in lending the Loan Facilities to the Offeror
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Realord”	Realord Asia Pacific Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Receivers”	Messrs. Tsui Chi Chiu and So Kit Yee Anita of Ernst & Young Transactions Limited who were appointed pursuant to the Deed of Appointment of Receivers acting as joint and several receivers over the Sale Shares
“Red Sun”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in relation to the Offer
“Rule 3.7 Announcement”	the announcement of the Company dated 27 October 2021 in relation to, among others, the appointment of the Receivers over 4,098,510,000 Shares
“Sale Share(s)”	4,098,510,000 Shares (representing approximately 66.13% of the entire issued share capital of the Company as at the date of this joint announcement) to be acquired by the Offeror from the Receivers pursuant to the terms of the Deed of Share Purchase

“Second Deed of Assignment”	the deed of assignment dated 6 May 2022 entered into among HIFCL (as assignor), the Offeror (as assignee) and Spring Progress (as security agent) in connection with the assignment of part of the rights, title and interest (other than, <i>inter alia</i> , any voting rights of the Notes) in the Notes in the principal amount of HK\$784,378,183.38, and the accrued but unpaid interest of all of the Notes up to but excluding 6 May 2022 in the aggregate amount of HK\$68,271,527.50
“Security Deed”	the security deed dated 3 December 2018 and entered into between the Vendor (as chargor) and Spring Progress (as noteholder)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spring Progress”	Spring Progress Investment Solutions Limited (formerly known as Haitong International Investment Solutions Limited), a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement dated 3 December 2018 entered into between the Vendor (as issuer) and Spring Progress (as noteholder) relating to, among others, the subscription of the Notes
“Sunny Chance”	Sunny Chance Investment Limited, a company incorporated in Hong Kong with limited liability, of which the beneficial owner is Mr. Cheng Kwok Yue
“Sunny Chance’s Irrevocable Undertaking”	the irrevocable undertaking dated 8 August 2022 given by Sunny Chance and Mr. Cheng Kwok Yue to the Offeror
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“US\$”	United States dollars, the lawful currency of the United States

“Vendor”	<p>Oceanwide Holdings International Financial Development Co., Ltd., a company incorporated in the BVI with limited liability, being the controlling Shareholder which holds 4,493,764,732 Shares (representing approximately 72.51% of the entire issued share capital of the Company as at the date of this joint announcement). As at 30 June 2022, the Vendor was wholly-owned by COGL, which was wholly-owned by Oceanwide Holdings. 63.54% interests in the issued share capital of Oceanwide Holdings was directly and indirectly owned by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) and 98% of the interests in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) was held by Oceanwide Group Co., Ltd.* (泛海集團有限公司). Oceanwide Group Co., Ltd.* (泛海集團有限公司) was wholly-owned by Tohigh Holdings Co., Ltd.* (通海控股有限公司). 77.14% and 22.86% of the interests in Tohigh Holdings Co., Ltd.* (通海控股有限公司) was held by Mr. Lu Zhiqiang and 泛海公益基金會 (Oceanwide Foundation), a charitable foundation which was founded by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司))</p>
“Vendor Group”	<p>the Vendor, COGL, Oceanwide Holdings, Oceanwide Energy Holdings Co., Ltd.* (泛海能源控股股份有限公司), China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司), Oceanwide Group Co., Ltd.* (泛海集團有限公司), Tohigh Holdings Co., Ltd.* (通海控股有限公司), Mr. Lu Zhiqiang, Ms. Lu and Nautical League Limited</p>
“Wanhai”	<p>AMC Wanhai Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO</p>
%	per cent.

By order of the board of
Quam Tonghai Holdings Limited

Kenneth LAM Kin Hing
Director

By order of the Board
**China Tonghai International
Financial Limited**

FANG Zhou
Deputy Chairman

Hong Kong, 15 September 2022

As at the date of this joint 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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it, the Vendor (save for the information mentioned in the section headed “Shareholding Structure of the Company” and the definition of “Vendor”) and the parties acting in concert with it, and the Receivers), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Kenneth Lam Kin Hing and Mr. Han Xiaosheng. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Vendor (as to the section headed “Shareholding Structure of the Company” and the definition of “Vendor”)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.

** The English name is a transliteration of the relevant Chinese name and are included here for identification purposes only.*