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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)

**VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF ENTIRE EQUITY INTEREST IN A PRC SUBSIDIARY**

Reference is made to the announcement of the Company dated 6 January 2022.

On 29 April 2022 (after trading hours), the Vendor entered into the conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Capital, representing the entire equity interest of the Target Company for a cash consideration of RMB132,372,708.56. Upon Completion, the Group will cease to hold any equity interest in the Target Company.

As one of the applicable percentage ratios exceeds 75%, the Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the SGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) valuation report of the Property; (iii) other information as required under the Listing Rules; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 24 May 2022.

* For identification purpose only

Reference is made to the announcement of the Company on 6 January 2022 in which it was announced that the Vendor entered into a Letter of Intent with a prospective purchaser (i.e. the Purchaser) in relation to the Disposal and the possible disposal of Chinlink Business Operation Management (Xi'an) Company Limited# (普匯中金商業運營管理(西安)有限公司) (“**Chinlink Business**”). The Company was subsequently informed by the Purchaser that it is no longer interested in purchasing Chinlink Business and as such the sale of Chinlink Business to the Purchaser will no longer proceed.

THE DISPOSAL

On 29 April 2022 (after trading hours), the Vendor entered into the conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Capital, representing the entire equity interest of the Target Company for a cash consideration of RMB132,372,708.56 (equivalent to approximately HK\$156.2 million) subject to and conditional upon the terms of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

- Date:** 29 April 2022
- Parties:**
- (i) the Vendor;
 - (ii) the Purchaser; and
 - (iii) the Target Company

The Vendor is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company which is principally engaged in investment holding.

The Purchaser is a limited liability company established in the PRC which is principally engaged in property investment, property management, rental of property and asset management. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is owned as to 37.75% by Wang Tianchun (王天春); as to 37.1% by Wang Ziheng (王梓恒); and as to 25.15% by Bai Jumei (白菊梅) who are Independent Third Parties.

Assets to be disposed

Immediately prior to Completion, the Target Company has a registered capital of US\$20,000,000 which is owned by the Vendor.

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Capital, representing 100% equity interest in the Target Company subject to and conditional upon the terms and conditions of the Sale and Purchase Agreement.

Consideration

The consideration for the Disposal is RMB132,372,708.56 (equivalent to approximately HK\$156.2 million), which shall be payable by the Purchaser to the Vendor in cash within ten business days after the transfer of the Sale Capital is recorded in articles of association of the Target Company, and the transfer having been registered with the Economic Development Zone Branch of Xi'an Market Supervision and Administration Bureau.

The consideration for the Disposal was determined with reference to, among others, the net asset value of the Target Company, the current real estate market situation in Xi'an city and the preliminary valuation of the Property using market approach of RMB605 million and arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition precedent

The Sale and Purchase Agreement shall become valid upon the Sale and Purchase Agreement and the transactions contemplated therein having been approved by the Shareholders at the SGM.

Completion of transfer of Sale Capital

Completion will take place within fifteen business days after the satisfaction of the condition precedent to the Sale and Purchase Agreement upon which, the transfer of the Sale Capital is recorded in articles of association of the Target Company, and the transfer having been registered with the Economic Development Zone Branch of Xi'an Market Supervision and Administration Bureau; and the consideration is paid.

Upon Completion, the Group will cease to hold any equity interest in the Target Company.

PROVISION OF FACILITIES

As a separate and independent arrangement, the Purchaser has agreed to lend up to RMB100,000,000 (the "**Facility**") and procure an entrusted loan from a third party to lend up to RMB187,627,291.44 (the "**Entrusted Loan**") to the Target Company for settlement of certain outstanding debts of the Target Company. Such facilities provided by the Purchaser shall be applied to settle the amount due by the Target Company to its creditors. The provision of the Facility and the Entrusted Loan is independent of the Disposal and will be drawn down by the Target Company regardless of whether Completion will take place. The Facility will be unsecured and interest free and has a term of 12 months. The Entrusted Loan will be interest free but is subject to a handling fee of 0.2% of the loan amount of the Entrusted Loan and will be secured, initially by a second mortgage over the Property and after the discharge in full of the loans due to the Lender, by a first mortgage over the Property and by an equity charge over the Sale Capital. The term of the Entrusted Loan shall be 12 months.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in the holding of the Property known as Chinlink International Centre# (普匯中金國際中心) located in the Xi'an Economic and Technological Development Zone, the PRC, being one of the investment properties of the Group. The Property covers an area of 9,100 square meters (about 13.65 acres), with a total construction area of about 55,490 square meters with approximately 300 parking spaces. Since the second quarter of 2020, the Property started to generate rental and management services income to the Group. However, due to the outbreak of the COVID-19 pandemic, there had been a delay in the commencement of lease of the Property and accordingly the receipt of rental and management services income from all tenants was delayed.

The unaudited financial information of the Target Company for the two years ended 31 March 2021 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 March 2020 RMB'000 (unaudited)	For the year ended 31 March 2021 RMB'000 (unaudited)
Revenue	nil	3,650
Net profit before taxation	63,297	7,162
Net profit after taxation	44,490	1,462

The unaudited net asset value of the Target Company as at 28 February 2022 was approximately RMB194,600,000 (equivalent to approximately HK\$229,628,000).

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Company shall cease to have any equity interest in the Target Company and the Target Company shall cease to be a subsidiary to be accounted for in the financial results of the Company.

The Group is expected to record an unaudited loss on the Disposal of approximately RMB77.7 million (equivalent to approximately HK\$91.7 million). Such unaudited loss is estimated based on gross proceeds from the Disposal of approximately RMB132.4 million (equivalent to approximately HK\$156.2 million) less the net carrying value of the Target Company of approximately RMB208.9 million (equivalent to approximately HK\$246.5 million) as at 28 February 2022, and after deducting the expenses directly attributable to the Disposal in aggregate of approximately RMB1.2 million (equivalent to approximately HK\$1.4 million) and exclusion of certain assets. The actual amount of loss on the Disposal to be recorded by the Group will depend on the net carrying value of the Target Company as at the date of Completion, which may be different from the amount mentioned above and will be subject to review and final audit by the auditors of the Company.

The net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will amount to approximately RMB131.2 million (equivalent to approximately HK\$154.8 million). It is intended that the net proceeds together with funds to be provided by Mr. Li and internal resources of the Group will be used for partial repayment of debts to the Lender.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in property investment, provision of financial advisory services, financial guarantee services and other financial services in the PRC and Hong Kong. The Vendor is an indirect wholly-owned subsidiary of the Group, and is principally engaged in investment holding.

As disclosed in the interim report of the Company for the six months ended 30 September 2021, the Group had current liabilities of approximately HK\$1,986.3 million and net current liabilities of approximately HK\$999.3 million as at 30 September 2021. Among such current liabilities, approximately HK\$679.5 million have been overdue (including the amount due to the Lender in the amount of approximately HK\$375.2 million) as at 30 September 2021. The Group has been exploring various means to repay its indebtedness and to improve its liquidity by, among other matters, accelerating the pre-sales of the serviced apartments of the phase two development of Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch) project, soliciting different sources of funds including additional banking facilities, seeking consent from its lenders and creditors (including the Lender) to extend the repayment dates and disposing of the Group's business and/or assets etc.

The Company had encountered some very challenging business environment as the COVID-19 pandemic continues to affect the PRC and Hong Kong. Furthermore, the latest development in the China real estate market coupled with new rules on financing restriction to property developers, stringent control on the use of property presale proceeds, difficulties on the part of end-use buyers in market to raise funds for financing purchases and the increasing defaults of major developers in both onshore and offshore markets. The overall China real estate market witnessed an unusual decline in first-hand property sales and price drop which also greatly affected the Group's property portfolio and property sales.

The Board believes that given the general negative sentiment to the PRC property market in the last 12 months and the financial status of the Company, the Disposal would allow the Group to realise the investment in the Target Company and the Property to repay the outstanding debt due by the Company to the Lender. Such debt is secured by, among others, the Sale Capital and the Property in favour of the Lender, and is already overdue. Furthermore, the Lender has indicated to the Company that if the Company failed to settle the outstanding loan by June 2022 the Lender may consider taking action in enforcing its security over the Property. The Board considers that the realisation value of the Property in the event of a forced sale by the Lender will likely to be significantly less than the Consideration thus, the Board considers that the Consideration and the Disposal, which will enable the Company to reduce its indebtedness, lower its finance costs, improve the liquidity and overall financial position of the Group, are fair and reasonable and in the interests of the Company and the Shareholders.

The Disposal will not affect the core business of the Group which comprises property investment, provision of financial advisory services, financial guarantee services and other financial services businesses in the PRC and Hong Kong.

With regard to the aforementioned, the Directors (including the independent non-executive Directors) believe that the terms of the Disposal (including the consideration) are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios exceeds 75%, the Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the Directors has material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the SGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

The controlling Shareholders, namely, Wealth Keeper International Limited and Mr. Li, holding approximately 61% of the voting rights at general meeting of the Company, have indicated that they shall vote in favour of the relevant resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) valuation report of the Property; (iii) other information as required under the Listing Rules; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 24 May 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	board of the Directors
“Company”	Chinlink International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the mainboard of the Stock Exchange (stock code: 997)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the disposal of the Sale Capital as contemplated under the Sale and Purchase Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Lender”	the lender to the Company, which is an Independent Third Party, which provided a loan facility to the Group secured by, among other matters, the Sale Capital and the Property
“Letter of Intent”	the letter of intent entered into between the Vendor and the Purchaser dated 6 January 2022 in relation to the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Weibin, an executive Director and the chairman of the Company and the controlling shareholder of the Company

“PRC”	the People’s Republic of China, which for the purpose of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	Chinlink International Centre (普匯中金國際中心) located in the Xi’an Economic and Technological Development Zone, PRC, being one of the investment properties of the Group held by the Target Company
“Purchaser”	陝西天恒投資有限責任公司, a limited liability company established in the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 29 April 2022 and entered into between the Purchaser and the Vendor in respect of the Disposal
“Sale Capital”	100% equity interest of the Target Company
“SGM”	the special general meeting of the Company to be held to consider, and if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated therein
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Real King International (Xi’an) Information Technology Company Limited# (匯景國際(西安)信息科技有限責任公司), a limited liability company established in the PRC
“Vendor”	Chinlink Glory Limited, a company incorporated in Hong Kong with limited liabilities and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.18. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

Hong Kong, 29 April 2022

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