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CHINLINK
普匯中金

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)

- (1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY
INTEREST IN, AND THE SHAREHOLDER'S LOAN DUE BY,
ZHONG HUI GLOBAL LIMITED AND ITS SUBSIDIARIES;
(2) PROPOSED ISSUE OF CONVERTIBLE BONDS;
(3) PROPOSED SHARE CONSOLIDATION;
(4) PROPOSED CHANGE IN BOARD LOT SIZE;
(5) INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(6) RESUMPTION OF TRADING**

INTRODUCTION

The Board is pleased to announce that after the trading hours of the Stock Exchange on 2 February 2017, the Company, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and Mr. Li (as guarantor to the Vendor) entered into the Acquisition Agreement in relation to the proposed acquisition of the entire issued share capital of the Target. Simultaneously, the Company, the Purchaser and Mr. Li entered into the Loan Purchase and Financing Agreement in relation to the proposed acquisition of the Sale Loan and the provision of financing by Mr. Li to the Group. The Acquisition Agreement and the Loan Purchase and Financing Agreement are inter-conditional and shall complete contemporaneously.

* For identification purpose only

THE ACQUISITION AGREEMENT

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target, at a consideration of HK\$96 million, which shall be satisfied by the Company issuing the Share Consideration Bonds with principal amount of HK\$96 million to the Vendor or its nominee(s) at Completion.

THE LOAN PURCHASE AND FINANCING AGREEMENT

Pursuant to the Loan Purchase and Financing Agreement, the Purchaser conditionally agreed to purchase, and Mr. Li conditionally agreed to sell, the Sale Loan, representing all the debts owing by the Target Group to Mr. Li or his affiliated companies (including the Vendor) immediately prior to Completion, at a consideration of HK\$216 million, which shall be satisfied by the Company issuing the Loan Consideration Bonds with principal amount of HK\$216 million to Mr. Li or his nominee(s) at Completion. Mr. Li has undertaken that the Sale Loan shall not be less than HK\$216 million upon Completion.

In addition, Mr. Li conditionally agreed to provide financing to the Group in the amount of HK\$58 million in two installments after Completion to fund the construction costs of the Property. In consideration of Mr. Li providing the financing, the Company shall issue the Financing Bonds with principal amount of HK\$58 million in two tranches to Mr. Li or his nominee(s).

The Share Consideration Bonds, the Loan Consideration Bonds and the Financing Bonds with aggregate principal amount of HK\$370 million bear interest at 3% per annum and will mature on the day falling the second anniversary of the date of issue of the relevant bonds. The initial Conversion Price of the Convertible Bonds is HK\$0.0226 per Conversion Share (or HK\$0.565 per Consolidated Share if the Share Consolidation has become effective before the issue of the Convertible Bonds) (subject to usual anti-dilution adjustments).

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Shares of HK\$0.0125 each will be consolidated into one (1) Consolidated Share of HK\$0.3125.

PROPOSED CHANGE IN BOARD LOT SIZE

In conjunction with the Share Consolidation, the Company also proposes to change the board lot size of the Shares for trading from 10,000 Shares to 5,000 Consolidated Shares, subject to the Share Consolidation becoming effective. Based on the closing price of HK\$0.028 per Share as at the date of the Acquisition Agreement, the current board lot value amounts to HK\$280, and the theoretical new board lot value of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,500.

INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$250,000,000 divided into 20,000,000,000 Shares. As at the date of this announcement, 16,750,060,914 Shares were in issue and there were outstanding Options entitling the holders thereof to subscribe for 229,786,915 Shares and outstanding convertible bonds in issue entitling the holder thereof to convert into an aggregate of 287,122,222 Shares. Upon full conversion of the Convertible Bonds, 16,371,681,415 Shares (equivalent to 654,867,256 Consolidated Share if the Share Consolidation has become effective) will fall to be allotted and issued. Accordingly, the Board proposes to increase the authorised share capital of the Company to HK\$625,000,000 divided into 50,000,000,000 Shares (equivalent to 2,000,000,000 Consolidated Shares if the Share Consolidation has become effective) by the creation of an additional 30,000,000,000 Shares (equivalent to 1,200,000,000 Consolidated Shares if the Share Consolidation has become effective) to accommodate the issue of the Convertible Bonds.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mr. Li (the chairman and managing Director of the Company), through Wealth Keeper and in his own capacity, is beneficially interested in 8,993,958,960 Shares, representing approximately 53.70% of the existing issued share capital of the Company. The Vendor is wholly owned by Mr. Li and accordingly is a connected person of the Company. The Acquisition and the Bond Issue therefore also constitute connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The SGM will be convened by the Company at which resolutions will be proposed to seek approval from the Shareholders or the Independent Shareholders, as the case may be, for (i) the Acquisition; (ii) the Bond Issue; (iii) the Share Consolidation; and (iv) the Increase in Authorised Share Capital by way of poll. Mr. Li, Wealth Keeper, the Vendor and their respective associates shall abstain from voting on the resolutions approving the Acquisition and the Bond Issue at the SGM. No Shareholder is required to abstain from voting on the resolutions approving the Share Consolidation and the Increase in Authorised Share Capital. Mr. Li has abstained from voting at the Board meeting which approved the Acquisition and the Bond Issue.

The Independent Board Committee has been established to advise the Independent Shareholders on the Acquisition and the Bond Issue. The Independent Board Committee comprises Dr. Ho Chung Tai, Raymond, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene, all being independent non-executive Directors. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Bond Issue.

GENERAL

The circular containing, among other things, (i) details of the Acquisition Agreement; (ii) details of the Loan Purchase and Financing Agreement; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Bond Issue; (iv) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in the same regard; (v) the financial information of the Group and the Target Group; (vi) the valuation report on the Property; (vii) details of the Share Consolidation, change in board lot size and the Increase in Authorised Share Capital; and (viii) the notice of SGM is expected to be despatched to the Shareholders on or before 7 March 2017 so as to allow sufficient time for preparation of the relevant information for the inclusion in the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 3 February 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 8 February 2017.

WARNING

Completion is conditional upon fulfillment or waiver of the conditions of the Acquisition Agreement and the Loan Purchase and Financing Agreement. Accordingly, the Acquisition and the Bond Issue may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

The Board is pleased to announce that after the trading hours of the Stock Exchange on 2 February 2017, the Company, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and Mr. Li (as guarantor to the Vendor) entered into the Acquisition Agreement in relation to the proposed acquisition of the entire issued share capital of the Target. Simultaneously, the Company, the Purchaser and Mr. Li entered into the Loan Purchase and Financing Agreement in relation to the proposed acquisition of the Sale Loan

and the provision of financing by Mr. Li to the Group. The Board also proposed the Share Consolidation, the change in board lot size for trading of the Shares of the Company and the Increase in Authorised Share Capital. Details of the Acquisition Agreement, the Loan Purchase and Financing Agreement, the Share Consolidation, the change in board lot size and the Increase in Authorised Share Capital are set out below.

A. THE ACQUISITION

1. THE ACQUISITION AGREEMENT

Date

2 February 2017

Parties

- (i) Glorious Harvest Limited, as purchaser;
- (ii) Bestwin International Investment Limited, as vendor;
- (iii) the Company; and
- (iv) Mr. Li, as guarantor to guarantee the due and punctual performance of the obligations of the Vendor under the Acquisition Agreement.

The Vendor is incorporated in the BVI and is wholly owned by Mr. Li. The principal business activity of the Vendor is investment holding. As at the date of this announcement, Mr. Li (the chairman and managing Director of the Company) is beneficially interested in 8,993,958,960 Shares (of which 8,677,818,960 Shares are held by Wealth Keeper and 316,140,000 Shares are held by Mr. Li personally) representing approximately 53.70% of the existing issued share capital of the Company. The Vendor is wholly owned by Mr. Li and accordingly is a connected person of the Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Share free from all encumbrances with effect from Completion together with all rights attached thereto at any time on or after the Completion Date. The Sale Share represents the entire issued share capital of the Target as at the date of the Acquisition Agreement and Completion. Further information on the Target Group is set out in the section headed "Information on the Target Group" below.

Consideration

The consideration for the Sale Share is HK\$96 million, which shall be satisfied by the Company issuing the Share Consideration Bonds with principal amount of HK\$96 million to the Vendor or its nominee(s) at Completion.

The consideration was determined after arm's length negotiations among the parties to the Acquisition Agreement with reference to the unaudited consolidated net asset value of the Target Group as at 30 September 2016 of approximately HK\$101.1 million (equivalent to HK\$95.6 million based on the exchange rate of RMB1=HK\$1.1271 at the time the consideration was agreed), in which the Property at its existing state was stated at its preliminary valuation of approximately RMB382 million (equivalent to approximately HK\$430.5 million) as appraised by an independent professional valuer using market approach, with considerations of the incurred development costs, the outstanding development period and the potential developer's expected risk and return.

Conditions precedent

Completion of the sale and purchase of the Sale Share is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence review (including but not limited to the review of the assets, liabilities, operations and affairs) of the Target Group;
- (ii) the Vendor and Mr. Li having obtained all necessary consents and approvals in respect of the Acquisition Agreement and the transactions contemplated thereunder;
- (iii) the Purchaser and the Company having obtained all necessary consents and approvals in respect of the Acquisition Agreement and the transactions contemplated thereunder;
- (iv) the passing of the necessary resolution(s) by the Shareholders or the Independent Shareholders, as the case may be, at the SGM to be convened and held to approve (a) the Acquisition Agreement and the transactions contemplated thereunder including but not limited to the issue of the Share Consideration Bonds and the grant of the specific mandate for the allotment and issue of the Conversion Shares; (b) the Loan Purchase and Financing Agreement and the transactions contemplated thereunder; and (c) the Increase in Authorised Share Capital;

- (v) the Purchaser having received a valuation report issued by a firm of independent professional valuer appointed by the Purchaser in such form and substance satisfactory to the Purchaser, showing the value of the Property as at 31 December 2016 to be not less than RMB382 million (equivalent to approximately HK\$430.5 million);
- (vi) the Purchaser having obtained a PRC legal opinion (in such form and substance to the satisfaction of the Purchaser) to be issued by a PRC legal adviser appointed by the Purchaser in respect of the matters relating to the Acquisition Agreement, including but not limited to the due establishment of the PRC Subsidiary, the legality of its business and the legal title of the Property;
- (vii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (viii) (if applicable) the Stock Exchange granting the approval to the Company for the issue of the Share Consideration Bonds;
- (ix) the Loan Purchase and Financing Agreement having become unconditional (other than the condition for the Acquisition Agreement to become unconditional);
- (x) the representations, warranties and undertakings provided by the Vendor under the Acquisition Agreement remaining true and accurate in all material respects; and
- (xi) the Increase in Authorised Share Capital becoming effective.

The Purchaser may at any time waive any of the conditions set out in (i), (vi) and (x) above by notice in writing to the Vendor. Save for the aforementioned, none of the conditions set out above can be waived by any party under the Acquisition Agreement.

If any of the above conditions is not fulfilled (or waived) at or before 4:00 p.m. on the Long Stop Date, the Acquisition Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the sale and purchase of the Sale Share shall take place on the third Business Day after all the conditions above have been fulfilled (or waived, as the case may be) or such later date as the Vendor and the Purchaser may agree, and shall take place simultaneously with completion of the sale and purchase of the Sale Loan under the Loan Purchase and Financing Agreement.

2. THE LOAN PURCHASE AND FINANCING AGREEMENT

Date

2 February 2017

Parties

- (i) Glorious Harvest Limited, as purchaser;
- (ii) Mr. Li, as vendor and financier; and
- (iii) the Company.

Asset being acquired

Pursuant to the Loan Purchase and Financing Agreement, the Purchaser conditionally agreed to purchase, and Mr. Li conditionally agreed to sell, the Sale Loan free from all encumbrances with effect from Completion. The Sale Loan represents all debts owing by the Target Group to Mr. Li or his affiliated companies (including the Vendor) immediately prior to Completion, which amounted to approximately HK\$215.7 million as at 30 September 2016.

Consideration for the Sale Loan

The consideration for the Sale Loan shall be HK\$216 million and shall be satisfied by the Company issuing the Loan Consideration Bonds with principal amount of HK\$216 million to Mr. Li or his nominee(s) at Completion.

The consideration was determined after arm's length negotiations among the parties to the Loan Purchase and Financing Agreement with reference to the amounts owed by the Target Group to Mr. Li and his affiliated companies of approximately HK\$215.7 million as at 30 September 2016 and the further loan to be advanced by Mr. Li to support the general working capital needs of the Target Group before Completion. Mr. Li has undertaken that the Sale Loan shall not be less than HK\$216 million upon Completion.

Financing to be provided by Mr. Li

Mr. Li conditionally agreed to provide financing to the Group in the amount of HK\$58 million after Completion to fund the construction costs of the Property. The financing shall be provided by Mr. Li in two installments within three months and within four to six months from Completion. In consideration of Mr. Li providing the financing, the Company shall accordingly issue the Financing Bonds in two tranches with principal value equal to the amount of financing to Mr. Li or his nominee(s) as follows:

	Issue date	Principal amount (HK\$)
Tranche I	the earlier of the date falling three months from the Completion Date or the first Business Date falling seven days after the date of the Company serving a written notice to Mr. Li requesting for the first installment financing	30 million
Tranche II	the earlier of the date falling six months from the Completion Date or the first Business Date falling seven days after the date of the Company serving a written notice to Mr. Li requesting for the second installment financing, but in any event such written notice shall not be served by the Company before the date falling three months from the Completion Date	28 million
		<hr/> <hr/> 58 million

The estimated expenses directly attributable to the Bond Issue is considered minimal. Based on the 2,566,371,681 Conversion Shares that may fall to be issued upon exercise of the conversion rights attaching to the Financing Bonds, the net issue price per Conversion Share calculated using the net principal amount of the Financing Bonds is HK\$0.0226 per Conversion Share.

Conditions precedent

Completion of the sale and purchase of the Sale Loan and the provision of financing by Mr. Li to the Group are conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) Mr. Li having obtained all necessary consents and approvals in respect of the Loan Purchase and Financing Agreement and the transactions contemplated thereunder;
- (ii) the Purchaser and the Company having obtained all necessary consents and approvals in respect of the Loan Purchase and Financing Agreement and the transactions contemplated thereunder;
- (iii) the passing of the necessary resolution(s) by the Shareholders or the Independent Shareholders, as the case may be, at the SGM to be convened and held to approve (a) the Loan Purchase and Financing Agreement and the transactions contemplated thereunder including but not limited to the issue of the Loan Consideration Bonds and the Financing Bonds and the grant of the specific mandate for the allotment and issue of the Conversion Shares; (b) the Acquisition Agreement and the transactions contemplated thereunder; and (c) the Increase in Authorised Share Capital;
- (iv) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (v) the Acquisition Agreement having become unconditional (other than the condition for the Loan Purchase and Financing Agreement to become unconditional);
- (vi) the representations, warranties and undertakings provided by Mr. Li under the Loan Purchase and Financing Agreement remaining true and accurate in all material respects;
- (vii) (if applicable) the Stock Exchange granting the approval to the Company for the issue of the Loan Consideration Bonds and the Financing Bonds; and
- (viii) the Increase in Authorised Share Capital becoming effective.

The Company may at any time waive the condition set out in (vi) above by notice in writing to Mr. Li. Save for the aforementioned, none of the conditions set out above can be waived by any party under the Loan Purchase and Financing Agreement.

If any of the above conditions is not fulfilled (or waived) at or before 4:00 p.m. on the Long Stop Date, the Loan Purchase and Financing Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the sale and purchase of the Sale Loan shall take place on the third Business Day after all the conditions above have been fulfilled (or waived, as the case may be) or such later date as Mr. Li and the Purchaser may agree, and shall take place simultaneously with completion of the Acquisition Agreement.

The Financing Bonds shall be issued in two tranches in accordance with the schedule described in the paragraph headed “Financing to be provided by Mr. Li” above.

3. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- Issuer:** The Company
- Principal amount:** HK\$370 million in aggregate
- Interest:** The Convertible Bonds bear interest at 3% per annum on the outstanding principal amount thereof.
- Maturity:** The Convertible Bonds shall mature on the date falling the second anniversary of the date of issue (the “**CB Maturity Date**”).
- Security:** The obligations of the Company under the Convertible Bonds are not secured by any security.
- Conversion right:** Subject to the conversion restrictions as specified below, the holder of the Convertible Bonds shall have the right at any time during the period commencing from the date of issue of the Convertible Bonds up to and including the CB Maturity Date to convert the whole or part of the outstanding principal amount of the Convertible Bonds into new Shares at the initial Conversion Price of HK\$0.0226 per Conversion Share.

Please refer to the paragraph headed “Effect of the Share Consolidation” for the revision in the initial Conversion Price if the Share Consolidation becomes effective before the issue of the Convertible Bonds.

The Conversion Price is subject to adjustments upon the occurrence of any of the following events: (i) consolidation or subdivision of shares of the Company; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to subscribe for shares of the Company at a price which is less than 90% of the then market price of the shares of the Company; (v) issue wholly for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new shares of the Company at an initial total effective consideration per share of the Company of less than 90% of the then market price of the shares of the Company; (vi) issue wholly for cash any shares of the Company at a price per share of the Company which is less than 90% of the then market price of the shares of the Company; (vii) issue shares of the Company for the acquisition of asset at a price per share of the Company which is less than 90% of the then market price of the shares of the Company; or (viii) issue any securities for the acquisition of asset which are convertible into or exchangeable for or carry rights of subscription for new shares of the Company at an initial total effective consideration per share of the Company of less than 90% of the then market price of the shares of the Company.

**Conversion
Restrictions:**

No conversion of the Convertible Bonds is allowed if: (i) any conversion would trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds which exercised the conversion rights; or (ii) the public float of the Shares would be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares of the Company as required under the Listing Rules.

Conversion Price:

The initial Conversion Price of HK\$0.0226 per Conversion Share:

- (i) represents a discount of approximately 1.7% to the closing price of HK\$0.023 per Share as quoted on the Stock Exchange on the last trading day before the date of the Acquisition Agreement;
- (ii) equals to the average of the closing prices of HK\$0.0226 per Share as quoted on the Stock Exchange for the last five consecutive trading days before the date of the Acquisition Agreement;
- (iii) represents a discount of approximately 3.0% to the average of the closing prices of HK\$0.0233 per Share as quoted on the Stock Exchange for the last ten consecutive trading days before the date of the Acquisition Agreement; and
- (iv) represents a discount of approximately 68.4% to the unaudited adjusted consolidated equity attributable to the Shareholders of approximately HK\$0.0716 per Share (based on the unaudited equity attributable to the Shareholders of approximately HK\$649,913,000 as at 30 September 2016 adjusted by the net proceeds of approximately HK\$550,000,000 from the rights issue completed on 21 November 2016 and 16,750,060,914 Shares in issue immediately after completion of the rights issue).

The initial Conversion Price was determined after arm's length negotiations among the parties to the Acquisition Agreement and the Loan Purchase and Financing Agreement which is the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days before the date of the Acquisition Agreement.

Please refer to the paragraph headed "Effect of the Share Consolidation" for the revision in the initial Conversion Price if the Share Consolidation becomes effective before the issue of the Convertible Bonds.

Conversion Shares: Based on the initial Conversion Price of HK\$0.0226 per Conversion Share, a total of 16,371,681,415 Conversion Shares shall fall to be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds.

The Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the shares of the Company then in issue.

As at the date of this announcement, the Company has 16,750,060,914 Shares in issue. The Conversion Shares represent (i) approximately 97.7% of the existing issued share capital of the Company; and (ii) approximately 49.4% of the issued share capital of the Company as enlarged by the allotment and issuance of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares upon full conversion of the Convertible Bonds).

The Conversion Shares will be allotted and issued under a specific mandate to be sought for approval from the Independent Shareholders at the SGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Please refer to the paragraph headed “Effect of the Share Consolidation” for the revision in the number of Conversion Shares to be issued if the Share Consolidation becomes effective before the issue of the Convertible Bonds.

Effect of the Share Consolidation: If the Share Consolidation becomes effective before the issue of the Convertible Bonds, the initial Conversion Price shall be revised to HK\$0.565 per Conversion Share. Based on the aggregate principal amount of Convertible Bonds of HK\$370 million, a total of 654,867,256 Consolidated Shares will fall to be issued upon exercise in full of the conversion rights attaching to the Convertible Bonds based on the revised initial Conversion Price of HK\$0.565 per Conversion Share.

Transferability:	The Convertible Bonds shall be freely transferable in whole or in part (in multiples of HK\$10,000,000 (or such lesser amount as may represent the entire outstanding principal amount thereof)) to any party.
Redemption:	The Convertible Bonds are redeemable at 100% of the principal amount of the Convertible Bonds on the CB Maturity Date. The Company shall not be entitled to redeem any Convertible Bonds before the CB Maturity Date.
Voting rights:	The Convertible Bonds shall not carry any voting rights at any general meeting of the Company.
Listing:	No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

4. INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the BVI in January 2013 and is wholly owned by Mr. Li through the Vendor as at the date of the Acquisition Agreement. The Target is principally engaged in investment holding. The PRC Subsidiary, which is indirectly wholly owned by the Target through an investment holding company incorporated in Hong Kong, is a wholly foreign owned enterprise established in the PRC and owns a 100% interest in the Property.

The Property

The Property is situated at the junction of Fengcheng Tenth Road and Wenjin Road, Weiyang District, Xi'an, Shaanxi Province, the PRC. It is situated at a convenient location with easy access to various modes of public transportation, within 15 minutes' walk to Yundong Gongyuan Metro Station and 25 minutes' drive from the Xi'an Xianyang International Airport. The neighbourhood of the Property is dominated by office and residential developments, and one of the largest city parks in Xi'an, namely Xi'an City Sport Park, is in its close proximity. Another notable landmark building in the vicinity is the Municipal Government Headquarter of Xi'an.

The Property comprises a parcel of land with site area of approximately 9,100 sq. m., on which a 25-level office development plus a 2-level basement carpark are currently under construction. Upon completion of the construction, it will have a total gross floor area of approximately 55,491 sq.m.. As at the date of this announcement, the foundation, substructure construction and superstructure construction of the Property

are completed, while the facade and window installation, building services installation, external and interior finishing and landscaping works of the Property are still ongoing. It is expected that the construction of the Property will be completed by the end of 2017, and the Company intends to hold the Property as investment property for rental purpose and as office for internal use. It is estimated that the construction costs to be incurred to complete the construction works amount to approximately RMB54.2 million (equivalent to approximately HK\$61.1 million).

The preliminary valuation of the Property at its existing state, as appraised by an independent professional valuer using market approach with considerations of the incurred development costs, the outstanding development period and the potential developer's expected risk and return, is RMB382 million (equivalent to approximately HK\$430.5 million) as at 30 September 2016.

Financial information

Set out below is the financial information extracted from the unaudited consolidated management accounts of the Target Group which was prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for each of the two years ended 31 December 2014 and 2015:

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	56,573	40,108
Profit after taxation	42,310	29,260

The profits of the Target Group for the years ended 31 December 2014 and 2015 mainly represented the gain on fair value changes of the Property.

The unaudited net assets of the Target Group amounted to approximately HK\$101.1 million as at 30 September 2016.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE BOND ISSUE

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

The Group has been constantly reviewing its business strategy and continued to explore sound investment opportunities to strengthen its core competencies and to contribute sustainable growth and return for the Group and the Shareholders. The Directors consider the Acquisition provides an opportunity for the Group to expand its property investment portfolio in Xi'an which they believe to be a property market with great appreciation potential, particularly with the superb location of the Property. After completion of the development of the Property, it is the intention of the Company that the Property will be held for rental purpose to generate a stable and recurring income stream to the Group. In addition to holding the Property for rental purpose, the Group may also consider retaining certain floor area of the Property as the main office of the Group in Xi'an so as to enhance administrative efficiency and reduce rental expenses. The Acquisition would also strengthen the asset base of the Group and provide a strong asset backing for future financing as and when such financing is needed.

In conjunction with the Acquisition, Mr. Li agreed to provide financing to the Group to support its funding needs for the remaining construction work of the Property. The provision of the financing and the issue of the Financing Bonds are negotiated in tranches having considered the progress of the outstanding development works.

The Directors are of the view that the issue of the Share Consideration Bonds and the Loan Consideration Bonds to settle the consideration for the Sale Share and the Sale Loan avoids the immediate cash outflow of the Group and may enlarge the capital base of the Company should the Share Consideration Bonds and the Loan Consideration Bonds be converted into Conversion Shares. The issue of the Financing Bonds represents an opportunity for the Company to raise funds for the construction of the Property. The Directors consider that the issue of the Financing Bonds is an appropriate means of raising additional capital for the Company since they will not have an immediate dilution effect on the shareholding of the existing Shareholders. In the event that the conversion right attaching to the Financing Bonds is exercised, the capital base of the Company will also be enlarged.

In view of the above, the Board (excluding (i) Mr. Li who has a material interest; and (ii) the independent non-executive Directors whose views will be formed after taking into consideration of the advice from the independent financial adviser to be appointed) is of the view that the terms of the Acquisition Agreement and the Loan Purchase and Financing Agreement are fair and reasonable and the Acquisition and Bond Issue are in the interest of the Group and the Shareholders as a whole.

6. EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The table below sets out the equity fund raising exercise conducted by the Company in the past 12 months immediately before the date of this announcement:

Date of announcement of the fund raising activity	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
7 September 2016	21 November 2016	Rights issue of Shares	Approximately HK\$550 million	Repayment of debts	Approximately HK\$519 million has been utilised for repayment of debts. The remaining balance will be utilised to repay debts as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

B. PROPOSED SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE AND INCREASE IN AUTHORISED SHARE CAPITAL

1. SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Shares of HK\$0.0125 each will be consolidated into one (1) Consolidated Share of HK\$0.3125.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$250,000,000 divided into 20,000,000,000 Shares of HK\$0.0125 each, of which 16,750,060,914 Shares have been allotted and issued as fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will remain at HK\$250,000,000 divided into 800,000,000 Consolidated Shares of HK\$0.3125 each, of which 670,002,436 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Fractional entitlement

Fractional Consolidated Share, if any, arising from the Share Consolidation, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Share will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Share will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be issued to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM approving the Share Consolidation;
- (ii) the compliance with all relevant procedures and requirements under Bermuda law to effect the Share Consolidation; and

- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Application for listing of the Consolidated Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consolidated Shares to be in issue upon the Share Consolidation becoming effective. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders may, from Friday, 24 March 2017 to Monday, 8 May 2017 (both days inclusive), submit their existing certificates of the Shares to the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at 22/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new certificates of the Consolidated Shares (on the basis of twenty-five Shares for one Consolidated Share). Thereafter, existing certificates of the Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be specified by the Stock Exchange for each certificate issued or cancelled.

With effect from Friday, 5 May 2017, trading will only be in Consolidated Shares in the form of new share certificates. Existing share certificates of the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

2. PROPOSED CHANGE IN BOARD LOT SIZE

In conjunction with the Share Consolidation, the Company also proposes to change the board lot size of the Shares for trading from 10,000 Shares to 5,000 Consolidated Shares subject to the Share Consolidation becoming effective. Based on the closing price of HK\$0.028 per Share as at the date of the Acquisition Agreement, the current board lot value amounts to HK\$280, and the theoretical new board lot value of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,500.

3. REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Company noted that under Rule 13.64 of the Listing Rules, where the market price of the securities of a listed issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer either to change the trading method or consolidate the shares. On the other hand, the board lot value should be maintained at a minimum level of HK\$2,000 or above as required under the Listing Rules. In view of the low trading price of the Shares which approaches the abovementioned extremity of HK\$0.01 and the board lot value of HK\$280 as at the last trading day prior to the trading halt of the Shares, the Board proposes to implement the Share Consolidation in order to comply with the aforesaid trading requirements of the Listing Rules. In conjunction with the Share Consolidation, a change in board lot size from the existing 10,000 Shares per board lot to 5,000 Consolidated Shares per board lot was proposed to reduce the amount to invest or trade in a board lot of the shares of the Company.

It is expected that the Share Consolidation and the change of board lot size would bring about a corresponding upward adjustment in the trading price per Share and increase the board lot value of the Consolidated Shares to above the HK\$2,000 minimum level as required under the Listing Rules. Further, the Directors believe that the upward adjustment to the share price as a result of the Share Consolidation would enhance the corporate image of the Company and avoid the Company being classified as speculative “penny stock” company, thereby making the Consolidated Shares more attractive to a broader range of investors to support the long term financing activities and business development of the Group.

In determining the proposal for the Share Consolidation and the change in board lot size, the Company has taken into consideration all relevant factors to ensure that the proposal serves the aforesaid intended purpose, in particular:

- (i) the consolidation ratio and the new board lot size was determined taking into account the historical trend of the market price of the Shares over a period of time, with caution to minimise the negative impact which may arise from the creation of odd lots and fractional shares upon completion of the Share Consolidation and change in board lot size. The closing Share price as at the last trading day prior to the trading halt of the Shares was HK\$0.028 per Share. The consolidation ratio was determined to allow sufficient margin above extremity for the theoretical share price of HK\$0.70 per Consolidated Share;
- (ii) at present, the Shares are traded in board lots of 10,000 Shares and the market value of each board lot is HK\$280 (based on the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the last trading day prior to the trading halt of the Shares). Based on the theoretical closing price of HK\$0.70 per Consolidated Share, the value of each board lot of 10,000 Consolidated Shares would be HK\$7,000 assuming the Share Consolidation becoming effective; and the estimated market value per board lot of 5,000 Consolidated Shares would be HK\$3,500 assuming that the change in board lot size had also been effective. The Board considers that the change in board lot size will reduce; (i) the trading value for each board lot at a reasonable level (i.e. HK\$3,500) to attract investors; (ii) the cost of the Shareholders who intend to make up a full board lot if the Shareholders hold an odd lot after the Share Consolidation becomes effective; and (iii) the odd lot to be created after the Share Consolidation.

The Company will appoint an agent to stand in the market to provide matching services regarding the sale and purchase of the odd lots of the Consolidated Shares at the relevant market price per Consolidated Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares, so as to minimise the negative impact arising from the Share Consolidation; and

- (iii) the consolidation ratio and new board lot size was determined bearing in mind the frequency of the share capital reorganisation, namely share consolidation and subdivision, should be kept to a reasonable level to minimise the costs arising from odd lots as a result of unnecessary repeated actions. In this respect, the Company has not conducted any share consolidation or subdivision in the past four years.

The Directors have also taken note that the effect of the Share Consolidation might be offset by subsequent corporate actions that might be proposed by the Company including but not limited to share subdivision, bonus issue of shares or new issue of shares with substantial discount to market price. In this respect and subject to the information herein mentioned, as at the date of this announcement, the Directors are not in contemplation of any corporate actions in the near future that would have a substantial dilutive effect on the fundamental value of the Shares, that might result in an offset of the effect of the Share Consolidation in terms of market price and net asset value per Share, as well as the number of shares to be in issue. Notwithstanding this, the Directors further note that certain of the Company's bonds and bank and other borrowings will fall due within 2017 and that the Group requires capital for business expansion. While the Company would like to take advantage of market opportunities to raise capital to fulfil its funding needs as mentioned above, in arriving at the decision for the Share Consolidation and the change in board lot size, the financial position of the Company has been taken into account and the Directors will ensure that the future fund raising activities, if any, will be conducted with terms that are justifiable taking into account the then circumstances, in the best interest of the Company and the Shareholders as a whole, and in compliance with the applicable Listing Rules.

Based on the above, the Board considers that the Share Consolidation and the change in board lot size are beneficial to and in the interests of the Company and the Shareholders as a whole.

4. EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and the change in board lot size is set out below:

2017

Expected date of despatch of the circular together with the notice of SGM and proxy form for the SGM Tuesday, 7 March

Latest time for lodging forms of proxy for the SGM 2:00 p.m. on Tuesday, 21 March

Date and time of the SGM 2:00 p.m. on Thursday, 23 March

Announcement of poll results of the SGM Thursday, 23 March

The following events are conditional on the fulfillment of the conditions of the Share Consolidation as set out in the sub-paragraph “Conditions of the Share Consolidation” under the paragraph “1. SHARE CONSOLIDATION” above.

2017

Effective date of the Share Consolidation	Friday, 24 March
First day for free exchange of existing certificates for the Shares for new certificates for the Consolidated Shares	Friday, 24 March
Dealings in the Consolidated Shares commence	9:00 a.m. on Friday, 24 March
Original counter for trading in Shares in board lots of 10,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 24 March
Temporary counter for trading in Consolidated Shares (in board lots of 400 Consolidated Shares in the form of existing share certificates) opens	9:00 a.m. on Friday, 24 March
Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Monday, 10 April
Parallel trading (in the form of both existing share certificates in board lots of 400 Consolidated Shares and new share certificates in board lots of 5,000 Consolidated Shares) commences	9:00 a.m. on Monday, 10 April
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	9:00 a.m. on Monday, 10 April

Temporary counter for trading in Consolidated Shares (in board lots of 400 Consolidated Shares in the form of existing share certificates) closes4:00 p.m. on Thursday, 4 May

Parallel trading (in the form of both existing share certificates in board lots of 400 Consolidated Shares and new share certificates in board lots of 5,000 Consolidated Shares) ends4:00 p.m. on Thursday, 4 May

Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares4:00 p.m. on Thursday, 4 May

Last day for free exchange of certificates for the Shares for new certificates for the Consolidated Shares Monday, 8 May

Further announcement(s) will be made by the Company should there be any change to the above timetable.

5. ADJUSTMENTS TO THE OPTIONS AND CONVERTIBLE BONDS

As at the date of this announcement, there are three lots of outstanding Options, entitling the holders thereof to subscribe for 191,338,317 Shares, 29,401,869 Shares and 9,046,729 Shares respectively at the exercise prices of HK\$0.2564, HK\$0.3095 and HK\$0.3007 per Share respectively.

As at the date of this announcement, there are outstanding convertible bonds in issue with principal amount of HK\$77,523,000, entitling the holder thereof to convert into an aggregate of 287,122,222 Shares at the prevailing conversion price of HK\$0.27 per Share.

The Company will engage its auditor to provide a certificate as to the adjustments (if any) required to be made to the exercise prices of the outstanding Options and/or the number of Shares to be issued upon exercise of the Options and the conversion price of the outstanding convertible bonds as a result of the Share Consolidation and the issue of the Convertible Bonds. The Company will make a further announcement about the adjustments after receiving the certificate.

Save as aforesaid, the Company has no other outstanding options, warrants or securities convertible into or give rights to subscribe for, convert or exchange into any Shares as at the date of this announcement.

6. INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$250,000,000 divided into 20,000,000,000 Shares. As at the date of this announcement, 16,750,060,914 Shares were in issue and there were outstanding Options entitling the holders thereof to subscribe for 229,786,915 Shares and outstanding convertible bonds in issue entitling the holder thereof to convert into an aggregate of 287,122,222 Shares. Upon full conversion of the Convertible Bonds, 16,371,681,415 Shares (equivalent to 654,867,256 Consolidated Share if the Share Consolidation has become effective) will fall to be allotted and issued. Accordingly, the Board proposes to increase the authorised share capital of the Company to HK\$625,000,000 divided into 50,000,000,000 Shares (equivalent to 2,000,000,000 Consolidated Shares if the Share Consolidation has become effective) by the creation of an additional 30,000,000,000 Shares (equivalent to 1,200,000,000 Consolidated Shares if the Share Consolidation has become effective) to accommodate the issue of the Convertible Bonds.

Immediately upon the Increase in Authorised Share Capital becoming effective and assuming no Shares are issued or repurchased from the date of this announcement up to the SGM, the authorised share capital of the Company will be HK\$625,000,000 divided into 50,000,000,000 Shares (equivalent to 2,000,000,000 Consolidated Shares if the Share Consolidation has become effective), with 16,750,060,914 Shares (equivalent to 670,002,436 Consolidated Shares if the Share Consolidation has become effective) in issue and 33,249,939,086 Shares (equivalent to 1,329,997,564 Consolidated Shares if the Share Consolidation has become effective) remaining unissued.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

C. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective; and (iii) assuming the Share Consolidation becomes effective and upon full conversion of the Convertible Bonds:

	(i) As at the date of this announcement		(ii) Immediately upon the Share Consolidation becoming effective		(iii) Assuming the Share Consolidation becomes effective and upon full conversion of the Convertible Bonds	
	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Wealth Keeper	8,677,818,960	51.81	347,112,758	51.81	347,112,758	26.20
Mr. Li	316,140,000	1.89	12,645,600	1.89	497,601,352	37.56
Vendor	-	-	-	-	169,911,504	12.82
Sub-total	8,993,958,960	53.70	359,758,358	53.70	1,014,625,614	76.58
Public Shareholders	7,756,101,954	46.30	310,244,078	46.30	310,244,078	23.42
Total	16,750,060,914	100.00	670,002,436	100.00	1,324,869,692	100.00

Note: The above table is for illustration purpose only and does not indicate or imply any intention or decision on the part of the Vendor or Mr. Li as to the timing or extent of conversion of the Convertible Bonds. The relevant parties will observe and comply with the requirements of the Listing Rules in connection with the conversion of the Convertible Bonds if and when it takes place.

D. LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mr. Li (the chairman and managing Director of the Company), through Wealth Keeper and in his own capacity, is beneficially interested in 8,993,958,960 Shares representing approximately 53.70% of the existing issued share capital of the Company. The Vendor is wholly owned by Mr. Li and accordingly is a connected person of the Company. The Acquisition and the Bond Issue therefore also constitute connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The SGM will be convened by the Company at which resolutions will be proposed to seek approval from the Shareholders or the Independent Shareholders, as the case may be, for (i) the Acquisition; (ii) the Bond Issue; (iii) the Share Consolidation; and (iv) the Increase in Authorised Share Capital by way of poll. Mr. Li, Wealth Keeper, the Vendor and their respective associates shall abstain from voting on the resolutions approving the Acquisition and the Bond Issue at the SGM. No Shareholder is required to abstain from voting on the resolutions approving the Share Consolidation and the Increase in Authorised Share Capital. Mr. Li has abstained from voting at the Board meeting which approved the Acquisition and the Bond Issue.

The Independent Board Committee has been established to advise the Independent Shareholders on the Acquisition and the Bond Issue. The Independent Board Committee comprises Dr. Ho Chung Tai, Raymond, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene, all being independent non-executive Directors. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Bond Issue.

E. GENERAL

The circular containing, among other things, (i) details of the Acquisition Agreement; (ii) details of the Loan Purchase and Financing Agreement; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Bond Issue; (iv) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in the same regard; (v) the financial information of the Group and the Target Group; (vi) the valuation report on the Property; (vii) details of the Share Consolidation, change in board lot size and the Increase in Authorised Share Capital; and (viii) the notice of SGM is expected to be despatched to the Shareholders on or before 7 March 2017 so as to allow sufficient time for preparation of the relevant information for the inclusion in the circular.

WARNING

Completion is conditional upon fulfillment or waiver of the conditions of the Acquisition Agreement and the Loan Purchase and Financing Agreement. Accordingly, the Acquisition and the Bond Issue may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

F. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 3 February 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 8 February 2017.

G. DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Share pursuant to the terms and conditions of the Acquisition Agreement and the proposed acquisition of the Sale Loan pursuant to the terms and conditions of the Loan Purchase and Financing Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 2 February 2017 entered into among the Vendor, the Purchaser, Mr. Li and the Company in respect of the acquisition of the Sale Share
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Issue”	the proposed issue of the Financing Bonds to Mr. Li or his nominee(s) pursuant to the terms and conditions of the Loan Purchase and Financing Agreement
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for general business during their normal business hours
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“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)
“Completion”	completion of the acquisition of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Acquisition Agreement and the Loan Purchase and Financing Agreement respectively, which shall take place simultaneously
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.3125 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Conversion Price”	the price at which the Conversion Shares will be issued upon exercise of the conversion rights attaching to the Convertible Bonds and initially will be HK\$0.0226 per Conversion Share (or HK\$0.565 per Consolidated Share if the Share Consolidation has become effective before the issue of the Convertible Bonds) (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds)
“Conversion Share(s)”	initially, up to an aggregate of 16,371,681,415 new Shares (or 654,867,256 Consolidated Shares if the Share Consolidation has become effective before the issue of the Convertible Bonds) (subject to adjustment pursuant to the terms and conditions of the Convertible Bonds) which may fall to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds by the holders of the Convertible Bonds
“Convertible Bonds”	3% coupon convertible bonds due 2019 in registered form to be issued by the Company pursuant to the Acquisition Agreement and the Loan Purchase and Financing Agreement

“Director(s)”	the director(s) of the Company from time to time
“Financing Bonds”	the Convertible Bonds in an aggregate principal amount of HK\$58 million to be issued in two tranches to Mr. Li or his nominee(s) by the Company upon Mr. Li providing financing to the Group pursuant to the terms and conditions of the Loan Purchase and Financing Agreement after Completion
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$250,000,000 divided into 20,000,000,000 Shares to HK\$625,000,000 divided into 50,000,000,000 Shares (equivalent to 2,000,000,000 Consolidated Shares if the Share Consolidation has become effective) by the creation of an additional 30,000,000,000 Shares (equivalent to 1,200,000,000 Consolidated Shares if the Share Consolidation has become effective)
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established pursuant to the Listing Rules to give recommendation to the Independent Shareholders in respect of the Acquisition and the Bond Issue
“Independent Shareholders”	Shareholders other than Mr. Li, Wealth Keeper, the Vendor and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Consideration Bonds”	the Convertible Bonds in an aggregate principal amount of HK\$216 million to be issued at Completion to Mr. Li or his nominee(s) by the Company for the purpose of settlement of the consideration for the acquisition of the Sale Loan
“Loan Purchase and Financing Agreement”	the agreement dated 2 February 2017 entered into among Mr. Li, the Purchaser and the Company in respect of the acquisition of the Sale Loan and the provision of financing by Mr. Li
“Long Stop Date”	31 March 2017 (or such later date as the parties to the relevant agreement may agree in writing), being the latest date for fulfilment or, as the case may be, waiver of the conditions precedent of the Acquisition Agreement and the Loan Purchase and Financing Agreement
“Mr. Li”	Mr. Li Weibin, the chairman and managing Director of the Company
“Options”	the share options granted by the Company under the share option scheme of the Company adopted on 21 September 2012 entitling the holders thereof to subscribe for new Shares
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Subsidiary”	匯景國際（西安）信息科技有限公司 (Real King International (Xi’an) Information Technology Company Limited*), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Target
“Property”	the parcel of land situated at the junction of Fengcheng Tenth Road and Wenjin Road, Weiyang District, Xi’an, Shaanxi Province, the PRC and the construction in progress thereon

“Purchaser”	Glorious Harvest Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to Mr. Li and his affiliated companies (including the Vendor) immediately prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“Sale Share”	one (1) ordinary share in the share capital of the Target, representing the entire issued share capital of the Target as at the date of the Acquisition Agreement
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Acquisition Agreement and the transactions contemplated thereunder, the Loan Purchase and Financing Agreement and the transactions contemplated thereunder, the Share Consolidation and the Increase in Authorised Share Capital
“Share(s)”	ordinary share(s) of HK\$0.0125 each in the existing share capital of the Company
“Share Consideration Bonds”	the Convertible Bonds in an aggregate principal amount of HK\$96 million to be issued at Completion to the Vendor or its nominee(s) by the Company for the purpose of settlement of the consideration for the acquisition of the Sale Share
“Share Consolidation”	the proposed consolidation of every twenty-five (25) issued and unissued Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Code on Takeovers and Mergers
“Target”	Zhong Hui Global Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target and its subsidiaries (including the PRC Subsidiary)
“Vendor”	Bestwin International Investment Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Li
“Wealth Keeper”	Wealth Keeper International Limited, a company incorporated in the BVI with limited liability, the entire issued shares of which are wholly and beneficially owned by Mr. Li
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“%”	per cent.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.127. 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.

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

Hong Kong, 7 February 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.