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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Chinlink International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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: 997)

**(1) PLACING OF HK\$300,000,000 CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

PLACING AGENT



英皇證券(香港)有限公司
Emperor Securities Limited

A notice convening the SGM of the Company to be held at 7/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 2:30 p.m. on Thursday, 22 August 2013 is set out on pages 35 to 37 of this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch registrar and transfer office in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

7 August 2013

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Appendix – Further information on the logistics and financing guarantee businesses	26
Notice of SGM	35

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 10 June 2013 in relation to the General Mandate Placing and the Specific Mandate Placing
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Best Effort Placing Agreement”	the conditional placing agreement dated 10 June 2013 entered into between the Company as issuer and Emperor Securities Limited as placing agent in relation to the Specific Mandate Placing
“Board”	the board of Directors
“Bonds”	the 6.5% coupon bonds due 2014 in an aggregate principal amount of HK\$190,450,000 issued by the Company pursuant to the Placing and Underwriting Agreement
“Business Day”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“CB Holder(s)”	holder(s) of the Convertible Bond(s)
“Closing Date”	the third Business Day after the conditions in the paragraph headed “Conditions of the Specific Mandate Placing” herein have been fulfilled, or where applicable waived (or such later date as the Company and the Placing Agent may agree in writing)
“Company”	Chinlink International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Conversion Price”	initially HK\$0.75 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds)
“Conversion Share(s)”	the new Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bond(s)”	the 7.5% coupon convertible bond(s) in an aggregate principal amount of up to HK\$300,000,000 to be issued by the Company pursuant to the Best Effort Placing Agreement
“Da Ming Gong”	西安大明宮建材家居有限公司 (Xi'an Da Ming Gong Construction Material and Furniture Company Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
“Detong”	西安德通科技發展有限公司 (Xi'an Detong Scientific Development Company Limited*), a company incorporated in the PRC with limited liability and 50% of its equity interest is indirectly held by Mr. Li, hence a connected person of the Company
“Directors(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 September 2012 to allot, issue and deal with up to 320,000,000 new Shares, representing 20% of the then issued share capital of the Company
“General Mandate Placing”	the placing of the Bonds with the Warrants pursuant to the terms and conditions of the Placing and Underwriting Agreement under the General Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

DEFINITIONS

“Independent Third Party(ies)”	third parties independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	7 June 2013, being the last full trading day for the Shares on the Stock Exchange immediately prior to the date of signing of the Best Effort Placing Agreement and the issue of the Announcement
“Latest Practicable Date”	5 August 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“LTS”	Hong Kong Logistics Technology & Systems Limited, a company incorporated in Hong Kong with limited liability
“Mr. Li”	Mr. Li Weibin, an executive Director, the chairman and controlling shareholder of the Company
“Park”	a logistic park situated in Hanzhong City, Shaanxi Province, the PRC with features such as product market places, warehouses and other supporting facilities to be developed by the Group
“Placee(s)”	any institutional, professional or private investor(s) procured by the Placing Agent to subscribe for any of the Bonds and the Convertible Bonds pursuant to the Placing and Underwriting Agreement and the Best Effort Placing Agreement

DEFINITIONS

“Placing Agent”	Emperor Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, acting as the placing agent and the underwriter of the Bonds under the Placing and Underwriting Agreement, and as the placing agent of the Convertible Bonds under the Best Effort Placing Agreement
“Placing and Underwriting Agreement”	the conditional placing and underwriting agreement dated 10 June 2013 (supplemented by a supplemental agreement dated 17 June 2013) entered into between the Company as issuer and the Placing Agent as placing agent in relation to the General Mandate Placing
“Placing Period”	the period commencing upon the execution of the Best Effort Placing Agreement and terminating at the Closing Date (or such later time and date as the Placing Agent and the Company may agree in writing), unless terminated earlier pursuant to the terms of the Best Effort Placing Agreement
“PRC”	the People’s Republic of China which, for the purpose of this circular only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the logistics information system platform development and service agreement dated 14 May 2013 entered into between Chinlink Hong Kong Company Limited, a direct wholly-owned subsidiary of the Company, and LTS relating to the development of a logistics information system platform for the Xi’an Centres and the Park, details of which were disclosed in the announcement of the Company dated 14 May 2013
“SFC”	Securities and Futures Commission

DEFINITIONS

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Best Effort Placing Agreement and the transactions contemplated thereunder including the Specific Mandate
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.0125 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Shares
“Share Option(s)”	the share option(s) granted or to be granted under the share option scheme of the Company entitling the holders thereof to subscribe for Share(s)
“Specific Mandate”	the specific mandate to allot and issue the Conversion Shares to be sought from the Shareholders at the SGM
“Specific Mandate Placing”	the placing of the Convertible Bonds under the Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases
“Warrants”	the unlisted warrants issued by the Company on 3 July 2013 to the first registered holders of the Bonds conferring rights entitling the holders thereof to subscribe for new Shares up to HK\$190,450,000 in aggregate in cash at the initial subscription price of HK\$0.65 per new Share (subject to adjustment in accordance with the provisions of the Warrants) during the period from the date of issue of the Warrants to the date falling on the first anniversary of the issue of the Warrants

DEFINITIONS

“WOFE”	the wholly foreign-owned enterprise being established by the Company in Shaanxi Province, the PRC which will engage in the business of provision of financing guarantee in Shaanxi Province, the PRC
“Xi’an Centres”	the trade and logistics centres operated by 3 operators namely Detong, Da Ming Gong and Yuanli located at Xi’an City, Shaanxi Province, the PRC
“Yuanli”	陝西源利國際實業有限公司 (Shaanxi Yuanli International Holdings Limited*), a company established in the PRC with limited liability and an Independent Third Party
“%” or “per cent.”	percentage or per centum
“sq.m”	square metre(s)

In case of discrepancy between the English version and the Chinese translation of this circular, the English version shall prevail.

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LETTER FROM THE BOARD



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: 997)

Executive Directors:

Mr. Li Weibin (*Chairman*)

Mr. Siu Wai Yip

Ms. Lam Suk Ling, Shirley

Non-executive Director:

Ms. Fung Sau Mui

Independent Non-executive Directors:

Mr. Lau Chi Kit

Ms. Lai Ka Fung, May

Ms. Chan Sim Ling, Irene

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

7/F, Two Exchange Square

8 Connaught Place

Central, Hong Kong

7 August 2013

To Shareholders

Dear Sir or Madam

**(1) PLACING OF HK\$300,000,000 CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 10 June 2013 (after trading hours), the Company and the Placing Agent entered into (i) the Placing and Underwriting Agreement in relation to the General Mandate Placing, on a fully underwritten basis, for the purpose of procuring independent Placees to subscribe in cash for the Bonds (attached with Warrants) with an aggregate principal amount of HK\$190,450,000; and (ii) the Best Effort Placing Agreement in relation to the Specific Mandate Placing, on a best effort basis, to procure independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$300,000,000.

* For identification purpose only

LETTER FROM THE BOARD

On 17 June 2013 (after trading hours), the Company and the Placing Agent entered into a supplemental agreement to the Placing and Underwriting Agreement to amend the terms of the Warrants. The Placing and Underwriting Agreement was completed and the Bonds and the Warrants were issued on 3 July 2013.

The purpose of this circular is to provide you, among other things, (i) further details about the Best Effort Placing Agreement and the Convertible Bonds; (ii) further information on the logistics and financing guarantee businesses; and (iii) a notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the Best Effort Placing Agreement and the transaction contemplated thereunder including the issue of the Convertible Bonds and the Conversion Shares.

THE BEST EFFORT PLACING AGREEMENT

Date

10 June 2013 (after trading hours)

Parties

Issuer : the Company

Placing Agent : Emperor Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Specific Mandate Placing

Pursuant to the Best Effort Placing Agreement, the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than 6 Placees who and whose ultimate beneficial owners are Independent Third Parties to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$300,000,000 at the issue price of 100% of the principal amount of the Convertible Bonds. Upon full conversion of all the Convertible Bonds at the initial Conversion Price of HK\$0.75 per Conversion Share, 400,000,000 Conversion Shares will fall to be allotted and issued.

Convertible Bonds

The principal terms of the Convertible Bonds are summarised below:

Issuer : the Company

Principal amount : HK\$300,000,000

LETTER FROM THE BOARD

Maturity Date	:	the date falling on the second (2nd) anniversary of the date of first issue of the Convertible Bonds or if that is not a Business Day, the first Business Day thereafter.
Interest rate	:	7.5% per annum, accruing daily on a 365 days basis and payable annually in arrears but if the Company shall default in the payment of any sum due and payable under the Convertible Bonds, the Company shall pay interest on such sum at the default rate of 1% per month from the due date to the date of actual payment in full (both before and after judgement).
Conversion price	:	initially HK\$0.75 per Conversion Share, subject to adjustments in accordance with the provisions of the Convertible Bonds.
Conversion period	:	the period (the “ Conversion Period ”) commencing from the date of first issue of the Convertible Bonds up to and including the date falling on the seventh (7th) day immediately prior to the maturity date of the Convertible Bonds provided that if (a) the Company shall default in making payment in full in respect of a Convertible Bond which shall have been called for redemption on the date fixed for redemption thereof; or (b) a Convertible Bond has become due and payable prior to the maturity date by reason of the occurrence of any of the events of default described in the instrument constituting the Convertible Bonds; or (c) a Convertible Bond is not redeemed on the maturity date, then, without prejudice to the CB Holders’ right to receive default interest, the conversion right attaching to such Convertible Bond will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys (both principal and interest) payable in respect of such Convertible Bond has been duly received by the CB Holders.

LETTER FROM THE BOARD

- Conversion Rights : the CB Holders shall have the right to convert the whole or any part (in minimum amount of HK\$750,000 or an integral multiple thereof) of the outstanding principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period at the Conversion Price provided that no CB Holders shall exercise any conversion rights to the extent that immediately after such conversion (i) the CB Holders together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or otherwise being obliged to make a general offer for Shares in accordance with the requirement of the Takeovers Code or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules, unless prior approval or waiver has been obtained from the Stock Exchange for such purposes and where any conditions to which such approval or waiver is subject are duly complied with.
- Status : the Convertible Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company and rank, and shall rank equally among themselves and pari passu and rateably without any preference among themselves, and with all other present and future, unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Voting : the CB Holders will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being holders of the Convertible Bonds.
- Transferability : the Convertible Bonds may be transferred or assigned in whole or in part (if in part, in minimum amount of HK\$750,000 or in whole multiple thereof) to any person subject to the conditions, approvals, requirements and any other provisions of or under:
- (a) the Stock Exchange or their rules and regulations; and

LETTER FROM THE BOARD

(b) all applicable rules and regulations,

provided that the Convertible Bonds (or any part(s) thereof) shall not be assigned or transferred to a connected person of the Company without prior written consent of the Company.

Early Redemption : the Company may at any time before the maturity date of the Convertible Bonds redeem the Convertible Bonds by giving not less than ten (10) Business Days' notice (in whole or in part) (in minimum amount of HK\$750,000 or an integral multiple thereof) at 100% of the principal amount of such Convertible Bonds thereof plus interest accrued thereon up to the actual date of redemption.

Subject to the conditions in the instrument constituting the Convertible Bonds, the CB Holder(s) shall not have the right to request the Company to redeem the Convertible Bonds prior to the maturity date of the Convertible Bonds.

If all the Convertible Bonds are placed to the Placees, it is expected that none of the CB Holders will become a substantial Shareholder upon the conversion of the Convertible Bonds.

Number of Conversion Shares to be issued upon exercise of the conversion rights

The 400,000,000 Conversion Shares to be issued upon full conversion of the Convertible Bonds represent (i) approximately 20.75% of the existing issued share capital of the Company at the Latest Practicable Date; and (ii) approximately 17.18% of the issued share capital of the Company as enlarged by the full allotment and issue of the Conversion Shares.

Specific Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Shareholders at the SGM.

Placee(s)

The Convertible Bonds shall be placed to not less than six independent Placees who will be professional, institutional or private investors and who and whose their ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

Conversion Price

The Conversion Price of HK\$0.75 per Conversion Share represents:

- (1) a premium of approximately 41.51% over the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on Last Trading Day;
- (2) a premium of approximately 45.91% over the average of the closing prices of approximately HK\$0.514 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including Last Trading Day; and
- (3) a premium of approximately 38.89% over the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares prior to the Announcement. The Directors consider that the Conversion Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

The Conversion Price is subject to customary adjustments for, among other matters, subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions, rights issue, offers for Shares and issues of securities upon conversion or subscription, modification of rights of conversion or subscription for cash at a price less than 85% of the then market price.

Every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company or an independent financial adviser selected by the Company.

Ranking of the Conversion Shares

The Conversion Shares when allotted, issued and fully paid, shall rank pari passu in all respects among themselves and with all other fully paid Shares then in issue. The Conversion Shares will be entitled to receive all future dividends and distribution the record date of which falls on a date on or after the date of the relevant conversion notice.

LETTER FROM THE BOARD

Placing Commission

In consideration of the services of the Placing Agent in connection with the Specific Mandate Placing, the Company shall pay the Placing Agent a placing commission of 6% of the principal amount of the Convertible Bonds to be issued under the Best Effort Placing Agreement, out of which the Placing Agent will meet its selling concession and sub-placing commission obligations (if any) in accordance with the Best Effort Placing Agreement.

The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate for transactions comparable to the Specific Mandate Placing and the following factors:

- 1) the maximum size of HK\$300 million of the Specific Mandate Placing which amounted to approximately 35.20% of the market capitalization of the Company prior to the day of the Announcement is comparatively large for an issuer of this size in terms of a debt fund raising and the effort for the Placing Agent to procure investors for the Convertible Bonds may comparatively be more;
- 2) it is expected that a certain period of time to completion of the Specific Mandate Placing is required since Shareholders' approval and other condition precedents are required to be fulfilled; and
- 3) the Placing Agent considered that the effort to procure investors to invest in debt securities of an issuer whose planning to develop new businesses may comparatively be more than that of other issuers with stable, matured business model and stronger financial position.

The Directors consider that the placing commission is fair and reasonable based on the current market conditions and taking into account the above factors.

Conditions of the Specific Mandate Placing

The Specific Mandate Placing and the obligation of the Placing Agent under the Best Effort Placing Agreement are conditional upon fulfilment (or waiver) of the following matters:

- (1) the Listing Division of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in, all the Conversion Shares;

LETTER FROM THE BOARD

- (2) the passing by the Shareholders in the SGM of resolution(s) to approve the Best Effort Placing Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares in accordance with the Listing Rules and requirements under Bermuda law;
- (3) the compliance of any other requirements under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Specific Mandate Placing and the issue of Conversion Shares;
- (4) the Best Effort Placing Agreement not having been terminated in accordance with its terms; and
- (5) the Company having delivered to the Placing Agent (in form and substance and in all respects satisfactory to the Placing Agent) opinion addressed to the Placing Agent of a Bermuda lawyer as agreed between the Company and the Placing Agent in respect of the due execution, validity and effectiveness of the Best Effort Placing Agreement and of the transactions contemplated thereunder.

Save for condition (5) above that can be waived by the Placing Agent at any time in writing, all the other conditions are incapable of being waived. If the conditions are not fulfilled (or, as the case may be, waived by the Placing Agent) by 4:00 p.m. on 31 August 2013 (or such later time and date as may be agreed by the Placing Agent and the Company), the Placing Agent may, at any time thereafter, terminate its obligations under the Best Effort Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Best Effort Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Best Effort Placing Agreement save for any antecedent breach and surviving provisions of the Best Effort Placing Agreement.

As at the Latest Practicable Date, none of the conditions set out in paragraphs (1), (2) and (5) above have been fulfilled. In respect of the condition set out in paragraph (3), it is not expected that there is any other requirement under the Listing Rules and Takeovers Code or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Specific Mandate Placing and the issue of Conversion Shares.

Shareholders and potential investors should note that the Specific Mandate Placing is subject to conditions under the Best Effort Placing Agreement to be fulfilled. As the Specific Mandate Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

Termination of the Best Effort Placing Agreement

If at any time on or prior to 5:00 p.m. (Hong Kong time) on the Closing Date:

- (a) in the reasonable opinion of the Placing Agent, the Specific Mandate Placing would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, affecting local securities markets; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospect of the Company or the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company or the Group as a whole; or
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement by any third party of any litigation against any member of the Group which is might be material to the Company or the Group taken as a whole; or

LETTER FROM THE BOARD

- (b) any adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Specific Mandate Placing; or
- (c) the announcement or the circular of the Company when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which in the reasonable opinion of the Placing Agent is material to the Group as a whole and is likely to affect materially and adversely the success of the Specific Mandate Placing; or
- (d) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in the Best Effort Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Best Effort Placing Agreement,

then and in any such case, the Placing Agent may terminate the Best Effort Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 5:00 p.m. (Hong Kong time) on the Closing Date.

Completion of the Specific Mandate Placing

Completion of the Specific Mandate Placing shall take place within three Business Days after the conditions thereof have been fulfilled (or, as the case may be, waived by the Placing Agent) (or such later date as the Placing Agent and the Company may agree in writing).

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

LETTER FROM THE BOARD

IMPLICATION OF RULE 14.82 OF THE LISTING RULES

Rule 14.82 of the Listing Rules stipulates that if the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended.

With reference to the Group's cash and cash equivalent of approximately HK\$43 million as at 31 May 2013 and the factors mentioned below, the Board is of view that after the Completion of the General Mandate Placing and the Specific Mandate Placing, the Group will not become a "cash company" with regards to Rule 14.82 of the Listing Rules.

The WOFE has already obtained Foreign Exchange Registration Certificate (外匯登記證) as of 15 July 2013, and the Group has already applied the net proceeds from the General Mandate Placing of HK\$180 million together with short-term borrowings and internal resource of approximately HK\$42 million and HK\$11 million respectively to satisfy the WOFE's registered capital of US\$30 million (approximately HK\$233 million). The remaining procedures for establishing the WOFE is expected to be completed within 1 month from the date the capital was being injected, which happened in July 2013.

Further, upon completion of the Specific Mandate Placing, the Company will apply its fund for the development of the first phase of the Park and the repayment of the short-term borrowings for the establishment the WOFE. As such, the net proceeds from the Specific Mandate Placing will not remain idle for a material period of time with no designated purpose and therefore the Company shall not be considered as "cash company".

Moreover, the Company will apply the additional net proceeds of up to HK\$190 million from the exercise of the subscription rights attached to the Warrants for capital expenditures in relation to development of later phases of the Park, if and when available. However, it would not be practical to forecast whether the Company would receive any additional proceeds from the exercise of the subscription rights attached to the Warrants and the timing of such cash inflow.

IMPLICATION OF RULE 14.04(8) AND RULE 13.13 TO RULE 13.15A OF THE LISTING RULES

Once the WOFE is established, the provision of financing guarantee services by the WOFE will become the ordinary and usual course of business of the Group. However, under Rule 14.04(8) of the Listing Rules, the term "ordinary and usual course of business", in the context of financial assistance, only applies to a banking company (as defined in Rule 14A.10(1) of the Listing Rules) and not to a financing guarantee company. In this connection, upon the establishment of the WOFE, the financial assistance provided by the Group to the customers may constitute notifiable transactions under Chapter 14 of the Listing Rules depending on the size of each transaction and subject to the relevant notification, announcement and shareholders' approval requirements.

LETTER FROM THE BOARD

Further, the financial assistance provided by the Group to the customers may trigger a general disclosure obligation pursuant to Rule 13.13 to Rule 13.15A of the Listing Rules and subject to the relevant announcement and reporting requirements, in the event that the relevant guarantee to an entity by the Group individually exceeds 8% under the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

In providing the financing guarantee services to the customers, the Group will ensure that it will comply with the relevant Listing Rules including those under Chapter 13 and Chapter 14 thereof.

REASONS FOR THE SPECIFIC MANDATE PLACING AND USE OF PROCEEDS

The Group is principally engaged in providing interior decoration work, including interior design and renovation services and trading of furniture and fixtures in Hong Kong and Macau.

Due to the stagnant property market condition in Hong Kong and Macau, these two existing businesses shall not be able to drive the growth of the Group, hence the management started to explore other business opportunities in the PRC, in particular in Shaanxi Province. The Company considers Shaanxi Province has great business potential because of its strategic location as a gateway to western PRC and a priority region for promoting economic growth under China's 12th Five-year Plan. Also under the 12th Five-year Plan, the PRC government gives priority attention to the development of modern logistics. On the other hand, the PRC government is very supportive to private participation in the provision of financial assistance targeting at small-medium sizes enterprises. After detailed market research and studies, the Company has formulated a new business strategy to expand into the logistics business and financing guarantee business in the PRC.

In the past year, the Group has rolled out the expansion plan to become an integrated finance and logistics services provider. As disclosed in the announcements of the Company dated 5 April 2012, 16 August 2012, 6 December 2012 and 28 December 2012, the Group is in the process of developing the Park and a total of RMB25 million refundable deposits have been paid to the local government of Hantai District, Hanzhong City, Shaanxi Province, the PRC to expedite the expropriation and auction of land for the first phase of the Park. On the other hand, as disclosed in the announcement of the Company dated 10 June 2013, the Group has obtained an official approval granted by the financial affairs office of Shaanxi Province, the PRC for the establishment of the WOFE for the provision of financing guarantee in Shaanxi Province, the PRC, with a registered capital of US\$30 million. In July 2013, US\$30 million was injected to the WOFE and on 2 August 2013, the WOFE obtained the financing guarantee enterprise operation license (“**FG License**”) (融資擔保機構經營許可證) granted by the financial affairs office of Shaanxi Province. Such recent development laid down the foundation of the integrated finance and logistics business which will help the Group to diversify its revenue base. As the Group already started the logistics consulting services in Xi'an City, Shaanxi Province, the PRC, in the first half of 2013, together with the new financing guarantee business to commence in the second half of 2013, the Group expects a greater contribution from the new integrated finance and logistics business for the year ending 31 March 2014.

LETTER FROM THE BOARD

For the purpose of developing the Group's logistic business, the Company had signed a letter of intent with the local government of Hanzhong City ("**Hanzhong Government**") on 5 April 2012 in relation to the exclusive right of the Company for the development of a construction materials wholesale and logistics centre located in Hanzhong City, details of which were set out in the announcement of the Company dated 5 April 2012, whereas the land for the Park to be auctioned had been designated by the Hanzhong Government for the development of logistics facility/infrastructure. Moreover, the Company had paid a refundable deposit of RMB25 million to expedite the expropriation and auction process of the land for the first phase of the Park. To the best knowledge of the Directors, they are not aware of any other bidders of the land as at the Latest Practicable Date and therefore the Directors believe that the bidding by the Company of the land for the first phase of the Park would be successful.

Further details regarding the logistics and financing guarantee businesses are set out in the Appendix to this Circular.

The Company is of the view that it is a suitable time and not premature to proceed with the Specific Mandate Placing because it is not commercially practicable and viable to withhold the Specific Mandate Placing until successful bid of the land, since it might not be able to catch-up with the funding requirement for the remaining HK\$145 million capital expenditure on time as substantial time is required to complete the Specific Mandate Placing including holding of the SGM, procuring placees and obtaining listing approval, while consideration for the land will need to be settled within a short-time once the Company wins the bid.

The Company will comply with the requirement of Chapter 14 of the Listing Rules when the Company enters into a binding agreement for the acquisition of the land.

The Company intends to finance future investment in the financial guarantee business and logistics business by future internal resource, bank loan and other fund raising exercise, if and when required. Based on the existing business plans of the Group, as at the Latest Practicable Date, other than the Specific Mandate Placing, the Group has no intention to conduct further fund raising exercise.

The Directors consider that the Specific Mandate Placing represents a good opportunity to broaden the shareholders base and capital base of the Company, and to provide more capital for further development of the Group's new businesses. The Directors consider the terms of the Best Effort Placing Agreement are on normal commercial terms and are fair and reasonable, and the Specific Mandate Placing is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Company will incur cost and expenses of approximately HK\$18 million in connection with the Specific Mandate Placing if completed in full. Assuming the Convertible Bonds are successfully placed in full by the Placing Agent pursuant to the Best Effort Placing Agreement, the maximum net proceeds of approximately HK\$282 million will be used in the following manner: (i) as to approximately HK\$42 million for repayment of short-term borrowings for the establishment of the WOFE; (ii) approximately HK\$190 million for the capital expenditures in relation to the Park; and (iii) approximately HK\$50 million for general working capital purposes. In the event that the Specific Mandate Placing is not placed in full, the application of the net proceeds as described above will be applied in the above sequence (i.e. by applying the net proceeds firstly for full repayment of short-term borrowings, then for the capital expenditures in relation to the Park and any remaining amount for general working capital purposes). With regard to maintaining the two existing businesses, the Board is of view that it has sufficient working capital provided from internal resource.

Although the chance of the Company's bid for the land becoming unsuccessful is low, in the event that the bidding for land is unsuccessful, the Company will invest the proceeds from the Convertible Bonds in other logistics and/or financing projects which are complementary to the Group's existing businesses.

Set out below are the estimate implementation timetable for the use of proceeds from the General Mandate Placing and the Specific Mandate Placing and recent development of the logistics and financing guarantee business. Please read the timetable in conjunction with the Appendix to this Circular.

Logistics business

Progress	Timing	Capital expenditures requirement and amount of net fund raised under the placing of Convertible Bonds/ Bonds to be utilized
1) The Group engaged LTS, a strategic shareholder and partner of the Group, to develop a logistics IT system platform for the Xi'an Centres and the Park.	In May 2013	To be satisfied by issues of Shares with the first tranche of Shares issued in May 2013.
2) Provision of consulting services and value-added logistics service in Xi'an Centres.	Already commenced	Already satisfied by fund raised by the Company in August 2012.

LETTER FROM THE BOARD

Progress	Timing	Capital expenditures requirement and amount of net fund raised under the placing of Convertible Bonds/Bonds to be utilized
3) The Park:		
(a) Acquisition of the first phase of land	Expected to be completed in the third quarter of 2013	Total capital expenditures requirement is expected to be HK\$145 million, all of which to be satisfied by proceeds from the issue of the Convertible Bonds.
(b) Construction work on the first phase of land-part 1	Expected to be completed in different stages throughout the third quarter of 2014 to 2015	Total capital expenditures requirement is expected to be HK\$100 million, which will be satisfied by i) the proceeds from the issue of the Convertible Bonds as to HK\$45 million and ii) the remaining portion by future internal resource, bank loan and other fund raising exercise, if and when required.
(c) Construction work on the first phase of land-part 2	Expected to be completed in the third quarter of 2015	Total capital expenditures requirement is expected to be HK\$118 million, which will be financed by future internal resource, bank loan and other fund raising exercise, if and when required.
(d) Construction work on the first phase of land-part 3	Expected to be completed in the third quarter of 2016	Total capital expenditures requirement is expected to be HK\$38 million, which will be financed by future internal resource, bank loan and other fund raising exercise, if and when required.

Financing guarantee business

Progress	Timing	Capital expenditure requirement and amount of net fund raised under the placing of Convertible Bonds/Bonds to be utilized
1) Official approval granted by the financial affairs office of Shaanxi Province, the PRC for the establishment of the WOFE.	On 10 June 2013	N/A
2) Business license of the WOFE (企業法人營業執照) issued by Hanzhong City Industry and Commerce Administration Bureau (漢中市工商行政管理局).	On 20 June 2013	N/A

LETTER FROM THE BOARD

Progress	Timing	Capital expenditure requirement and amount of net fund raised under the placing of Convertible Bonds/Bonds to be utilized
3) Injection of US\$30 million (HK\$233 million) for the registered capital of and other necessary application for the establishment of the WOFE.	Injection of US\$30 million has been completed, the FG License has been obtained and operation to be commenced in the fourth quarter of 2013	Total capital expenditures requirement of HK\$233 million has been satisfied by: i) short-term borrowings of HK\$42 million ii) internal resource of HK\$11 million iii) Bonds proceeds of HK\$180 million

The Board would like to remind potential investors and Shareholders that since the land of the Park is to be sold by the Hantai District Government by way of public auction, there is no binding agreement to guarantee the successful acquisition of the land as at the Latest Practicable Date. Thus, in the event that the bidding for the land of the Park fails, the development plan for the logistics business and financing guarantee business may be affected. Shareholders and potential investors should, accordingly, exercise caution when dealing in the Shares.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

As stated in the announcements (the “**Announcements**”) of the Company dated 30 July 2012 and 31 July 2012, the Company entered in a placing agreement and a supplemental agreement, respectively, with Emperor Securities Limited pursuant to which Emperor Securities Limited had conditionally agreed to procure, on a best endeavor basis, not less than six independent placees to subscribe in cash for convertible bonds of up to an aggregate principal amount of HK\$96,000,000 (“**Existing Convertible Bonds**”). The placing was completed on 23 August 2012. As disclosed in the Announcements, the net proceeds from the issue of the Existing Convertible Bonds, after deduction of expenses, were approximately HK\$93,000,000 and were intended to be used by the Company for the purpose of (i) repayment of short term borrowings; (ii) capital investment in new projects to be carried out by the Group in the PRC; and (iii) general working capital of the Group.

As disclosed in the announcement of the Company dated 24 September 2012, the Company has utilized approximately HK\$41,300,000 as the intended use stated in the Announcements and the Board had passed resolutions to approve the change in the intended use of the proceeds of the Existing Convertible Bonds in which approximately HK\$17,500,000 had been set aside for the acquisition of the property located at Flat 15, 34/F., Apartment Tower, Western Side, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the “**Property**”). The remaining balance of HK\$34,200,000 will be used as originally stated in the Announcements.

LETTER FROM THE BOARD

On 13 December 2012, the Company further announced that the Board passed the resolutions to utilize part of the proceeds from issue of the Existing Convertible Bonds for acquiring unlisted short term bonds with principal amount of HK\$18,000,000.

As at the Latest Practicable Date, the Company has utilized all the net proceeds of the Existing Convertible Bonds as to (i) approximately HK\$12,200,000 for the repayment of short-term borrowings; (ii) approximately HK\$31,100,000 for injection of capital to Chinlink Decoration Work (Xi'an) Company Limited, a wholly-owned subsidiary of the Company for the establishment of the logistics operation in Xi'an City; (iii) approximately HK\$9,500,000 for the acquisition of the Property; (iv) approximately HK\$18,400,000 for the acquisition of unlisted short term bonds; and (v) approximately HK\$21,800,000 for general working capital of the Group.

On 10 June 2013, the Company entered into the Placing and Underwriting Agreement in relation to the General Mandate Placing of Bonds with an aggregate principal amount of HK\$190,450,000 attached with Warrants. The General Mandate Placing was completed and the Bonds and the Warrants were issued on 3 July 2013. The net proceeds from the issue of the Bonds of approximately HK\$180,000,000 was used for funding the establishment of the WOFE. The additional net proceeds from the exercise of the Warrants, if any, will be used for the capital expenditures in relation to the Park.

Save as disclosed above, the Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this circular.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after the exercise of the subscription right attached to Warrants and the conversion rights attached to the Convertible Bonds in full (assuming no other Shares were allotted and issued under other contract obligation on the part of the Company or upon exercise of the subscription right under the share options granted).

Shareholder	As at the Latest Practicable Date		Shareholding immediately after the conversion of the Convertible Bonds in full		Shareholding immediately after the exercise of the Warrants and conversion of the Convertible Bonds in full	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Wealth Keeper International Limited (<i>Note</i>)	1,196,303,160	62.05	1,196,303,160	51.39	1,196,303,160	45.64
Placees	–	–	400,000,000	17.18	693,000,000	26.44
Other public Shareholders	731,707,143	37.95	731,707,143	31.43	731,707,143	27.92
Total	<u>1,928,010,303</u>	<u>100.00</u>	<u>2,328,010,303</u>	<u>100.00</u>	<u>2,621,010,303</u>	<u>100.00</u>

LETTER FROM THE BOARD

Note: Wealth Keeper International Limited is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Mr. Li. Accordingly, Mr. Li is deemed to be interested in the entire 1,196,303,160 Shares held by Wealth Keeper International Limited under the SFO.

As at the Latest Practicable Date, the authorised share capital of the Company is 3,200,000,000 Shares of HK\$0.0125 each and the issued share capital of the Company is 1,928,010,303 Shares.

As at the Latest Practicable Date, LTS is interested in 8,010,303 Shares, representing 0.42% of the issued share capital of the Company. The Company has a contractual obligation to allot and issue additional 18,690,707 Shares (“**Consideration Shares**”) as consideration under the Service Agreement. Assuming all the Consideration Shares are issued to LTS, LTS will be interested in 26,701,010 Shares, representing 1.37% of the enlarged issued share capital of the Company. By the virtue of the Listing Rules, LTS is not a substantial shareholder of the Company, thus the collaboration between the Group and LTS will not be connected transactions of the Company. In addition, as at the Latest Practicable Date, the Company has 93,100,000 Share Options outstanding and outstanding HK\$190.45 million warrants entitling the holders of warrants to subscribe for 293,000,000 new Shares in aggregate. Save as aforesaid, the Company has no other share options, warrants or other outstanding securities in issue which were convertible or exchangeable into Shares as at the Latest Practicable Date.

SGM

The notice convening the SGM is set out on pages 35 to 37 of this circular. The SGM will be convened at 7/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 2:30 p.m. on Thursday, 22 August 2013 for the purpose of considering and, if thought fit, approving the Best Effort Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the Conversion Shares.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch registrar and transfer office in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

The resolution proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting to approve the Best Effort Placing Agreement and the transactions contemplated thereunder.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained herein the omission of which would make any statement herein misleading.

RECOMMENDATION

The Director considers that the terms of the Best Effort Placing Agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the Conversion Shares are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Best Effort Placing Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix (Further information on the logistics and financing guarantee businesses) to this circular.

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

Set out below are further information relating to the logistics and financing guarantee businesses.

LOGISTICS BUSINESS

The Group's logistics business aims to provide property rental with advance IT platforms and value-added integrated logistics services to tenants in the Xi'an Centres and the Park. The source of income for the Group will be from (i) rental income and logistics services fee from the tenants of the Xi'an Centres and the Park; and (ii) a portion of the Park will be developed into properties for sale/renting.

The business plans of the logistics business will be implemented as follows:

1. Setting up a logistics service company in Xi'an to provide modern logistics services to the Xi'an Centres specializing in wholesale distribution of building materials and household fixtures;
2. Investing in the Park in Hanzhong City of Shaanxi Province with total site area of approximately 3,700 mu (畝) (2,454,000 sq.m) to be developed in phases, of which 500 mu (畝) (approximately 331,600 sq.m) shall be the first phase. It is planned to be developed into a modern logistics hub for Shaanxi Province and its nearby regions;
3. As an ancilliary facilities to the logistics portion of the Park, the Park will also feature some residential and commercial buildings for sale/renting which will generate property sales and rental income for the Group.

APPENDIX**FURTHER INFORMATION ON THE LOGISTICS
AND FINANCING GUARANTEE BUSINESSES**

The development plan (subject to change after detail market research) for part 1 to part 3 of the first phase of the Park is tentatively outlined as follows:

First Phase of the Park	Part 1 <i>(approx. sq.m)</i>	Part 2 <i>(approx. sq.m)</i>	Part 3 <i>(approx. sq.m)</i>	Total <i>(approx. sq.m)</i>	Expected timeline of revenue
Industry specific material trade zone	28,000	28,000	19,000	75,000	3rd quarter of 2014 (rental)
Retail shops	42,000	20,000	12,000	74,000	3rd quarter of 2014 (pre-sale)
Logistics centre	23,000	–	–	23,000	3rd quarter of 2014 (service fee)
Office buildings	–	18,000	–	18,000	3rd quarter of 2015 (rental)
Residential flats	–	32,000	–	32,000	3rd quarter of 2015 (rental)
Total area	<u>93,000</u>	<u>98,000</u>	<u>31,000</u>	<u>222,000</u>	
Estimated construction cost <i>(HK\$)</i>	100 million	118 million	38 million	256 million	

As illustrated above, the expected cash inflow generated from rental income, pre-sale of property and services fee income starting 3rd quarter of 2014 will be used for the capital expenditure for the Part 1, Part 2 and Part 3 of the Park and/or repayment any outstanding balance of the Convertible Bonds or Bonds.

Target customers

The target customers of the consulting and logistics services would be the tenants of i) the Xi'an Centres, ii) the Park, and iii) other distribution centres located in Xi'an. The Group is currently providing consulting and logistics services to the Xi'an Centres, serving client base of over 8,000 tenants, mostly small and medium size enterprises.

The Xi'an Centres comprised the trade and logistics centres operated by three operators namely Detong, Da Ming Gong and Yuanli are described as follows:

Detong is a company incorporated in the PRC with limited liability and 50% of its equity interest is indirectly held by Mr. Li, hence Detong is a connected person of the Company.

Detong is principally engaged in the operation of an integrated distribution centre of construction material named Huijing International Building Material Centre* (匯景國際建材城) (“**Huijing Centre**”). It has completed its first phase of construction with capacity of 500 shops and storage. The second phase of Huijing Centre is currently under construction, which will incorporate trade area for well-known brand of lighting products, stainless steel, electrical parts, etc to form an integrated financial and trade zone for building materials with shops, storage, transport and inventory collateral warehouses.

Da Ming Gong is principally engaged in the operation of an integrated distribution centre of construction material and houseware at Beisanhuan District Da Ming Gong Construction Materials and Houseware Distribution Centre* (北三環大明宮建材家居批發基地) (“**Da Ming Gong Centre**”) which cover area of around 2,000 mu (畝) with over 3,000 tenants at present. Da Ming Gong Centre has hotel, restaurants, logistics centre and 10 trade zones for each of the following building materials: ceramics, sanitary ware, plates, pipe, stone, steel, wooden doors, houseware, hardware and electronics, and glass.

Yuanli is principally engaged in the operation of six distribution centres of construction material and houseware in Xi'an City. There are over 3,000 tenants in these six centres specialising in the distribution of pipes, steel and aluminum products for construction use, glass products and bathroom sanitary wares.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Da Ming Gong, Yuanli and their respective ultimate beneficial owners are independent of the Company and its connected persons.

On 8 October 2012, the Group entered into the cooperation agreements with each of Da Ming Gong and Yuanli. The Group also entered into the consulting services agreement with Detong. Please refer to announcement dated 8 October 2012 for further details regarding the cooperation agreements and consulting services agreement.

In July 2013, the Group entered into another service agreement with a subsidiary of Da Ming Gong pursuant to which the Group shall operate the logistics centre as well as providing advice for continuous improvement.

In relation to the Xi'an Centres, the Group is taking a position as a third-party logistics provider, specializing in integrated solution, providing warehousing and transportation services that can be scaled and customized to customers' needs based on market conditions and the demands and delivery service requirements. These services provided to the customers in the Xi'an Centres go beyond logistics and included value-added services such as tracking and tracing, cross-docking, specific packaging, goods consolidation, IT systems and financing solution etc. Not all the services are provided by the Group, but the Group would advise and recommend to customers suitable solution for their mode of operation and would sub-contract these services to third parties if required.

License and regulatory requirements, and status of the Group's compliance thereof

The Group's logistics entity is not required to obtain any specific license in the PRC to operate the logistics business, other than the general business license.

As a wholly foreign-owned entity in the PRC, the logistics entity has to fulfill all the general regulatory requirements as being a wholly foreign-owned entity in the PRC. In addition, the logistics entity will also be required to comply with the specific rules and regulations set out by the PRC authorities.

Staff requirement and arrangement

LTS, a strategic shareholder and partner of the Company, has been engaged in logistics business for more than 20 years with proven track records. Together with LTS, the Group shall form an experienced management team to manage and operate the logistics business. Up to the Latest Practicable Date, 9 staff from LTS are assigned to work for the Group in Xi'an to provide services to the Xi'an Centres.

Major risks relating to the logistics business and measures to mitigate such risks***Existing and new entrance of competitors***

The number of competitors in the market may affect the pricing of the logistics services provided by our Group. The Company does not consider there exist any direct competition for the Group's integrated financial logistics business. Most of the existing logistics companies in Shaanxi only provide basic warehousing and transportation services. The numerous value-added services linked with advanced IT platform provided by our integrated financial logistics services is a unique offering by the Company with high entry barrier to new competitor.

Theft and damage of inventory

The WOFE may be claimed against by the customers if the inventory stored in the warehouses operated by the Group is stolen or damaged, and in such case, the reputation of the Company may also be affected. Moreover, the guarantee ratio under the financing guarantee business may be increased as a result. In order to safeguard the inventory stored in the warehouses operated by the Group, all warehouses in the Xi'an Centres and the Park are or will be equipped with security system monitored by IT system and CCTV. In addition, the Group will also take out insurance coverages for the loss and/or damage of such goods.

Operational failure of the IT platform that the Group operates the logistics services

The operation of the logistics business of the Group is highly reliant on the IT platform maintained by the Group. Operational failure of the IT platform may adversely affect the daily operation of the logistics business and the loss of valuable data. In order to avoid operational failure of IT platform that the Group operates the logistics services, all system data are updated and backup regularly under the supervision of IT personnel.

Relevant rules and regulation may vary from time to time

The Group will keep abreast of the relevant rules and regulations which may vary from time to time and in case of any external advice is required, the Company will engage PRC legal adviser to advise the Group on relevant matters.

Credit Policy

The Group has adopted the following credit policy on the logistics business which are material to the Group:

1. The Group will assess the financial position and background of the tenants and customers before acceptance;
2. Periodic review on the credit of the tenants and customers through the data captured in the logistics IT platform and regular site visit will be performed; and
3. Rental deposit and prepayment of utilities has to be received before acceptance of the tenants.

FINANCING GUARANTEE BUSINESS

The Group is establishing the WOFE to carry out financial guarantee business in Shaanxi Province. Guarantees are issued in favour of banks on behalf of the tenants of the Xi'an Centres and the Park to assist them obtaining loans from banks. In turn, the WOFE will charge tenants guarantee fee and consulting fee. The collateral for the guarantee will be the inventory stored in the designated warehouses operated by the Group. Besides, any surplus funds of the WOFE will be invested in investment funds from banks to generate investment income.

Target Customers

The initial target customers of the financing guarantee services will be the 8,000 tenants of the Xi'an Centres and will then extend to the tenants of the Park.

License and regulatory requirements, and status of Group's compliance thereof

The Group is required to obtain the FG License from the financial affairs office of Shaanxi Province.

On 10 June 2013, the Group has obtained an official approval granted by the financial affairs office of Shaanxi Province for the establishment of the WOFE and on 2 August 2013, the WOFE has obtained the FG License.

Apart from fulfilling the general regulatory requirements as being a wholly foreign-owned enterprise in the PRC, the financing guarantee entity will also be required to comply with the specific rules and regulations set by the PRC authorities.

Management requirement and arrangement

Among the members of the Board, two members namely, Mr. Siu Wai Yip and Mr. Lau Chi Kit, have strong banking experience. Also, key management team based in the PRC has been formed, all of them possess the following requirements:

1. Relevant working experience with reputable banks and/or financing guarantee business of more ten 10 years;
2. At managerial position for not less than 5 years;
3. Bachelor Degree holder or above; and
4. Reference check with satisfactory results.

Major risks relating to the financing guarantee business and measures to mitigate such risks***The creditworthiness and financial position of our Group's clients may change from time to time***

The repayment of the loans by our customers is correlated with their creditworthiness and financial position, which directly affect the profitability of our financing guarantee business. The Group will assess the financial position of the tenants and customers before providing the guarantee service and review periodically.

Relevant rules and regulation may vary from time to time

The financing guarantee business operation is based in the PRC, any changes in the regulatory requirements in the PRC may adversely affect the results of the operation of our Group if the Group is not able to comply with them in a timely manner or if compliance of the new requirements involved substantial costs. The Group will keep abreast of the relevant rules and regulations which may vary from time to time and in case of any external advice is required, the Company will engage a PRC legal adviser to advise the Group on relevant matters.

Reliance on banking support

The banks are considered as the major business partner of the Group in the financing guarantee business. Their support, in particular the facilities granted to WOFE, will affect the expansion of the financing guarantee business. Members of the Board and senior management will endeavor to maintain good working relationships with major banks in Shaanxi Province in order to gain support by the banks.

Credit Policy

The Group has adopted the following credit policy on the financing guarantee business which are material to the Group:

1. All applicants must go through standard application procedures and proper approval of credit limit;

2. The Group will maintain a list of approved inventory which are qualified as collateral and regularly assess the fair value of the collateral to ensure there is sufficient coverage for the guaranteed amount. The guarantee ratio in respect of the guarantee business is 30% to 50% of the approved inventory by the Group, which means that for every 100 dollars of approved inventory obtained by the Group, the WOFE will guarantee the lender an amount of 30 to 50 dollars of the loan from banks.
3. Track customer credit history with customer credit management tool, reference check and market reference; and
4. Periodic review on the credit of the tenants and customers through the data captured in the logistics IT platform and regular site visit.

Internal Control for the logistics and financing guarantee business

A number of internal control measures will be implemented upon the setting up of the logistics and financing guarantee businesses, including but not limited to:

1. Establishment of the Group's policies and operation procedures for the two new businesses;
2. Proper segregation of duties among the management teams for the two new businesses;
3. Regular review on compliance of the Group's policies and operation procedures;
4. Regular financial management report and operational report available for top management to review;
5. Standardized recruitment procedures;
6. Proper grant of access right to different users of the logistics and financing guarantee IT platform with high level of security protection; and
7. Stringent collateral warehouse control.

If necessary, the Company shall engage external advisors to advise on internal control policy for the two new businesses.

GENERAL

The logistics and financing guarantee businesses are complementary to each other in a way that they are basically serving the same captive customer base of the Xi'an Centres and the Park when the operation commences. Financing guarantee is provided based on the value of inventory stored as collateral in the warehouse under the logistics operation, which is closely monitored by the Group's IT system to ensure its quality and value in accordance with the terms of Group's guarantee commitment. As most of the tenants operating in the Xi'an Centres and the Park are small and medium sizes enterprises, majority of them have difficulties in obtaining loan from banks because of their inability to provide sufficient value of fixed asset as security and the absence of satisfactory credit history as required by banks in the PRC. As such, the Group's services of taking their inventories as collaterals and providing guarantee in favour of the banks will make them possible to obtain loan from the banks in the PRC. This financing guarantee service is also a very effective means to attract new tenants and retain tenants' loyalty for the Group's logistics operation. Moreover, it will ensure a stable customer base for the Group's financing guarantee business.

Among the members of the Board, two of them have banking background and possess many years of experience in lending and credit management. The biography of the two members are described below.

Mr. Siu Wai Yip has over 13 years' of experience in banking and finance and previously held senior positions in various major international banks, with specialization in trade finance and corporate banking.

Mr. Lau Chi Kit retired from The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") in December 2000 after more than 35 years' of service with solid management experience in personal, industrial and commercial lending. Among the major positions in HSBC, he was the Assistant General Manager and Head of Personal Banking Hong Kong and Assistant General Manager and Head of Strategic Implementation, Asia-Pacific Region. He is a Fellow of the Hong Kong Institute of Bankers ("Institute"). He was the chairman of the Institute's Executive Committee from January 1999 to December 2000.

Furthermore, the Company has recruited a number of senior staff for the key positions of the financing guarantee company with experience and skills in banking and guarantee business under their previous employments. As Mr. Li, the chairman of the Board has over ten years' experience in property development in the PRC, particularly in the Shaanxi Province where the Park is located, he is competent in managing the business of the Park, part of which would involve the development of investment properties. Based on the above, the Board is of the view that the Company has the ability to manage the new financing guarantee business and the logistics business.

NOTICE OF SGM



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: 997)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Chinlink International Holdings Limited (the “**Company**”) will be held at 7/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on Thursday, 22 August 2013 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company. Capitalized terms used herein without definition shall have the same meanings as in the circular issued by the Company on 7 August 2013, unless the context otherwise requires:

ORDINARY RESOLUTION

“THAT:

- (i) the execution by the Company of the Best Effort Placing Agreement dated 10 June 2013, a copy of which is marked “A” and initiated by the chairman of the Meeting for identification purpose and tabled at the Meeting between the Company and Emperor Securities Limited (the “**Placing Agent**”), pursuant to which the Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure, on a best effort basis, independent Placees to subscribe in cash for the convertible bonds of up to an aggregate principal amount of HK\$300,000,000 (the “**Convertible Bonds**”), with the right to convert at the initial conversion price of HK\$0.75 (subject to adjustments) per Conversion Share and the terms and conditions thereof be and are hereby approved, ratified and confirmed;
- (ii) all the transactions contemplated under the Best Effort Placing Agreement including (without limitation):
 - (a) the creation and issuance of the Convertible Bonds by the Company;

* For identification purpose only

NOTICE OF SGM

- (b) the issuance and allotment of new shares in the Company which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Bonds, be and are hereby approved and confirmed; and
- (iii) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things ancillary to the Best Effort Placing Agreement and of administrative nature (including, without limitation, signing, executing (under hand or under seal), perfecting and delivering all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Best Effort Placing Agreement and all transactions contemplated thereunder and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, of administrative nature, not material to and not varying the terms of the Best Effort Placing Agreement and the transactions contemplated thereunder, and are in the interests of the Company.

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

Hong Kong, 7 August 2013

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
7/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

NOTICE OF SGM

Notes:

- (1) A form of proxy for use at the Meeting has been dispatched to the Shareholders together with a copy of this notice.
- (2) A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend the Meeting and vote on his behalf. A proxy need not be a member of the Company but must attend the Meeting in person to represent the member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (4) In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote.
- (5) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) In the case of a joint holding of a Share, this form of proxy may be signed by any joint holder, but if more than one of the joint holders is present at the Meeting, whether in person or by proxy, that one of the joint holders so present whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- (7) Any voting at the Meeting shall be taken by poll.