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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 IN RELATION TO
THE PUT OPTION AGREEMENT**

**THE CAPITAL INCREASE AGREEMENT AND THE PUT OPTION
AGREEMENT**

Further to the Finance Lease Cooperation Agreement as described in the announcement of the Company dated 26 April 2017, Chinlink Mega, Zhong Jinlv and the Finance Lease Company entered into the Capital Increase Agreement after the Stock Exchange trading hours on 26 October 2017 to set out the detailed arrangements relating to the capital injection by Zhong Jinlv and the respective rights and obligations of Chinlink Mega and Zhong Jinlv in the Finance Lease Company after the capital increase. The parties also entered into the Put Option Agreement on the same day pursuant to which Zhong Jinlv shall be granted a right to request Chinlink Mega or its nominee to acquire its shareholding interest in the Finance Lease Company during the period of 30 days from the third anniversary of the date of the first capital contribution by Zhong Jinlv or upon the occurrence of certain events during the period from the date of registration with the relevant PRC industry and commerce authorities of the first capital contribution by Zhong Jinlv to the third anniversary of the date of the first capital contribution by Zhong Jinlv as described in this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition contemplated under the Put Option Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

Reference is made to the announcements of the Company dated 16 March 2017 and 26 April 2017 in relation to the Finance Lease Cooperation Agreement in respect of the capital increase of the Finance Lease Company.

THE CAPITAL INCREASE AGREEMENT

The Finance Lease Company was previously a wholly-owned subsidiary of Chinlink Alpha. Pursuant to the Finance Lease Cooperation Agreement and as disclosed in the announcement of the Company dated 26 April 2017, Zhong Jinlv agreed to make capital contribution in the amount of RMB120 million (equivalent to approximately HK\$142 million) to the Finance Lease Company and the registered capital of the Finance Lease Company shall be increased. Following the capital injection, the Finance Lease Company shall be owned as to approximately 63% by Chinlink Alpha and approximately 37% by Zhong Jinlv. Subsequently on 22 May 2017, the Group underwent a reorganisation and the Finance Lease Company is now a wholly-owned subsidiary of Chinlink Mega with registered capital of RMB200 million (equivalent to approximately HK\$236 million) and paid-up capital of RMB108 million (equivalent to approximately HK\$127 million).

Further to the Finance Lease Cooperation Agreement, Chinlink Mega, Zhong Jinlv and the Finance Lease Company entered into the Capital Increase Agreement on 26 October 2017 to set out the detailed arrangements relating to the capital injection by Zhong Jinlv and the respective rights and obligations of Chinlink Mega and Zhong Jinlv in the Finance Lease Company after the capital increase. Pursuant to the Capital Increase Agreement, the parties agreed that:

- (i) the maximum capital contribution to the Finance Lease Company shall be RMB200 million (equivalent to approximately HK\$236 million) for Chinlink Mega and RMB120 million (equivalent to approximately HK\$142 million) for Zhong Jinlv, and the percentage shareholding interest of Chinlink Mega and Zhong Jinlv in the Finance Lease Company shall be 62.5% and 37.5% respectively;
- (ii) the registered capital of the Finance Lease Company shall be contributed and paid up by stages. Zhong Jinlv shall, within 10 business days of the receipt of a written notice from the Finance Lease Company, pay its contribution to the registered capital of the Finance Lease Company prorata to its shareholding interest in the Finance Lease Company based on the paid-up capital contributed by Chinlink Mega;

- (iii) within 15 business days after the receipt of the payment by Zhong Jinlv of its first capital contribution, the Finance Lease Company shall complete the necessary registration procedures with the relevant PRC industry and commerce authorities for the capital increase and change in shareholding. If the registration procedures are not completed within the aforesaid time limit, Zhong Jinlv shall be entitled to terminate the Capital Increase Agreement, and the Finance Lease Company shall be required to return the capital contributed by Zhong Jinlv, if any, in cash plus interest calculated at 8.5% per annum; and
- (iv) following the capital increase, the board of directors of the Finance Lease Company shall comprise five members. Chinlink Mega and Zhong Jinlv shall be entitled to appoint three and two directors respectively. The Finance Lease Company shall also form a project review committee consisting of seven members, of which Chinlink Mega and Zhong Jinlv shall be entitled to appoint five and two members respectively.

THE PUT OPTION AGREEMENT

Date

26 October 2017

Parties

- (i) Chinlink Mega;
- (ii) Zhong Jinlv; and
- (iii) the Finance Lease Company.

As disclosed in the announcement of the Company dated 26 April 2017, to the best of the Director's knowledge, information and belief, having made all reasonable enquiry, (i) Zhong Jinlv is a wholly-owned subsidiary of Shaanxi Tourism Group Company Limited ("**Shaanxi Tourism**") which is a Stated-owned enterprise; (ii) Zhong Jinlv is principally engaged in the financial business development of Shaanxi Tourism. With the support from Shaanxi Tourism which has solid foundation in travel services, tourism cultural centre and recreational properties, it aims to drive Shaanxi's tourism business through operation in the capital market; and (iii) Zhong Jinlv and Shaanxi Tourism are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the Put Option Agreement, during the period of 30 days from the third anniversary of the date of the first capital contribution by Zhong Jinlv, Zhong Jinlv shall have the right, by serving a written notice to Chinlink Mega, request Chinlink Mega or its nominee to acquire its shareholding interest in the Finance Lease Company. Zhong Jinlv shall also have the right, by serving a written notice to Chinlink Mega, request Chinlink Mega or its nominee to acquire its shareholding interest in the Finance Lease Company if the following events occur during the period from the date of registration with the relevant PRC industry and commerce authorities of the first capital contribution by Zhong Jinlv to the third anniversary of the date of the first capital contribution by Zhong Jinlv:

- (i) the ability of Chinlink Mega to complete the Acquisition is adversely affected due to:
 - (a) material losses in value of assets or other financial crisis in the Finance Lease Company;
 - (b) any litigations, arbitrations or sanctions which would have a material adverse impact on the business or financial position of Chinlink Mega, its holding company or controlling shareholder;
 - (c) a merger, dissolution, reorganisation, combination or asset transfer of Chinlink Mega which would have a material effect on the normal operations of Chinlink Mega;
 - (d) material adverse changes in the business or financial position of Chinlink Mega;
 - (e) material related parties transactions between Chinlink Mega and its related parties which would adversely affect the normal operations of Chinlink Mega; or
 - (f) the auditors issue qualified opinion on the consolidated financial statements of Chinlink Mega and/or the Finance Lease Company;
- (ii) Chinlink Mega being ordered for suspension, revocation or cancellation of business licence, is in application of or being applied for liquidation or dissolution;
- (iii) the Finance Lease Company or Chinlink Mega is in breach of their respective obligations, representations and undertakings in the Capital Increase Agreement;
- (iv) Chinlink Mega is in breach of its obligations under its agreements with insurance companies, banks, trusts or similar financial institutions (including being requested for early repayment of debts owed to such financial institutions);
- (v) the ultimate controlling shareholder of Chinlink Mega loses control over Chinlink Mega or the Finance Lease Company; or
- (vi) material breach of representations, warranties and undertakings by the parties under the Capital Increase Agreement.

Consideration

The consideration for the Acquisition shall be equal to the amount of capital contributed by Zhong Jinlv in the Finance Lease Company, and payable in cash by Chinlink Mega or its nominee to Zhong Jinlv within 20 business days from the receipt of the written notice from Zhong Jinlv.

Completion

Completion of the Acquisition shall take place upon the full settlement of the consideration for the Acquisition. Zhong Jinlv shall, within 15 business days of the completion of the Acquisition, assist Chinlink Mega or its nominee to complete the registration of the shareholding transfer with relevant PRC industry and commerce authorities. Zhong Jinlv shall also procure the resignation of the directors and members of the project review committee of the Finance Lease Company nominated by it within three business days of the completion of the Acquisition.

INFORMATION ON THE FINANCE LEASE COMPANY

The Finance Lease Company was a direct wholly-owned subsidiary of Chinlink Alpha when it was established in 2015 as a wholly foreign-owned finance lease company in the PRC. Subsequently on 22 May 2017, the Group underwent a reorganisation and the Finance Lease Company is now a wholly-owned subsidiary of Chinlink Mega with registered capital of RMB200 million (equivalent to approximately HK\$236 million) and paid-up capital of RMB108 million (equivalent to approximately HK\$127 million). It is principally engaged in finance leasing business, targeting the healthcare, infrastructure, public transport and environment facilities sectors.

A summary of the financial information of the Finance Lease Company prepared in accordance with generally accepted accounting principles in Hong Kong is set out below:

	For the year ended 31 March 2016 (RMB'000) (unaudited)	For the year ended 31 March 2017 (RMB'000) (unaudited)
Revenue	—	—
(Loss) before tax	(180)	(2,686)
(Loss) after tax	(180)	(2,686)
		As at 31 March 2017 (RMB'000) (unaudited)
Net liabilities		2,867

REASONS FOR THE ENTERING INTO OF THE CAPITAL INCREASE AGREEMENT AND THE PUT OPTION AGREEMENT

The Company is an investment holding company. The Group is principally engaged in property investment, interior decoration works in Hong Kong and Macau, trading (including mainly electronic components and appliances, furniture and fixtures, etc.), provision of financing guarantee services, finance leasing services and logistics services in the PRC.

As disclosed in the announcement of the Company dated 26 April 2017, the Finance Lease Company is incorporated in Xi'an, the capital of Shaanxi Province. The economic development of Shaanxi Province is in a fast growing stage. With the cooperation with Zhong Jinlv which is a subsidiary of a State-owned enterprise, the Directors expect the capital injection into the Finance Lease Company by Zhong Jinlv will speed up the expansion of the finance leasing business. The cooperation is also expected to enhance the credit standing of the Finance Lease Company which may render it more accessible to bank financing with lower costs. The Board considers that, through the geographical advantages and the indirect support from Shaanxi Tourism, and together with the Group's capital market experience, the cooperation with Zhong Jinlv will bring a positive impetus to the finance leasing business of the Group.

The Capital Increase Agreement was entered into to set out in more detail the arrangements in relation to the capital injection by Zhong Jinlv and the respective rights and obligations of Chinlink Mega and Zhong Jinlv in the Finance Lease Company after the capital increase. The Put Option Agreement was negotiated on an arm's length basis to facilitate the consummation of the capital injection by Zhong Jinlv.

The Board considers that the terms of the Capital Increase Agreement and the Put Option Agreement are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition contemplated under the Put Option Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the possible acquisition by Chinlink Mega or its nominee of the shareholding interest in the Finance Lease Company from Zhong Jinlv pursuant to the Put Option Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Increase Agreement”	the agreement dated 26 October 2017 entered into among Chinlink Mega, the Finance Lease Company and Zhong Jinlv
“Chinlink Alpha”	Chinlink Alpha Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Chinlink Mega”	Chinlink Mega Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Company”	Chinlink International Holdings Limited, a company incorporated in Bermuda whose issued shares are listed on the main board of the Stock Exchange (Stock Code: 0997)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Finance Lease Company”	Chinlink Finance Lease Company Limited, a company established as a wholly foreign-owned company in the PRC and currently a wholly-owned subsidiary of Chinlink Mega
“Finance Lease Cooperation Agreement”	the cooperation agreement dated 26 April 2017 entered into among Chinlink Alpha, Zhong Jinlv and the Finance Lease Company in relation to the capital injection into the Finance Lease Company
“Group”	the Company and its subsidiaries
“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, the Macau Special Administrative Region and Taiwan
“Put Option Agreement”	the agreement dated 26 October 2017 entered into among Chinlink Mega, Zhong Jinlv and the Finance Lease Company in relation to the option exercisable by Zhong Jinlv to request Chinlink Mega or its nominee to complete the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Jinlv”	中金旅投資控股有限公司 (Zhong Jinlv Investment Holding Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For illustration purpose only, amounts in RMB in this announcement have been translated into HK\$ at the rate of RMB1 = HK\$1.18. No representation is made that any amounts in RMB have been or could be converted into HK\$ at the above rate or at any other rates or at all.

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

Hong Kong, 26 October 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Li Weibin, Mr. Siu Wai Yip, Ms. Lam Suk Ling, Shirley 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.