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CHINLINK INTERNATIONAL HOLDINGS LIMITED

普匯中金國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0997)

DISCLOSEABLE TRANSACTION

THE DISPOSAL AGREEMENT

On 12 December 2019, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 37.5% of the equity interest in the Target Company for a total cash consideration of about RMB93.2 million (equivalent to approximately HK\$103.5 million).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) is greater than 5% but less than 25%, the Disposal Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

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* For identification purpose only

THE DISPOSAL AGREEMENT

Detail of the terms of the Disposal Agreement are as follows:

Date 12 December 2019

Parties (i) Chinlink Mega Limited as vendor; and
(ii) 西安曲江文化金融控股(集團)有限公司 (Xi'an Qujiang Cultural Financial Holdings Limited[#]) as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser (which is ultimately owned by a PRC government authority) is a third party independent of the Company and its connected persons; and (ii) the Purchaser is principally engaged in investment in financial institutions, securities investment and management, asset management and disposal, mergers and acquisitions, investment planning and consultancy in the PRC.

Subject matter

The Vendor has agreed to sell, and the Purchaser has agreed to acquire 37.5% of the equity interest in the Target Company. Immediately prior to Completion, the Vendor was beneficially interested in 62.5% of the equity interest in the Target Company. After Completion, the Vendor will become beneficially interested in 25% of the equity interest in the Target Company.

Consideration

The consideration payable by the Purchaser to the Vendor is about RMB93.2 million (equivalent to approximately HK\$103.5 million) and shall be settled by the Purchaser in cash within 10 business days after the date of the Disposal Agreement and all securities requested under the Disposal Agreement have been created.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms principally with reference to the valuation of the Target Company as at 31 October 2019 conducted by an independent professional valuer and the proportional interest which is the subject of the Disposal, i.e. 37.5%.

Security

Pursuant to the Disposal Agreement, the warranties and undertaking given by the Vendor under the Disposal Agreement in respect of the business and taxation of the Target Company before Completion shall be secured by:

- (i) A share pledge over 25% of the equity interest in the Target Company owned by the Vendor in favour of the Purchaser;
- (ii) A charge over the Property by the Vendor and/or its related parties in favour of the Purchaser; and
- (iii) A personal guarantee by the ultimate controlling shareholder of the Vendor, i.e. Mr. Li Weibin.

The share pledge and charge over the Property in (i) and (ii) above will be released after the secured obligations of the Vendor under the Disposal Agreement have been discharged in full, and the personal guarantee in (iii) above will be released after completion of the registration of the charge over the Property in (ii) above or after the secured obligations of the Vendor under the Disposal Agreement have been discharged in full.

Completion

Completion is unconditional and shall take place on the day of the completion of the registration of transfer and the issuance of the new business licence of the Target Company.

Put Option

In the event that there's a deadlock relating to the affairs required to be resolved in a meeting of the board of directors of the Target Company on or before 26 October 2020, the Vendor undertakes to unconditionally acquire all or any part of the equity interest in the Target Company owned by the Purchaser at a price to be determined by a valuer to be agreed upon by the Vendor and the Purchaser, with reference to the net assets value of the Target Company and the proportional equity interest of the Purchaser.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Its principal business is the provision of finance lease and consultancy services in respect of leasing transactions in the PRC.

Set out below is the financial information of the Target Company, prepared based on generally accepted accounting principles in Hong Kong for the two years ended 31 March 2019:

	For the year ended 31 March 2019 <i>HK\$'000</i> (audited)	For the year ended 31 March 2018 <i>HK\$'000</i> (audited)
Profit before taxation	10,103	4,914
Profit after taxation	7,811	4,518

The audited net asset value of the Target Company as at 31 March 2019 was approximately HK\$294.7 million.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on information available, the Company expects to recognise a loss of approximately RMB4.3 million (equivalent to approximately HK\$4.8 million) from the Disposal, being the difference between (i) the consideration; and (ii) the estimated unaudited net asset value of the Target Company as recorded in the Group's consolidated financial statements as at 30 September 2019 and the estimated expenses incurred and to be incurred from the Disposal. The actual loss as a result of the Disposal to be recorded by the Group is subject to audit and will be assessed after Completion.

It is expected that the net proceeds from the Disposal will be applied for the repayment of borrowings by the Company and general working capital purpose. Upon Completion, the Target Company will cease to be a subsidiary of the Company and become an associate of the Company. The financial results of the Target Company will be accounted for in the consolidated financial statements of the Company using the equity method.

REASONS FOR THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in property investment, trading (including mainly electronic components and appliance, furniture and fixtures, etc.), provision of financial guarantee services, financial advisory services, finance leasing services and logistics services in the PRC.

The Directors consider that the transactions contemplated under the Disposal Agreement would provide an opportunity for the Group to realise its investment in the Target Company so as to enable the Group to raise fund for the repayment of borrowings, thereby reducing the debt level and finance costs of the Group, and strengthening the financial position of the Group.

Taking the above into account, the Board is of the view that the terms of the Disposal Agreement, which were negotiated between the Vendor and the Purchaser on an arm's length basis, are fair and reasonable and on normal commercial terms, and the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) is greater than 5% but less than 25%, the Disposal Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as set forth below:–

“Board”	the board of Directors
“Company”	Chinlink International Holdings Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange (Stock Code: 0997)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the disposal of 37.5% of the equity interest in the Target Company by the Vendor to the Purchaser under the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 12 December 2019 and entered into between the Vendor and the Purchaser in relation to the Disposal for a total cash consideration of about RMB93.2 million (equivalent to approximately HK\$103.5 million)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	L2 and 7 th floor of Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch) [#] located at the Eastern side of Ban Yin Road, Ba Qiao District, Xi’an, PRC
“Purchaser”	西安曲江文化金融控股(集團)有限公司 (Xi’an Qujiang Cultural Financial Holdings Limited [#]), a company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	普匯中金融資租賃有限公司 (Chinlink Finance Lease Company Limited [#]), a company established in the PRC and a 62.5%-owned subsidiary of the Company immediately prior to Completion
“Vendor”	Chinlink Mega Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

The English translation of Chinese names marked with “#” in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names.

By order of the Board
Chinlink International Holdings Limited
Mr. Li Weibin
Chairman

Hong Kong, 12 December 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Weibin, Mr. Siu Wai Yip, and Mr. Lau Chi Kit; a non-executive Director, namely Ms. Fung Sau Mui; and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.11. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at other rates or at all.