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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)

ANNOUNCEMENT

Reference is made to the announcement of Chinlink International Holdings Limited (the “**Company**”) dated 14 November 2022 (the “**Announcement**”) in relation to the disposal of Alpha Yield Limited. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide further information to the Shareholders and potential investors of the Company that:

- (i) To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (a) Investor A is wholly-owned by an individual named Bernard Pouliot; and (b) Investor B is owned by Lutea (UK) Limited, Magentum Corporate Services Limited, Magentum Group Limited, Magentum Limited and Magentum Tax and Accounting Limited with each of them holding a 20% shareholding interest in Investor B, and the directors of Investor B, being the sole parties to exert influence on the transaction, are Natalie Margaret Smith, Emerita Delos Santos Mendoza, Frederick John Deacon and Scott Jonathan Madden, all of whom are Independent Third Parties.
- (ii) As disclosed in the Announcement, the consideration payable by the Investors to Trillion Up and IK Global for the entire issued share capital of Alpha Yield was US\$3.0 million (equivalent to approximately HK\$23.55 million) in aggregate, which was based on the offer price made by the Investors to IK Global and Trillion Up.

* For identification purpose only

Trillion Up, being the recipient of a drag-along notice served under the 2017 Agreement, had the right to exercise one of three options provided under the 2017 Agreement, exercisable within 10 Business Days of the date of the offer, to: (a) acquire all the shares held by the MCM Founders or IK Global or their affiliates upon the same terms and conditions as offered by the buyer and accepted by the MCM Founders or IK Global; or (b) if Trillion Up does not wish to exercise the option under (a) above, sell all its shares to IK Global or as the MCM Founders may direct at the same price per share as offered by the buyer and accepted by the MCM Founders or IK Global, and then the MCM Founders or IK Global may elect (but is not obliged) to sell any or all of its shares to the buyer on such terms as the MCM Founders or IK Global may determine; or (c) if Trillion Up does not exercise the option under (a) and (b) above, acquire from Alpha Yield the entire issued share capital of Chinlink Alpha (including its equity interest in Chinlink Shaanxi) free from all encumbrance at a price equal to 50% of the aggregate price for all the shares in Alpha Yield offered by the buyer (as if the buyer has offered to buy all the shares) and accepted by the MCM Founders or IK Global, provided that Trillion Up shall sell all of its shares in Alpha Yield to the buyer simultaneously upon same term and conditions with completion of the sale of the shares in Alpha Yield by the MCM Founders or IK Global to the buyer.

Taking into account the matters set forth in the paragraph headed “Reasons for and benefits of entering into the Sale and Purchase Agreement and the transactions contemplated thereunder” in the Announcement, the Company opted for the third option. As disclosed in the Announcement, the Board is of the view that the disposal by the Group at the consideration of US\$1.53 million is fair and reasonable and in the interests of the Company and its shareholders as a whole, after making an independent assessment taking into account, among other matters, the interest of the Investors to invest in securities, options and futures brokerage, capital raising, advisory and equity research businesses in Hong Kong, the brand and history and the existing business operations and networks of the MCM Group and the MCM Founders, the licensing status of two entities as licensed corporations within the MCM Group, and the net liability position of Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries) as at 31 March 2022.

As for the consideration of the acquisition of Chinlink Alpha and its subsidiaries, being 50% of the consideration payable by the Investors to Trillion Up and IK Global for the entire issued share capital of Alpha Yield was US\$3.0 million (equivalent to approximately HK\$23.55 million) in aggregate, i.e. US\$1.5 million (equivalent to approximately HK\$11.8 million), it was determined in accordance with the terms of the 2017 Agreement, which provides that Trillion Up is entitled to exercise an option granted to it under the 2017 Agreement to acquire Chinlink Alpha and its subsidiaries from Alpha Yield at a price equal to 50% of the aggregate price offered by the potential buyer of Alpha Yield. In view of the unaudited consolidated net assets of Chinlink Alpha and its subsidiaries as at 31 March 2022, which is higher than the consideration of the acquisition determined in accordance with the terms of the 2017 Agreement, the Board is of the view that such consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

- (iii) As disclosed in the Announcement, the Group is expected to record an unaudited gain on the disposal of Alpha Yield of approximately HK\$7.02 million. Such figure was calculated by deducting the expenses directly attributable to the disposal of approximately HK\$0.3 million and the net assets of Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries) attributable to the Group of approximately HK\$4.69 million as at 31 March 2022 from the gross proceeds from the disposal attributable to the Group of US\$1.53 million (equivalent to approximately HK\$12.01 million) calculated as follow:

	<i>HK\$ million</i>	<i>HK\$ million</i>
Gross proceeds from the disposal		12.01
Expenses directly attributable to the disposal		(0.30)
Net liabilities of Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries) which have been consolidated into the financial statements of the Group	1.45	
Less: the negative balance of non-controlling interests in Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries)	(6.14)	
Net assets of Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries) attributable to the Group		(4.69)
Gain on the disposal		<u>7.02</u>

From the date of the acquisition of MCM Group to 31 March 2022, over the financial years of 2018, 2019, 2020 and 2022, Alpha Yield and its subsidiaries (excluding Chinlink Alpha and its subsidiaries) have recorded considerable losses. Since the completion of the acquisition of MCM Group, the operating performance of MCM Holdings has been volatile, particularly due to the intensified trade dispute between the PRC and the United States of America which led to global economic slowdown. Further, MCM Group's business operations in Europe created an additional burden on the MCM Group as a whole as the substantial level of resources and funds allocated to its businesses in Europe have yet to create any returns due to the turbulent economic conditions in Europe over the past years. In addition, the substantial fixed costs, such as staff costs and office rental further added to the losses to MCM Holdings and its subsidiaries. Due to the severe impact of the coronavirus disease 2019 since early 2022, coupled with the increasingly complex geopolitics and a series of domestic policy implemented in several key industries, which have dealt a heavy blow to the demand and confidence for foreign investments desire in the People's Republic of China, MCM Holdings has lost a major business source, therefore the performance of MCM Holdings further dwindled into 2022.

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

Hong Kong, 16 January 2023

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; and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene.