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**Link-Asia International Co. Ltd.**

**環亞國際實業有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1143)**

**INSIDE INFORMATION — SETTLEMENT OF LITIGATION  
DISCLOSEABLE TRANSACTION — ASSIGNMENT OF LOANS**

Reference is made to the announcement of the Company dated 23 October 2019 in relation to the Legal Proceedings (the “**Announcement**”). Unless the context otherwise requires, the terms used in this announcement shall have the same meanings as those defined in the Announcement.

**THE SETTLEMENT AND ASSIGNMENT OF LOANS**

The board of directors (“**Directors**”) of Link-Asia International Co. Ltd. (the “**Company**” and together with its subsidiaries (collectively the “**Group**”)) announces that on 24 March 2020 (after trading hours), the Company and the Assignee (who is the plaintiff of the Legal Proceeding) entered into a settlement agreement in respect of the Legal Proceeding, pursuant to which, amongst others, (i) Wise State Investment Limited, a wholly owned subsidiary of the Company (“**Wise State**”), will assign all rights, titles and benefits in the Loans to the Assignee, (ii) the Assignee has unconditionally and irrevocably agreed in writing to waive its right to claim against the Company and/or the Group under the Debt and be responsible for any cost or liability under the settlement for the Debt, and (iii) the Assignee agreed to release and discharge the Charged Securities pursuant to the Deed of Release, and release and wholly extinguish all rights and obligations arising or capable of arising out of the Deed of Charge. The Company has been released from any liabilities and obligations borne under the Debt as at the date of this announcement.

## **LISTING RULES IMPLICATIONS**

In relation to the Assignment of Loans, as one of the applicable percentage ratios (as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) is more than 5% but less than 25%, the Assignment of Loans constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In relation to the Settlement, this announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **THE SETTLEMENT**

On 24 March 2020 (after trading hours), the Company and the Assignee (who is the Plaintiff of the Legal Proceedings) entered into a settlement agreement in respect of the Legal Proceedings, pursuant to which, amongst others, (i) Wise State will assign all rights, titles and benefits in the Loans to the Assignee, (ii) the Assignee has unconditionally and irrevocably agreed in writing to waive its right to claim against the Company and/or the Group under the Debt and be responsible for any cost or liability under the settlement for the Debt, and (iii) the Assignee agreed to release and discharge the Charged Securities pursuant to the Deed of Release, and release and wholly extinguish all rights and obligations arising or capable of arising out of the Deed of Charge. The basis of settlement amount was determined after arm’s length negotiation and with reference to the amount of the Debt. The Company has been released from any liabilities and obligations borne under the Debt as at the date of this announcement.

Pursuant to the settlement agreement, the Company and the Assignee shall take all necessary steps to give effect to the discontinuance of the Legal Proceedings in its entirety, including without limitation to all claims made therein, with no order as to costs.

### **The Deeds of Assignment**

On 24 March 2020 (after trading hours), Wise State, being a wholly owned subsidiary of the Company, entered into the Deeds of Assignment to which Wise State agreed to assign to the Assignee and the Assignee agreed to be assigned from Wise State all its legal and beneficial right, title and benefits of the Loans.

Key terms of the Deeds of Assignment are as follows:

Date : 24 March 2020

Parties : Wise State Investment Limited, a wholly owned subsidiary of the Company, as the assignor; and

Bright Mark Enterprises Limited, an Independent Third Party, as the Assignee

- Assets to be assigned: : All of Wise State's rights, titles and benefits in the (i) Imperial Pacific Loan, and (ii) Individual Loan. Under the Loans, the Company is entitled to receive a total of HK\$72,000,000 in principal plus interests accrued of 12% per annum pursuant to the Loans. Based on the valuation report prepared based on the credit rating analysis by independent third party valuer, as at 31 December 2019, the aggregate carrying amount of the Loans, net of expected credit loss, amounted to HK\$25,116,000. As at 23 March 2020, the carrying amount of the Loans was HK\$25,358,000, being the sum of carrying amount as at 31 December 2019 and subsequent interest accrued under the Hong Kong Financial Reporting Standard 9 Financial Instruments.
- Amount of the Debt : The amount of the Debt, including the principal and the accrued interest on the basis of 12% per annum as at 23 March 2020, is HK\$26,662,000.
- Completion : Completion takes place on the date of the Deeds of Assignment and there are no conditions precedent for the Assignment of Loans.

### **Deed of Release**

As part of the Settlement, on 24 March 2020 (after trading hours), the Assignee (being the Chargee) entered into a Deed of Release in favour of China Khan, being a wholly owned subsidiary of the Company, whereby the Assignee (being the Chargee) agreed to (i) release and discharge China Khan (being the Chargor) from all its present and future liabilities, obligations and undertakings owing to or granted in favour of the Chargee under the Deed of Charge, and (ii) release, discharge and/or reassign unto the Chargor the Charged Securities under the Deed of Charge to hold the same henceforth unto the Chargor absolutely and unconditionally freed and discharged of and from the Deed of Charge.

### **REASONS FOR AND BENEFITS OF THE ASSIGNMENT OF LOANS AND THE SETTLEMENT (INCLUDING THE DEED OF RELEASE)**

Based on the assessment of the Company on (i) the potential outcome of the Legal Proceedings, (ii) the uncertainties regarding Imperial Pacific and Individual (such as their recent financial performance, the quality of the assets they owned) in the fulfillment of their payment obligations under the Loans, (iii) the time, costs and effort to recover the outstanding principal and interests under the Loans, and (iv) the carrying amount of the Loans based on the valuation report prepared by the independent third party valuer, the Directors are of the view that by assigning the Loans (including the Deed of Release) to fulfil the Settlement, it enabled the Company (a) to settle the outstanding principals and interests claimed under the Legal Proceedings without affecting its cash position, (b) to minimise the time, costs and effort in recovering the outstanding principal and interests under the Loans, and (c) to eliminate the negative impact of the Legal Proceedings on the Company's public image.

The Directors, including the independent non-executive Directors, consider that the terms of the Settlement (including the Deed of Release) and Deeds of Assignment are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE ASSIGNMENT OF LOANS**

Taking into account for the carrying amount of the Loans and the carrying amount of the Debt, the Group is expected to record a one-off gain of approximately HK\$1.3 million.

## **GENERAL**

The Group is principally engaged in (i) electronic manufacturing services, (ii) marketing and distribution of communication products, (iii) the securities and other assets investment; and (iv) the real estate sale supply chain services.

Each of Wise State and China Khan is a wholly owned subsidiary of the Company and is principally engaged in investment holding.

The Assignee is an investment holding company incorporated in the British Virgin Islands with limited liability, which is ultimately owned by Mr. Chiu Ka Him, an Independent Third Party.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiry, each of the Assignee, Imperial Pacific, Individual and their ultimate beneficial owners is an Independent Third Party.

## **LISTING RULES IMPLICATIONS**

In relation to the Assignment of Loans, as one of the applicable percentage ratios (as set out in the Listing Rules) is more than 5% but less than 25%, the Assignment of Loans constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In relation to the Settlement, this announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 October 2019 in relation to the Legal Proceedings
“Assignee” or “Chargee” or “Plaintiff”	Bright Mark Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is an Independent Third Party
“Assignment of Loans”	the assignment of the Imperial Pacific Loan and Individual Loan from Wise State to the Assignee
“Board”	the board of Directors
“Charged Securities”	410,000 ordinary issued and fully paid up shares of Telefield Holdings Limited, a wholly owned subsidiary of the Company and is directly held by the Chargor
“China Khan” or “Chargor”	China Khan Limited, a limited liability company incorporated in the British Virgins Island and is a wholly owned subsidiary of the Company
“Company”	Link-Asia International Co. Ltd. (環亞國際實業有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1143)
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Debt”	a secured loan of HK\$20,000,000, with accrued interest as at 23 March 2020 of not less than HK\$6,662,000 at an interest rate of 12% per annum, repayable on demand, which was drawn by the Company on 20 June 2017 pursuant to a facility agreement for a loan facility up to HK\$120,000,000 entered into between the Company and the Assignee on the same date
“Deeds of Assignment”	Imperial Pacific Deed and Individual Deed
“Deed of Charge”	a deed of share charge dated 20 June 2017 entered into by the Chargor in favour of the Chargee, whereby the Chargor pledged, charged and mortgaged to the Chargee all the Chargor’s rights, title and interest from time to time in the Charged Securities by way of first fixed charge for the due and punctual performance and observance of all obligations and covenants of the Company under the Imperial Pacific Loan and as continuing security for payment and discharge of the secured obligations under the Imperial Pacific Loan

“Deed of Release”	a deed of release of the deed of share charge dated 24 March 2020 entered into by the Chargee in favour of the Chargor, whereby the Chargee released and discharged the Chargor from all its present and future liabilities, obligations and undertakings owing to or granted in favour of the Chargee under the Deed of Charge
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“Imperial Pacific”	Imperial Pacific International Holdings Limited, a company incorporated under the laws of Bermuda and listed on the Main Board of the Stock Exchange (Stock Code: 1076), and an Independent Third Party
“Imperial Pacific Deed”	a deed of assignment dated 24 March 2020 entered into between Wise State and the Assignee pursuant to which Wise State agreed to assign to the Assignee and the Assignee agreed to be assigned from Wise State all its legal and beneficial right, title and interest in the Imperial Pacific Loan
“Imperial Pacific Loan”	the unsecured loan of HK\$45,000,000 from Wise State to Imperial Pacific, with interest rate of 12% per annum (and default interest rate of 12% per annum) payable on 2 January 2020, pursuant to the loan agreement entered into between Imperial Pacific and Wise State dated 13 March 2018
“Independent Third Party”	third party independent of the Company and its Connected Persons
“Individual”	Mr. Zhu Yongjun, an Independent Third Party
“Individual Deed”	a deed of assignment dated 24 March 2020 entered into between Wise State and the Assignee pursuant to which Wise State agreed to assign to the Assignee and the Assignee agreed to be assigned from Wise State all its legal and beneficial right, title and interest in Individual Loan to the Assignee

“Individual Loan”	the unsecured loan of HK\$27,000,000 from Wise State to Individual, with interest rate of 12% per annum (and default interest rate of 12% per annum), payable on 5 April 2019, pursuant to the loan agreement entered into between Individual and Wise State dated 16 March 2018 and a drawn down notice dated 6 April 2018
“Loans”	Imperial Pacific Loan and Individual Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Legal Proceedings”	a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Assignee as the plaintiff against the Company as the defendant
“Settlement”	settlement of the Legal Proceedings
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Wise State”	Wise State Investment Limited, a limited liability company incorporated in Hong Kong and is a wholly owned subsidiary of the Company
“%”	per cent

By order of the Board  
**Link-Asia International Co. Ltd.**  
**Lin Dailian**  
*Chairman and executive Director*

Hong Kong, 24 March 2020

*As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Duan Chuanhong and Mr. Xia Xiaobing as executive Directors; Mr. Bao Jinqiao, Mr. Li Huiwu and Mr. Wang Guozhen as independent non-executive Directors.*