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CHINLINK INTERNATIONAL HOLDINGS LIMITED

普匯中金國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0997)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chinlink International Holdings Limited (the “**Company**” or “**Chinlink**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022 (the “**Year**”), together with the comparative figures for the year ended 31 March 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------------------|--------------|--------------------------------|--------------------------------|
| Revenue | 3 | | |
| Services | | 132,053 | 170,842 |
| Rental | | 33,296 | 32,341 |
| Interest | | | |
| – other interest revenue | | 20,756 | 20,495 |
| Total revenue | | 186,105 | 223,678 |
| Cost of sales | | (52,950) | (67,738) |

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 March 2022

| | <i>Notes</i> | 2022 HK\$'000 | 2021 HK\$'000 |
|---|--------------|--------------------------------|-------------------------|
| Gross profit | | 133,155 | 155,940 |
| Other income, gains and losses | 5 | 42,503 | (17,537) |
| Gain arising from disposal of subsidiaries, net (Loss)/gain on fair value change of investment properties | | – (95,649) | 15,869 51,421 |
| Gain on fair value change of put option derivative | | – | 4,064 |
| Allowance under expected credit loss model, net of reversal | | (17,629) | (5,884) |
| Impairment loss on goodwill | | (7,015) | – |
| Share of profit of an associate | | 6,842 | 9,684 |
| Selling and distribution costs | | (11,145) | (7,293) |
| Administrative expenses | | (108,866) | (103,005) |
| Finance costs | 6 | (288,558) | (249,971) |
| Loss before tax | | (346,362) | (146,712) |
| Income tax credit/(expense) | 7 | 14,013 | (15,467) |
| Loss for the year | 8 | <u>(332,349)</u> | <u>(162,179)</u> |
| Other comprehensive income | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange difference arising on translation of foreign operations | | 131,030 | 240,944 |
| Share of exchange difference of an investment in an associate | | 3,584 | 6,173 |
| Other comprehensive income for the year, net of income tax | | <u>134,614</u> | <u>247,117</u> |
| Total comprehensive (expense)/income for the year | | <u>(197,735)</u> | <u>84,938</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------|-------------------------|-------------------------|
| Loss for the year attributable to: | | | |
| Owner of the Company | | (334,063) | (178,853) |
| Non-controlling interests | | 1,714 | 16,674 |
| | | <u>(332,349)</u> | <u>(162,179)</u> |
| Total comprehensive (expense)/income for the year attributable to: | | | |
| Owners of the Company | | (209,913) | 54,468 |
| Non-controlling interests | | 12,178 | 30,470 |
| | | <u>(197,735)</u> | <u>84,938</u> |
| | | <i>HKcents</i> | <i>HKcents</i> |
| Loss per share | | | |
| | 9 | | |
| – Basic | | (28.57) | (57.86) |
| – Diluted | | (28.57) | (57.86) |
| | | <u>(28.57)</u> | <u>(57.86)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

| | <i>Notes</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 108,823 | 180,967 |
| Right-of-use assets | | 8,374 | 16,418 |
| Investment properties | | 3,448,000 | 4,336,843 |
| Goodwill | | 10,222 | 17,237 |
| Interest in an associate | | 91,658 | 84,921 |
| Deposit paid for land auction | | 11,065 | 10,637 |
| Financial assets at fair value through profit or loss | | 9,987 | 24,211 |
| Deposits | | 1,225 | 3,042 |
| | | 3,689,354 | 4,674,276 |
| Current assets | | | |
| Properties under development for sale | | 572,917 | – |
| Trade receivables | <i>11</i> | 22,610 | 33,821 |
| Trade receivables from related companies | <i>11</i> | 1,341 | 5,888 |
| Loan receivables | | 139,352 | 177,102 |
| Factoring receivables | | 103,135 | 109,017 |
| Other receivables, deposits and prepayments | | 43,048 | 47,332 |
| Pledged bank deposits | | 209,255 | 207,626 |
| Bank balances and cash | | 42,608 | 29,165 |
| | | 1,134,266 | 609,951 |
| Assets classified as held for sale | <i>14</i> | 746,086 | – |
| | | 1,880,352 | 609,951 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|--|-------|------------------|--------------------|
| Current liabilities | | | |
| Trade payables | 12 | 760 | – |
| Other payables and accruals | | 139,485 | 99,807 |
| Loans from staff | | 29,213 | 26,849 |
| Construction costs accruals | | 260,916 | 195,090 |
| Receipts in advance | | 14,548 | 17,303 |
| Lease liabilities | | 6,476 | 8,379 |
| Contract liabilities | | 99,038 | 33,820 |
| Deposits received from tenants and customers | | 26,654 | 33,135 |
| Deferred income | | 18,958 | 8,044 |
| Financial guarantee contracts | | 2,376 | 5,644 |
| Tax payable | | 4,530 | 4,235 |
| Bank and other borrowings | 13 | 1,255,783 | 942,461 |
| 6.5% coupon bonds | | 128,489 | 231,840 |
| 13.0% coupon bonds | | 261,125 | 236,987 |
| | | <u>2,248,351</u> | <u>1,843,594</u> |
| Liabilities directly associated with assets classified as held for sale | 14 | <u>423,023</u> | <u>–</u> |
| | | <u>2,671,374</u> | <u>1,843,594</u> |
| Net current liabilities | | <u>(791,022)</u> | <u>(1,233,643)</u> |
| Total assets less current liabilities | | <u>2,898,332</u> | <u>3,440,633</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|--|-------|-------------------------|-------------------------|
| Non-current liabilities | | | |
| Construction costs accruals | | 55,031 | 52,902 |
| Deferred income | | 1,441 | 11,233 |
| Amounts due to directors | | 26,289 | 39,690 |
| Lease liabilities | | 2,240 | 8,378 |
| Bank and other borrowings | 13 | 438,031 | 606,883 |
| Amounts due to related companies | | 71,700 | 202,501 |
| Deferred tax liabilities | | 327,641 | 345,352 |
| | | <u>922,373</u> | <u>1,266,939</u> |
| | | <u>1,975,959</u> | <u>2,173,694</u> |
| Capital and reserves | | | |
| Capital and reserves | | | |
| Share capital | 15 | 11,693 | 11,693 |
| Reserves | | 1,895,136 | 2,105,049 |
| | | <u>1,906,829</u> | <u>2,116,742</u> |
| Equity attributable to owners of the Company | | 69,130 | 56,952 |
| Non-controlling interests | | <u>69,130</u> | <u>56,952</u> |
| | | <u>1,975,959</u> | <u>2,173,694</u> |

Notes:

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |
| Amendment to HKFRS 16 | Covid-19 Related Rent Concessions beyond 30 June 2021 |

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs is issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|--|---|
| HKFRS 17 | Insurance Contracts and the related Amendments ² |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ² |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ² |
| Amendments to HKAS 8 | Definition of Accounting Estimates ² |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ² |
| Amendments to HKAS 16 | Property, Plant and Equipment — Proceeds before Intended Use ¹ |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 ¹ |

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted limited liability entity and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Wealth Keeper International Limited (“**Wealth Keeper**”), incorporated in the British Virgin Islands and the ultimate controlling shareholder of Wealth Keeper is Mr. Li Weibin (“**Mr. Li**”), the chairman and managing director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” to the annual report.

The Company is an investment holding company. The principal activities of the subsidiaries are property investment, provision of financial advisory services, provision of financial guarantee services, and other financial services in the PRC and Hong Kong.

The presentation currency of the consolidated financial statements is Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**HK\$’000**”), except when otherwise indicated.

Going concern basis

For the year ended 31 March 2022, the Group incurred a net loss of approximately HK\$332,349,000 and, as of 31 March 2022, the Group had net current liabilities of approximately HK\$791,022,000, while its bank balances and cash amounted to approximately HK\$42,608,000 only as at 31 March 2022. In addition, the Group had outstanding borrowings and bonds of approximately HK\$1,255,783,000 and HK\$389,614,000, respectively which were due for repayment or renewal in the next twelve months after 31 March 2022. The Group has defaulted in repayment of principals and interest of borrowings and bonds amounting to approximately HK\$284,536,000 and HK\$60,306,000 respectively during the year ended 31 March 2022 which carrying amounts of borrowings and bonds of approximately HK\$1,060,356,000 and HK\$261,125,000, respectively as at 31 March 2022 remain outstanding. Due to this breach of the default clause of borrowings and bonds, this had triggered cross default of another borrowings, totaling of approximately HK\$19,042,000 as at 31 March 2022, which were originally due for repayment in May 2022 and December 2022. The bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK\$1,079,398,000 and HK\$261,125,000 respectively. Further details are set out in Note 13. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

The directors of the Company have performed an assessment of the Group’s future liquidity and cash flows, taking into account the following matters:

- (i) the Group is seeking to accelerate the presales of the service apartments of the Phase Two Development (as defined below). Overall, the Group gradually received proceeds from pre-sale of properties from the third quarter of 2021. The proceeds arising therefrom will be used for settling the construction fees, repayment of existing loan facilities and general working capital;
- (ii) the Company has actively negotiated with banks and financial institutions to secure the renewals of the Group’s defaulted bonds and borrowings to meet its liabilities;
 - (a) subsequent to the end of the reporting period, the Group has obtained a conditional consent from financial institution for certain bonds with outstanding amounts of approximately HK\$261,125,000 as at 31 March 2022 of which the repayment of interest and principal were past due and in default as at 31 March 2022.

The consent is conditional upon the satisfaction, including but not limited to, agreed to repay certain accrued interest and certain principal in two tranches in 31 July 2022 and 30 August 2022. Upon the financial institution is satisfied with the above conditions, the outstanding balance will be extended by twelve months from August 2022 to August 2023;

2. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

- (ii) the Company has actively negotiated with banks and financial institutions to secure the renewals of the Group's defaulted bonds and borrowings to meet its liabilities; (Continued)
 - (b) the Group has requested for extending the defaulted principals of approximately HK\$13,308,000 for twelve months from maturity date in March 2021, which the outstanding amounts of approximately HK\$166,342,000 as at 31 March 2022. Despite that the directors of the Company are confidence in further extend the repayment of the principals of the other borrowings taking into consideration long term relation with the lender. However, the proposed terms were subject to the final approval by the lender as at the date of these consolidated financial statements;
 - (c) the other borrowings of approximately HK\$29,033,000 has been renewed on 13 April 2022 and the borrowings of approximately HK\$29,033,000 has been extended to 12 April 2023 and 27 March 2024;
 - (d) the Group has fully settled defaulted in repayment of principals and interests of other borrowings of approximately HK\$7,371,000 and HK\$34,005,000 respectively subsequent to the reporting period which the outstanding amounts of borrowings of approximately HK\$864,981,000 as at 31 March 2022 remain outstanding. The default borrowings were subject to original contractual repayment dates;
- (iii) the Company has actively negotiated with financial institutions to secure the renewals of the Group's bonds to meet its liabilities when fall due;
 - (a) the 6.5% coupon bonds HK\$128,489,000 as at 31 March 2022 provided by Placing Agent A. In June 2022, the Company has active discussion of the possibility of rollover and/or issue of new bonds to refinancing the maturing 6.5% coupon bonds. Placing Agent A confirmed that they are now assessing the market and investors sentiment and, on behalf of the Company, liaising with the existing bondholders to extend the maturity.
- (iv) the Group has received a written confirmation dated 30 June 2022 from Mr. Li, the ultimate controlling shareholder, that he will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to him by the Group in the next twelve months from the date of approval for issue of these consolidated financial statements;
- (v) the Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;
- (vi) the Group may consider to dispose non-core business and/or financial assets if required; and
- (vii) the Group is currently soliciting different source of funds, including additional banking facilities to further support the Group's funding needs should the aforesaid operating cash inflows turned out to be less than forecasted.

The directors of the Company have considered the above refinancing plans and believe that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future. On this basis, the consolidated financial statements have been prepared on a going concern basis. However, should the above refinancing plans not be able to be implemented successfully, or the existing facilities provided by Mr. Li are no longer available to the Group, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Types of services: | | |
| Revenue from property management services | 79,695 | 64,720 |
| Revenue from financial guarantee services | 12,956 | 17,850 |
| Revenue from financial advisory services | | |
| – financial advisory services | 33,425 | 81,769 |
| – asset management services | 3,745 | 5,306 |
| Revenue from other services | 2,232 | 1,197 |
| | <hr/> | <hr/> |
| Total revenue from contracts with customers | 132,053 | 170,842 |
| | <hr/> | <hr/> |
| Add: | | |
| Rental income under HKFRS 16 | 33,296 | 32,341 |
| Interest income under HKFRS 9 | 20,756 | 20,495 |
| | <hr/> | <hr/> |
| Total revenue | 186,105 | 223,678 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Geographical markets: | | |
| Hong Kong and Macau | 37,170 | 89,075 |
| PRC | 94,883 | 83,767 |
| | <hr/> | <hr/> |
| Total | 132,053 | 170,842 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Timing of revenue recognition: | | |
| A point in time | 33,425 | 81,769 |
| Over time | 98,628 | 89,073 |
| | <hr/> | <hr/> |
| Total | 132,053 | 170,842 |
| | <hr/> <hr/> | <hr/> <hr/> |

3. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended 31 March 2022 and 2021.

For the year ended 31 March 2022

| Segment | Revenue disclosed in segment information HK\$'000 | Adjustment of rental income HK\$'000 | Adjustment of interest income HK\$'000 | Revenue from contracts with customers HK\$'000 |
|---|--|---|---|---|
| Property investment | 112,991 | (33,296) | – | 79,695 |
| Financial guarantee services and other financing services | 33,712 | – | (20,756) | 12,956 |
| Financial advisory services | 37,170 | – | – | 37,170 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Revenue for reportable segment | 183,873 | (33,296) | (20,756) | 129,821 |
| Unallocated revenue | 2,232 | – | – | 2,232 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | <u>186,105</u> | <u>(33,296)</u> | <u>(20,756)</u> | <u>132,053</u> |

For the year ended 31 March 2021

| Segment | Revenue disclosed in segment information HK\$'000 | Adjustment of rental income HK\$'000 | Adjustment of interest income HK\$'000 | Revenue from contracts with customers HK\$'000 |
|---|--|---|---|---|
| Property investment | 97,061 | (32,341) | – | 64,720 |
| Financial guarantee services and other financing services | 38,345 | – | (20,495) | 17,850 |
| Financial advisory services | 87,075 | – | – | 87,075 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Revenue for reportable segment | 222,481 | (32,341) | (20,495) | 169,645 |
| Unallocated revenue | 1,197 | – | – | 1,197 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | <u>223,678</u> | <u>(32,341)</u> | <u>(20,495)</u> | <u>170,842</u> |

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focus on the types of goods supplied and services provided by the Group.

The Group’s operating and reportable segments under HKFRS 8 “Operating segments” are as follows:

- (i) Property investment – leasing of property and provision of property management services
- (ii) Financial guarantee services and other financing services – provision of corporate financial guarantee services, related consultancy services and other financing services.
- (iii) Financial advisory services – provision of financial advisory and asset management services

The revenue streams and results from these segments are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

Money lending and factoring businesses are not separately reviewed by the CODM and therefore they are not separately presented.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results in by operating and reportable segments:

| | Year ended 31 March 2022 | | Year ended 31 March 2021 | |
|--|---------------------------------------|---|---------------------------------------|---|
| | Segment revenue <i>HK\$'000</i> | Segment profit (loss) for the year <i>HK\$'000</i> | Segment revenue <i>HK\$'000</i> | Segment profit (loss) for the year <i>HK\$'000</i> |
| Property investment | 112,991 | (62,343) | 97,061 | 88,401 |
| Financial guarantee services and other financial services | 33,712 | 25,977 | 38,345 | 22,327 |
| Financial advisory services | 37,170 | (14,319) | 87,075 | 17,418 |
| Revenue and result for reportable segment | 183,873 | (50,685) | 222,481 | 128,146 |
| Unallocated revenue | 2,232 | | 1,197 | |
| Total | <u>186,105</u> | | <u>223,678</u> | |
| Unallocated revenue | | 2,232 | | 1,197 |
| Unallocated other income, gains and losses | | 42,503 | | (17,537) |
| Unallocated allowance under expected credit loss model, net of reversal | | (21,621) | | 145 |
| Unallocated gain arising from disposal of subsidiaries, net | | – | | 15,869 |
| Unallocated gain on fair value change in put option derivative | | – | | 4,064 |
| Share of profit of an associate | | 6,842 | | 9,684 |
| Unallocated corporate expenses | | (37,075) | | (38,309) |
| Finance costs | | (288,558) | | (249,971) |
| Loss before tax | | <u>(346,362)</u> | | <u>(146,712)</u> |

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, unallocated revenue, unallocated allowance under expected credit loss model, net of reversal, unallocated gain arising disposal of subsidiaries, net, unallocated gain on fair value changes in put option derivative, share of profit of an associate, unallocated other income, gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. OTHER INCOME, GAINS AND LOSSES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Other income | | |
| Interest income | 4,423 | 4,757 |
| Other gains and losses | | |
| Gain on disposal of property, plant and equipment | 44 | 42 |
| Net foreign exchange loss | (20,406) | (31,389) |
| Loss on modification of financial liabilities | (12,758) | – |
| Over-provision of construction costs | 45,268 | – |
| Loss on fair value change of financial assets at FVTPL, net | (1,045) | (308) |
| Realised gain/(loss) from financial assets at FVTPL | 46 | (427) |
| Adjustment on carrying amount of amount due to a director | 1,665 | 1,665 |
| Adjustment on carrying amount of amount due to related parties | 23,623 | – |
| Adjustment on carrying amount of other borrowings (<i>note 13</i>) | – | 3,092 |
| Government grant | – | 2,845 |
| Others | 1,643 | 2,186 |
| | <u>38,080</u> | <u>(22,294)</u> |
| | <u>42,503</u> | <u>(17,537)</u> |

6. FINANCE COSTS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest on bank and other borrowings | 189,879 | 157,029 |
| Interest expenses on loan from staff | 897 | 830 |
| Interest expenses on amount due to a director | 2,950 | 1,697 |
| Effective interest expense on 9.0% coupon bonds | – | 3,625 |
| Effective interest expense on 6.5% coupon bonds | 17,552 | 20,687 |
| Effective interest expense on 13.0% coupon bonds | 30,689 | 30,653 |
| Imputed interest expense from amounts due to related companies | 22,512 | 17,607 |
| Imputed interest expense from other borrowings (<i>note 13</i>) | 21,750 | 15,566 |
| Imputed interest expense from amount due to a director | 1,656 | 1,453 |
| Interest expenses on lease liabilities | 673 | 824 |
| | <u>288,558</u> | <u>249,971</u> |

There was no finance cost capitalised arose on the general borrowing pool during the year ended 31 March 2022 and 2021.

7. INCOME TAX CREDIT/(EXPENSE)

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current tax: | | |
| Hong Kong | – | – |
| The PRC | <u>6,073</u> | <u>3,528</u> |
| | <u>6,073</u> | <u>3,528</u> |
| Under-provision/(over-provision) in prior years: | | |
| Hong Kong | – | 121 |
| The PRC | <u>–</u> | <u>23</u> |
| | <u>–</u> | <u>144</u> |
| Deferred tax | <u>(20,086)</u> | <u>11,795</u> |
| | <u>(14,013)</u> | <u>15,467</u> |

8. LOSS FOR THE YEAR

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss for the year has been arrived at after charging/(crediting): | | |
| Auditors' remunerations | | |
| – Current year | 1,850 | 1,850 |
| – Other service | 314 | 431 |
| Depreciation of property, plant and equipment | 15,347 | 7,159 |
| Depreciation of right-of-use assets | 8,437 | 9,980 |
| Gain on disposal of property, plant and equipment | (44) | (42) |
| Staff costs (including directors' emoluments) | | |
| Salaries and other benefits | <u>51,977</u> | <u>50,213</u> |
| Retirement benefit scheme contributions | <u>3,807</u> | <u>2,682</u> |
| | <u>55,784</u> | <u>52,895</u> |
| Expenses relating to short term lease | 1,122 | 890 |
| Gross rental income from investment properties | <u>(33,296)</u> | <u>(32,341)</u> |
| Less: direct operating expenses incurred for investment properties that generated rental income | <u>5,333</u> | <u>4,716</u> |
| | <u>(27,963)</u> | <u>(27,625)</u> |

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share | <u>(334,063)</u> | <u>(178,853)</u> |

Number of shares

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | <u>1,169,288</u> | <u>309,140</u> |

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2022 is determined by reference to the number of shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2021, had been adjusted for the effect of share consolidation, capital reduction and right issue as set out in note 15.

During the year ended 31 March 2022 and 2021, the computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price of shares for both years.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

11. TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED COMPANIES

Trade receivables

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|------------------------------------|--------------------------------|-------------------------|
| Trade receivables | | |
| – services | 30,535 | 32,771 |
| – operating lease | 547 | 931 |
| Financial guarantee contracts | 1,296 | 937 |
| | <u>32,378</u> | <u>34,639</u> |
| Less: Allowances for credit losses | <u>(9,768)</u> | <u>(818)</u> |
| | <u>22,610</u> | <u>33,821</u> |

As at 31 March 2022 and 2021, the carrying amount of trade receivables from contracts with customers amounted to HK\$31,831,000 and HK\$33,708,000 (net of allowance for expected credit losses of approximately HK\$9,766,000 and HK\$679,000 respectively).

The following is an aging analysis of trade receivables (net of allowance for expected credit losses) presented based on the invoice date at the end of the reporting period:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-------------|--------------------------------|-------------------------|
| 0 – 30 days | 13,573 | 8,441 |
| 31–90 days | 3,307 | 2,392 |
| > 90 days | 5,730 | 22,988 |
| | <u>22,610</u> | <u>33,821</u> |

The Group's credit terms for its major customers of international trading are usually 7 days to 30 days. The credit terms granted by the Group to other trade debtors of international trading are normally 30 days.

Customers related to financial guarantee services are required to settle either on monthly instalments in arrear or upon signing of the financial guarantee services contracts or relevant consultancy services contracts.

The Group's credit terms for its customers related to financial advisory services are normally 30 days to 90 days.

Customers related to financial guarantee services are required to settle either on monthly instalments in arrear or upon signing of the financial guarantee services contracts or relevant consultancy services contracts.

11. TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED COMPANIES (Continued)

Trade receivables from related company

As at 31 March 2022, trade receivables from related companies of approximately HK\$1,341,000 (net the allowance for expected credit losses of approximately HK\$6,000) (2021: HK\$5,888,000 (net the allowance for expected credit losses of approximately HK\$61,000)) were aged within 30 days based on the invoice date at the end of the reporting period.

12. TRADE PAYABLES

Trade payables

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------|--------------------------------|-------------------------|
| 0 – 30 days | – | – |
| 31 – 90 days | – | – |
| > 90 days | 760 | – |
| | <hr/> | <hr/> |
| | 760 | – |
| | <hr/> <hr/> | <hr/> <hr/> |

The credit period granted by the suppliers to the Group ranged from 30 to 90 days.

13. BANK AND OTHER BORROWINGS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Bank borrowings, secured | 695,973 | 655,615 |
| Other borrowings, secured | 555,605 | 423,119 |
| Other borrowings, unsecured | 430,249 | 457,552 |
| Bank overdraft | 11,987 | 13,058 |
| | <u>1,693,814</u> | <u>1,549,344</u> |
| Carrying amount of the above borrowings are repayable* | | |
| – Within one year | 571,557 | 523,288 |
| – More than one year, but not exceeding two years | 71,262 | 178,386 |
| – More than two years, but not exceeding five years | 184,615 | 194,233 |
| – More than five years | 182,154 | 234,264 |
| | <u>1,009,588</u> | <u>1,130,171</u> |
| Carrying amount of the bank and other borrowings that contains a repayable on demand clause (shown under current liabilities) but repayable* | | |
| – Within one year | 684,226 | 419,173 |
| | <u>1,693,814</u> | <u>1,549,344</u> |
| Less: Amount due within one year or contains a repayable on demand clause shown under current liabilities | <u>(1,255,783)</u> | <u>(942,461)</u> |
| Amount shown under non-current liabilities | <u>438,031</u> | <u>606,883</u> |

* The amounts due are based on scheduled repayable dates set out in loan agreements.

13. BANK AND OTHER BORROWINGS (Continued)

The banks overdraft carried interest at Hong Kong Prime Interest Rate (2021: Hong Kong Prime Interest Rate) per annum.

As at 31 March 2022, the variable-rate bank borrowing of approximately HK\$145,231,000 (2021: approximately HK\$155,158,000) are secured by the Group's property, plant and equipment and certain investment properties. The borrowings carries interest rate at based rate fixed by People's Bank of China ("PBOC Rate") plus a premium per annum (2021: HIBOR plus 2.5% or LIBOR plus 3.5% or based rate fixed by PBOC Rate plus a premium per annum).

As at 31 March 2022, the fixed-rate bank borrowing of approximately HK\$550,742,000 (2021: approximately HK\$500,457,000) are secured by equity interest of certain Group's wholly owned subsidiaries, the Group's certain investment properties and the Group's investment properties including in the assets classified as held for sale. The borrowings carries at a fixed-rate ranged from 4.4% to 8.5% per annum (2021: 4.8% to 8.5% per annum).

As at 31 March 2022, other borrowings amounted to approximately HK\$555,605,000 (2021: approximately HK\$423,119,000) is secured by equity interest of certain Group's wholly owned subsidiaries. The borrowings carries at a fixed-rate ranged from 12.6% to 20.0% per annum (2021: a fixed-rate ranged from 9.0% to 20.0%) and is repayable on 30 June 2022, 10 December 2022 and 14 December 2022.

As at 31 March 2022, the remaining other borrowings of approximately HK\$430,249,000 (2021: approximately HK\$457,552,000) are unsecured, carries interest at a fixed- rate ranged from 5.0% to 15.0% per annum (2021: a fixed-rate ranged from 5.0% to 18.0% per annum) and are repayable at maturity dates ranged from 1 April 2022 to 21 March 2023 (2021: 1 April 2021 to 31 March 2022).

As at 31 March 2022, unsecured other borrowings included an amount of HK\$156,936,000 (equivalent to RMB127,510,000) (2021: HK\$157,963,000 (equivalent to RMB133,510,000)) which represents the capital injection in the form of registered capital and capital reserve into Shaanxi Chinlink Financial Guarantee Limited ("**Chinlink Financial Guarantee**") by 漢中市投資控股集團有限公司 ("**Hanzhong Investment**") pursuant to a cooperation agreement entered into between Chinlink Financial Guarantee, Hanzhong Investment and Chinlink Alpha on 17 May 2018. Chinlink Financial Guarantee was wholly-owned by Chinlink Alpha before the capital injection and was held as to 65% by Chinlink Alpha and 35% by Hanzhong Investment after the capital injection.

According to the cooperation agreement, Chinlink Financial Guarantee shall distribute profit to Hanzhong Investment equivalent to 5.0% per annum of its capital injected. If the profit distribution of the year is less than that return, Chinlink Alpha or its nominated third party shall compensate the difference in the form to be agreed between the parties. Other than the 5.0% per annum profit distribution to Hanzhong Investment, all profit and reserves of Chinlink Financial Guarantee shall belong to the Group.

If there is a change in national policy or material adverse change in the business, assets, prospects, operation or financial condition in Chinlink Financial Guarantee, or if there is a material breach of the cooperation agreement which has not been rectified within 14 working days after notification, the cooperation agreement may be terminated and Hanzhong Investment can demand repayment. The total amount payable to Hanzhong Investment shall not exceed the actual total capital contributed by Hanzhong Investment, or Chinlink Alpha can acquire the 35% shareholding of the Chinlink Financial Guarantee held by Hanzhong Investment based on the total capital contributed by Hanzhong Investment.

Based on the above, the amount injected by Hanzhong Investment is classified as other borrowing under current liability.

13. BANK AND OTHER BORROWINGS (Continued)

As at 31 March 2022, none of the unsecured other borrowings (2021: HK\$152,483,000) is non-interest bearing. During the year ended 31 March 2022, the lender of the unsecured and non-interest bearing of other borrowing transferred the right of the debts to another company, which is the related company of the Group. The unsecured and non-interest bearing of other borrowing was then derecognised and an amount due to the related companies was recognised.

During the year, an imputed interest from other borrowings of approximately HK\$21,750,000 (2021: HK\$15,566,000) is recognised in consolidated statement of profit or loss and other comprehensive income.

The ranges of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's bank and other borrowings are as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------------------|--------------------------------|-------------------------|
| Effective interest rate: | | |
| Fixed-rate borrowings | 4.40%-20.00% | 4.80%–20.00% |
| Variable-rate borrowings | 7.13% | 3.58%–7.13% |

The Group has bank borrowings and other borrowings of approximately HK\$194,462,000 and approximately HK\$489,764,000 respectively that contains a repayable on demand clause (2021: approximately HK\$2,469,000 and approximately HK\$416,704,000 respectively), which were included in the current liabilities.

The Group has defaulted in repayment of principals and interests of bank and other borrowings amounting to approximately HK\$49,711,000 and HK\$34,006,000 respectively during the year ended 31 March 2022 which outstanding amounts of borrowings of approximately HK\$1,060,356,000 as at 31 March 2022 remain outstanding. Due to this breach of default clause of borrowings, this had triggered cross default of another borrowings, totaling of approximately HK\$19,042,000 as at 31 March 2022, which were originally due for repayment in May 2022 and December 2022, the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings of approximately HK\$1,079,398,000.

14. ASSETS AND LIABILITIES OF DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALES

On 6 January 2022, Chinlink Glory Limited (the “Vendor”), an indirect wholly-owned subsidiary of the Company entered into a letter of intent with a company established in the PRC (the “Purchaser”), in relation to a potential disposal of 100% of the equity interests in Real King International (Xi’an) Information Technology Company Limited* (匯景國際(西安)信息科技有限公司) (the “Disposal Company”) by the Vendor to the Purchaser.

On 29 April 2022, the Vendor entered into the conditional sale and purchase agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the entire equity interest of the Disposal Company at RMB132,372,708.56 (equivalents to approximately HK\$162,920,000).

On 10 June 2022, the terms of the conditional sale and purchase agreement were approved by the shareholders in a special general meeting of the Company. The transaction is expected to complete in the July 2022.

Assets and liabilities of the Disposal Company were classified as ‘Assets classified as held for sale’ and ‘Liabilities directly associated with assets classified as held for sale’ respectively in accordance with HKFRS 5 as at 31 March 2022.

The following assets and liabilities were reclassified as held for sale as at 31 March 2022:

| | 2022 HK\$’000 |
|---|--------------------------------|
| Assets classified as held for sale | |
| Property, plant and equipment | 72,320 |
| Investment properties | 669,477 |
| Trade receivables | 107 |
| Other receivables | 3,121 |
| Bank balances and cash | 1,061 |
| | <hr/> |
| Total assets of the Disposal Company held for sale | 746,086 |
| Liabilities directly associated with assets classified as held for sale | |
| Deposits received from tenants | 3,476 |
| Receipts in advance | 3,411 |
| Other payables and accrual | 11,946 |
| Construction costs accruals | 33,237 |
| Other borrowings | 62 |
| Amount due to related companies | 359,791 |
| Deferred tax liabilities | 11,100 |
| | <hr/> |
| Total liabilities of the Disposal Company directly associated with assets held for sale | 423,023 |

15. SHARE CAPITAL

| | Number of shares | Nominal value HK\$'000 |
|--|-----------------------|------------------------------|
| Ordinary shares: | | |
| Authorised ordinary shares | | |
| At 1 April 2020, of HK\$0.3125 each | 2,000,000,000 | 625,000 |
| Increase in authorised share capital (<i>Note i</i>) | <u>60,500,000,000</u> | <u>–</u> |
| At 31 March 2021, 1 April 2021 and 31 March 2022 of HK\$0.01 each | <u>62,500,000,000</u> | <u>625,000</u> |
| At 1 April 2020 of HK\$0.3125 each | 1,461,609,692 | 456,753 |
| Share consolidation (<i>Note i</i>) | (1,169,287,754) | – |
| Capital reduction (<i>Note i</i>) | – | (453,830) |
| Rights issue (<i>Note ii</i>) | <u>876,965,814</u> | <u>8,770</u> |
| At 31 March 2021, 1 April 2021 and 31 March 2022 of HK\$0.01 each | <u>1,169,287,752</u> | <u>11,693</u> |

Note i: On 19 February 2021, the share consolidation on the basis of every 5 issued and unissued ordinary shares of HK\$0.3125 each consolidated into 1 share of HK\$1.5625 each was implemented. After capital reduction whereby: (a) any fractional consolidated shares in the issued share capital of the Company arising from the share consolidation were cancelled; and (b) the nominal value of all the issued consolidated shares was reduced from HK\$1.5625 each to HK\$0.01 each by canceling the paid-up share capital of the Company to the extent of HK\$1.5525 on each of the consolidated shares in issue. Immediately following the share consolidation of issued share capital and the capital reduction of the Company, the authorized share capital of the Company was increased to HK\$625,000,000 divided into 62,500,000,000 ordinary shares by the creation of an additional 60,500,000,000 ordinary shares.

The structure of the Company's authorised share capital was changed from HK\$625,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.3125 each, to HK\$625,000,000 divided into 62,500,000,000 ordinary shares of HK\$0.01 each. The issued share capital of the Company was changed from HK\$456,753,029 divided into 1,461,609,692 ordinary shares, to HK\$2,923,219 divided into 292,321,938 ordinary shares.

Note ii: On 25 March 2021, rights Issue on the basis of three rights shares for every one share at the subscription price of HK\$0.38 per rights shares held was effected and a total of 876,965,814 ordinary shares were issued with an aggregate par value of approximately HK\$8,770,000. Details of which are set out in the prospectus of the Company dated 3 March 2021 (the "Prospectus") and the announcement of the Company dated 24 March 2021.

16. CONTINGENT LIABILITIES

Corporate guarantee

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Guarantee given to banks in respect of financial guarantee services provided to: | | |
| – Independent third parties | <u>219,464</u> | <u>366,919</u> |
| | <u><u>219,464</u></u> | <u><u>366,919</u></u> |

17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had future minimum lease receivable under noncancelable operating leases which fall due as follows:

As lessor

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Within one year | 5,251 | 18,947 |
| In the second to fifth year inclusive | – | 13,314 |
| More than five year | – | 120,482 |
| | <u>5,251</u> | <u>152,743</u> |

Operating lease income represents rental receivable by the Group for its leasing of retail shop, offices and car park.

18. CAPITAL COMMITMENTS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Capital expenditure contracted for but not provided in the consolidated financial statements in connection with the investment properties under construction | <u>28,464</u> | <u>456,224</u> |

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year under review, the Group recorded a total revenue of HK\$186.1 million, represented a drop of 16.8% compared with the year ended 31 March 2021 (the “**Previous Year**”). This Year was a particular difficult year for the Group. We faced global geopolitical and economic uncertainty, the on-going COVID-19 pandemic, a troubled Chinese housing market and government policy crackdowns on Chinese technology industries, high inflation, and rising interest rate. A few of our business segments in the People’s Republic of China (“**China**” or the “**PRC**”) and Hong Kong suffered negative growth in income and profits. Our attempt to refinance some of the existing debts was unsuccessful due to the unfavourable credit market and low aptitude for real estate finance. Travel restrictions and city lockdowns not only hammered new business development, but the normal daily operations were also disrupted.

Segmental Performance

Property Investment Business

The property investment business comprised revenue from the Chinlink International Centre (the “**CIC**”) and Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the “**Commercial Complex**”). During the Year, this segment recorded a total revenue of HK\$113.0 million which HK\$19.6 and HK\$93.4 were contributed by CIC and the Commercial Complex, respectively. There was a rise of 16.4% compared with the Previous Year.

CIC has recorded an increase of 114.5% in revenue because more tenants gradually moved in late 2020 after the renovation period. The occupancy rate reached 88% as of the end of the Year. During the Year, the Commercial Complex was once again affected by the resurgence of COVID-19. Yet its revenue had recorded a slight increase of 6.2%. It is because RMB was appreciated against HK\$ during the Year and the Commercial Complex successfully introduced a series of concessionary measures, including a short term rental allowance and a flexible rent-free program for lease renewal to retain the tenants. The average occupancy rate of the Commercial Complex during the Year was 97%, it showed a slight increase of 1% compared with the Previous Year.

* For identification purpose only

Financial Advisory Services Business

During the Year, MCM Holdings Limited and its subsidiaries (collectively “**MCM Group**”) recorded revenue of HK\$37.2 million in commission and management fees across its core financial advisory and asset management activities, representing 57.3% drop against the income of the Previous Year. MCM Group has felt the impact of the volatility in global markets, particularly in Asia. The investment environment has changed dramatically, and capital allocation has been significantly curtailed. Several advisory mandates were put on hold, and at least two special purpose acquisition company (“**SPAC**”) mergers which MCM Group advised were indefinitely postponed or cancelled. Others, particularly the one for Grab Holdings Inc. (“**Grab**”), which was mentioned in the previous interim report, had an unexpected loss in value, shedding over 30% of the MCM Group’s value within days of listing and further falling to lose over 60% of the initial listing value. This had also a significant impact on our fee income related to investments in Grab.

In MCM Investment Partners Limited (“**MCMIP**”), the asset management arm of MCM Group, its assets under management averaged around US\$75 million. Following the launch of several funds in Previous Year, MCMIP managed to launch further funds, one as a Fund of Funds, investing in one of the most reputable Private Equity and Venture Capital firms in the Greater China region, and a second into a US-listed semiconductor company. The launch of the Fund of Funds is a unique opportunity to leverage MCM Group’s global reach as we access unique investment managers that are otherwise inaccessible to most investors. MCM Group’s semiconductor investment through a private placement into a leader in the GaN technology sphere again allowed MCM Group to establish a relationship with a true global leader and facilitate strategic investors in this region that will facilitate access and growth opportunities years to come. MCM Group has continued to further conversations for strong fund collaborations, which gives us hope to be able to launch new funds in such a format in the second half of 2022.

Financial Guarantee Services and Other Financial Services Businesses

For the Year, the Group generated HK\$13.0 million in revenue from the financial guarantee services and HK\$20.7 million from other financial services, which include interest income from money lending in Hong Kong under Money Lender Licence, factoring and entrusted loan businesses in the PRC. The Group continued to maintain a conservative approach to this segments due to the unfavourable market condition.

FINANCIAL REVIEW

Profitability Analysis

For the Year, the Group's revenue was HK\$186.1 million, reflecting a significant decrease of 16.8% from HK\$223.7 million in the Previous Year. Revenue contribution by segments comprised of: property investment of HK\$113.0 million (2021: HK\$97.1 million), financial advisory services of HK\$37.2 million (2021: HK\$87.1 million), financial guarantee services and other financial services of HK\$33.7 million (2021: HK\$38.3 million) and other revenue of HK\$2.2 million (2021: HK\$1.2 million).

Gross profit for the Year decreased to HK\$133.2 million, down 14.6% from HK\$155.9 million in the Previous Year. Gross profit margin increased slightly to 71.5% from 69.7% in the Previous Year.

The decrease in revenue and gross profit was mainly attributable to significant drop in revenue from financial advisory services due to the change in investment environment and curtailment of capital allocation.

Other income, gains and losses recorded a gain of HK\$42.5 million (2021: a loss of HK\$17.5 million) for the Year, mainly attributable to (i) overprovision of construction costs of investment properties; (ii) adjustment on carrying amount of amounts due to related companies; and (iii) interest income from bank deposits but partially offset by (i) exchange loss arising from appreciation of RMB against HK\$ during the Year; and (ii) loss on derecognition of deferred income. During Previous Year, the loss mainly comprised of exchange loss arising from appreciation of RMB against HK\$ but partially offset by (i) interest income from bank deposits; and (ii) government subsidy under Employment Support Scheme etc.

During the Previous Year, the Group disposed certain subsidiaries engaging in property holding and interior decoration in Hong Kong with significant accumulated losses and net liabilities. Gain from disposal of subsidiaries of HK\$15.9 million was recorded for the Previous Year and no such one-off gain was recorded for the Year.

Under the continuing adverse impact caused by the COVID-19 pandemic, the Group recorded loss on fair value change of investment properties amounted to HK\$95.6 million (2021: a gain of HK\$51.4 million) for the Year. It was mainly attributable to a fair value loss of the CIC (as a result of the decrease in rental tariff and increase in market yield) and the Commercial Complex but partly offset by a fair value gain arising from the the logistics park project located at Hantai District, Hanzhong City, Shaanxi Province, the PRC (the "**Chinlink•Worldport**").

During the Year, share of profit of an associate amounted to HK\$6.8 million (2021: HK\$9.7 million) contributed by a 25%-owned associate company, namely Chinlink Finance Lease Company Limited (the "**Finance Lease Company**").

Administrative expenses mainly comprised staff costs, travelling expenses, depreciation, legal and professional fee amounted to HK\$108.9 million for the Year, representing an increase of HK\$5.9 million as compared with HK\$103.0 million of the Previous Year. The increase was mainly due to increase in deprecation in relation to the leasehold property owned and utilised by the Group with construction completed during the Year and appreciation of RMB against HK\$ during the Year.

Finance costs amounted to HK\$288.6 million for the Year, representing an increase of HK\$38.6 million as compared with HK\$250.0 million in the Previous Year. The increase was mainly due to (i) increase in bank and other borrowings; and (ii) appreciation of RMB against HK\$ during the Year which increased the finance costs denominated in RMB being translated to the reporting currency, i.e. HK\$.

In respect of goodwill arising from the acquisition of MCM Group, after taking into accounts the negative impacts caused by the continuous trade dispute between the PRC and the United States of America (the “US”) as well as the COVID-19 pandemic, an impairment of HK\$7.0 million was made for the Year after due consideration.

For the Year, the Group recorded a loss of HK\$332.3 million (2021: HK\$162.2 million) mainly due to (i) significant drop in revenue from financial advisory services; (ii) substantial loss on fair value change of investment properties, while there was significant gain for the Previous Year; (iii) increase in finance costs; (iv) impairment of goodwill arising from the acquisition of MCM Group; and (v) the absence of one-off gain from disposal of a subsidiary recorded in the Previous Year.

Liquidity and Financial Resources

As at 31 March 2022, the bank balances and cash and pledged bank deposits amounted to HK\$251.9 million in total, representing an increase of HK\$15.1 million from HK\$236.8 million in the Previous Year. The increase was mainly due to the new loan from the Finance Lease Company and the other borrowings obtained during the Year but partly utilised for repayment of bank and other borrowings, construction costs and daily operating expenses during the Year.

As at 31 March 2022, the bank and other borrowings of the Group which were mainly denominated in HK\$, RMB and United States dollars (“US\$”) amounted to HK\$1,693.8 million (31 March 2021: HK\$1,549.3 million), representing an increase of HK\$144.5 million from that of 31 March 2021, of which HK\$1,255.8 million and HK\$438.0 million were repayable within one year and more than one year respectively.

Details of the significant financing activities completed during the Year (some of which had imposed specific performance obligations on the controlling shareholder of the Company which were subject to announcement disclosure under Rule 13.18 of the Listing Rules and requirements of disclosure in this announcement under Rule 13.21 of the Listing Rules) were as follows:

First 6.5% Coupon Bonds

6.5% coupon bonds (the “**First 6.5% Coupon Bonds**”) with aggregate principal amount of HK\$200.0 million were issued in four tranches on 7 August 2019, 8 August 2019, 19 August 2019 and 6 September 2019. The First 6.5% Coupon Bonds are secured by the equity interests of certain subsidiaries, repayable on the day falling on the first anniversary of the issue dates, interest bearing at 6.5% per annum and guaranteed by Mr. Li (the ultimate controlling shareholder and an executive director of the Company). During 2020, the First 6.5% Coupon Bonds were matured, of which HK\$41.5 million were redeemed by the Company and the remaining principal of HK\$158.5 million were extended for one year pursuant to the deed of amendment dated 6 August 2020.

On 23 August 2021, the Company and Mr. Li (as the guarantor), with the approval of the bondholders of the First 6.5% Coupon Bonds, executed the second deed of amendment to amend certain terms and conditions of the bond instrument of the First 6.5% Coupon Bonds, pursuant to which the maturity dates of the First 6.5% Coupon Bonds were extended for 1 year and the Company can re-issue the First 6.5% Coupon Bonds of up to HK\$140.0 million in aggregate. The maturity date of the new issue shall be the day falling on the first anniversary of the new issue dates.

For the purpose of the new issuance of the First 6.5% Coupon Bonds, on 23 August 2021, the Company entered into the new placing agreement with the placing agent, pursuant to which the placing agent conditionally agreed to procure, on a best effort basis, the places to subscribe in cash for the First 6.5% Coupon Bonds.

During the Year, the First 6.5% Coupon Bonds with principal amount of HK\$67.0 million were extended for 1 year and HK\$59.3 million were newly placed and issued. The proceeds from new placing were used to refinance the existing borrowings. For details, please referred to the announcements of the Company dated 23 August 2021 and 30 September 2021.

Second 6.5% Coupon Bonds

On 23 July 2020, the Company entered into a placing agreement with a placing agent to issue 6.5% coupon bonds ((the “**Second 6.5% Coupon Bonds**”), with the First 6.5% Coupon Bonds, collectively the “**6.5% Coupon Bonds**”) with principal amount of up to HK\$100.0 million, under best effort basis. The Second 6.5% Coupon Bonds are secured by the equity interests of a subsidiary, repayable on the day falling on the first anniversary of the issue date, interest bearing at 6.5% per annum and guaranteed by Mr. Li. On 4 August 2020, the Second 6.5% Coupon Bonds with principal of HK\$66.5 million were issued and the proceeds were used for refinancing the borrowings of the Group. Details of the Second 6.5% Coupon Bonds are set out in the announcements of the Company dated 23 July 2020 and 4 August 2020. It is a condition of the 6.5% Coupon Bonds that Mr. Li and his associates shall not cease to own, directly or indirectly, at least 51% of the beneficial interest in the Company carrying at least 51% of the voting right, failing which the 6.5% Coupon Bonds shall be immediately redeemable. The Second 6.5% Coupon Bonds were matured and fully repaid by the Company during the Year.

Save as disclosed above, the Company has not entered into any significant loan agreement that imposed specific performance obligations on the controlling shareholder of the Company which were subject to announcement disclosure under Rule 13.18 of the Listing Rules and requirements of disclosure in this announcement under Rule 13.21 of the Listing Rules.

Loan from the Finance Lease Company

During the Year, Xi'an Da Ming Gong Ba Qiao Furniture and Fixture Limited ("**Ba Qiao**") (an indirectly wholly-owned subsidiary of the Company) (as borrower) and the Finance Lease Company (as the lender) entered into a finance lease agreement, pursuant to which the Finance Lease Company agreed to lend a short term loan in the total sum of approximately RMB88.7 million to the Group. The loan is interest bearing at 12% per annum and will be expired in December 2022. Certain furniture and fixtures of Ba Qiao were pledged as securities for the loan.

Short term loan from an independent third party

During the Year, Ba Qiao (as borrower) and an independent third party (as the lender) entered into a loan agreement, pursuant to which the independent third party agreed to lend an unsecured short term loan of RMB100.0 million to the Group. The short term loan is interest bearing at 12% per annum and will be expired in July 2022. During the Year, the short term loan was drawn down and used mainly for the construction of the Phase Two Development (as defined below).

As at 31 March 2022, the Group recorded net current liabilities of HK\$791.0 million (31 March 2021: HK\$1,233.6 million) and the current ratio of the Group calculated as the Group's current assets over its current liabilities was 0.70 (31 March 2021: 0.33). The improvement in current ratio was mainly due to (i) reclassification of CIC from non-current assets to current assets as the Group entered into a conditional sale and purchase agreement to sell CIC (for details, please refer to the section headed "Events after the reporting period" in this announcement); and (ii) reclassification of the phase two development of the Commercial Complex (the "**Phase Two Development**") from non-current assets to current assets as the Group decide to sell the Phase Two Development instead of holding it as long-term investment properties.

Share Capital

As at 31 March 2022, the authorised share capital and issued share capital of the Company were HK\$625.0 million and HK\$11.69 million respectively (31 March 2021: HK\$625.0 million and HK\$11.69 million respectively). There were no changes in the authorised share capital and issued share capital of the Company during the Year.

Gearing Ratio

The Group's gearing ratio as at 31 March 2022 was 0.65 (31 March 2021: 0.59) which was calculated based on the Group's total liabilities of HK\$3,593.7 million (31 March 2021: HK\$3,110.5 million) and the Group's total assets of HK\$5,569.7 million (31 March 2021: HK\$5,284.2 million). The setback in the gearing ratio was mainly due to increase in construction costs accruals, bank and other borrowings and loss for the Year.

Material lending transactions

As part of the normal course of business of the Group, the Group provided certain financial services to its customers, which included (i) provision of various type of lending, for instance, factoring loans; entrusted loans; and other loans etc.; and (ii) provision of financial guarantee service.

As at 31 March 2022, the Group has total loan receivables amounting to HK\$246.6 million, all of which are repayable within 1 year from 31 March 2022 with interest rate ranging from 6.0% to 12.5% per annum. The loan receivables are generally guaranteed by the legal representatives, shareholders of the customers, independent third party individuals and/or independent third party corporations and certain portions were secured by trade receivables, the forest felling right owned by the customer or operating income of the customer.

As at 31 March 2022, HK\$25.33 million of the loan receivables were overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK\$4.1 million was provided for the Year.

Under the provision of financial guarantee services, the Group agreed to guarantee the settlement by its customers of the obligation under the bank loan agreements entered into by its customers (as the borrowers) and the banks (as the lenders). As at 31 March 2022, the total guarantee sum provided by the Group to the lending banks amounted to HK\$221.5 million. All of the loans guaranteed by the Group are repayable within 1 year from 31 March 2022. The guarantee fee and consultancy fee (in aggregate) charged to its customers are generally ranging from 0.5% to 7% of the loan principal per annum. The guarantee arrangements are generally counter-guaranteed by the legal representatives, shareholders of the customers, independent third party individuals, and/or independent third party corporations. Certain portions are also secured by i) cash deposits; ii) real estate properties; iii) operating income; and iv) the forest felling right owned by the customer. As at 31 March 2022, underlying banks loan of HK\$4.63 million were overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK\$2.0 million was provided for the Year.

Foreign Currency Exposure

The Group's revenue, expenses, major assets and liabilities were mainly denominated in HK\$, RMB and US\$. During the Year, the exchange rate of RMB to HK\$ appreciated slightly. As HK\$ is pegged to US\$, the Directors considered that the foreign currency risk of the Group was relatively low.

Contingent Liabilities and Charge on Assets

Save as disclosed in note 16 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2022, the Group had pledged (i) bank deposits of HK\$209.3 million to certain banks as securities in return for the banks' provision of loans to the Group's financial guarantee services customers; (ii) leasehold land and building with carrying value of HK\$24.1 million to secure obligations under banking facilities; and (iii) certain investment properties (including the assets classified as held for sale) with fair value of HK\$4,117.5 million and equity interest of certain subsidiaries to secure obligation under certain bank and other borrowings, the 6.5% Coupon Bonds and 13.0% Coupon Bonds.

Capital Commitments

As at 31 March 2022, the Group had capital commitments contracted but not provided for amounting to HK\$28.5 million in respect of the development of Chinlink•Worldport. Details of the commitments are set out in note 18 of this announcement. The Group will fund the capital commitments through cash generated from operations, bank and other borrowings and borrowings from the controlling shareholder of the Company and disposal of assets.

Events after the reporting period

After the outbreak of COVID-19 infection in early 2020, a series of precautionary and control measures have been and continued to be implemented across many countries/regions. The Group will pay close attention to the development of COVID-19 infection and evaluate its impact on the financial position and operating results of the Group. Pending development of such subsequent non-adjusting event, the Group's financial and operating performance may be affected, the extent to which cannot be estimated as at the date of this announcement.

On 29 April 2022, the Group entered into the conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with an independent third party in relation to disposal of the entire equity interest of an indirectly non-wholly-owned subsidiary (incorporated in the PRC which holds CIC, being one of the investment properties of the Group) for a cash consideration of RMB132.4 million. This disposal transaction constituted a very substantial disposal transaction of the Company under the Listing Rules.

The disposal transaction is expected to be completed in July 2022. For details, please refer to the announcements of the Company dated 29 April 2022 and 10 June 2022 and the circular of the Company dated 25 May 2022.

Save as disclosed above, there is no significant subsequent events after the year end date of 31 March 2022.

Final Dividend

The Directors do not recommend the payment of final dividend for the Year (2021: Nil).

Major Risks

The major risks that may affect the Group's business are outlined below:

Economic Risk

The Group's core businesses and properties are located in Hong Kong and China. As such, the general policies and politics, and fiscal and monetary policies of the governments of Hong Kong and China may have a direct or indirect economic impact on the Group. The Group closely monitors the economic environment, evaluates the situation and adjusts its strategy as needed to mitigate these risks.

Credit Risk

The Group's exposure to credit risk results from trade debtors and loan receivables arising from the sale of goods, rendering of services to customers and providing loans to customers, and the provision of guarantees to lending banks in favour of customers obtaining loans provided by the lending banks. The Group has a credit policy in place and credit risk is monitored on an on-going basis. Individual credit assessments are carried out to determine the credit limits and terms which are reviewed on a regular basis.

Liquidity Risk

The Group manages its liquidity risk by closely monitoring its current and expected liquidity requirements, ensuring that there is sufficient liquid cash, committed bank facilities and/or loans from its controlling shareholder to meet its funding needs. In addition, the Group continuously monitors its compliance with loan covenants.

Compliance Risk

The Group recognises the risks of non-compliance with regulatory requirements. The Group conducts on-going reviews of laws and regulations affecting its operations and provides relevant training and guidance to staff.

Relationship with Employees, Customers and Suppliers

As at 31 March 2022, the Group had 32 employees in Hong Kong, 219 employees in China and 1 employee in the United Kingdom (31 March 2021: 37 employees in Hong Kong and 217 employees in China and 1 employee in the United Kingdom). Employees are remunerated based on their performance and relevant working experiences, taking into account the prevailing market conditions. Discretionary performance bonus may be awarded to employees with reference to the financial performance of the Group. Other employee benefits include contributions to mandatory provident funds, medical insurance and professional development and training.

The Group is dedicated to fostering close working relationships with customers and suppliers. The maintenance of good relationship with customers and suppliers is fundamental to the Group's operational performance and on-going financial success.

Prospect

2022 is a challenging year in the global context. Inflation in the US has risen to 8.5%, the highest since 1990. It is triggered by worldwide supply chain disruption and widespread shutdowns from the COVID-19 pandemic restrictions. The deepening of the US-China rivalry increases the direct costs resulting from the import tariffs. It leads to a retreat from globalisation and rising protectionism, such as reshoring of production base despite higher operating costs and inefficiency. The outbreak of Russia's war in Ukraine triggered the most significant commodity price shock experienced worldwide since the 1990s. Hence, we see a surge in interest rates in response to sharpening inflation, adding burdens to the heavily indebted businesses, and posting a grave danger of a recession on a global scale.

China projects a GDP growth of 5.5% for 2022. However, the recent Omicron wave has cut growth. Tightened lockdown measures and travel restrictions hampered business activities, production, exports, and private consumption. Amid increased government policy tightening, the property sector remained depressed, with falling home sales and new home prices. However, the central government has timely released a series of macro policies and stimulus plans that will likely stabilise growth to achieve the target of 2022.

Because of this complex business outlook, the Group has already decided on a strategy to dispose of some of the capital-intensive property investments in China in response to the further downturn in the real estate market. The Group plans to apply proceeds from the sales and disposals for debt repayments and reduce the interest expenses, which is vital in an inflationary cycle. The Group will complete the disposal of CIC in July 2022, and the proceeds will be used to repay an underlined borrowing. As a result, the financial costs will be reduced and it is expected that the Group's liquidity will also be improved.

In the third quarter of 2021, we launched the presale of the Phase Two Development. Unfortunately, the market has not been favourable, and the sale's progress is far from satisfactory. We are constantly reviewing the marketing and sales strategy to deal with the market change, hoping to recap the investment as soon as practical. Lately, local government has announced various easing measures, including lower mortgage rates and better access to home mortgage finance. We anticipate such policy easing will expedite the presale in the second half of 2022.

The joint venture project with the Hanzhong Municipal Government is still in progress. There has been a considerable delay due to the COVID-19 lockdown. The project includes setting up a Public-Private Partnership (“**PPP**”) joint venture to take over the assets of Chinlink•Worldport and merge with the Hanzhong Baohe Logistics Park, which is owned and operated by the Hanzhong government. The Group will be responsible for the future development and overall management, including the Chinlink•Worldport, with the financial and resources backups from the Hanzhong Municipal Government. The Group will have a minority equity interest in the PPP. We anticipate the PPP joint venture could provide recurrent incomes to the Group from next year onwards.

From early 2021, China imposed a host of regulatory scrutiny targeted at the technology, internet, education, and delivery platforms sectors. Stocks of those affected companies had taken a heavy toll on their investments within a few months. International capitals have been pulling back from further investment in Chinese companies in light of the policy uncertainty and escalating industry and political risks. The growing tension between China and the US, especially on the financial front, also hinders the flow of capital to the China market. As such, the outlook of the financial advisory services will remain opaque.

In comparison, the domestic capital market in China remains very robust. In line with the Chinese government’s 14th 5-year development plan, which emphasises internal circulation, technological self-sufficiency and national security, many onshore Chinese capitals are chasing after homegrown companies specialised in new technologies, green energies, artificial intelligence, semiconductors etc. We will expand the China onshore asset management operations to target later-stage growth companies in these categories and invest through venture capital funds. We anticipate such a business will provide stable management incomes and upside capital gains through exits within a reasonable time frame.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Year, the Company has complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Weibin is the chairman and the managing director of the Company (the Company regards the role of its managing director to be the same as that of chief executive under the CG Code). The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

For details of the compliance and practice of corporate governance of the Company, please refer to the corporate governance report contained in the 2021/2022 Annual Report to be published in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code for the Year.

REVIEW OF FINANCIAL STATEMENTS

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors namely, Ms. Lai Ka Fung, May (Chairman), Dr. Ho Chung Tai, Raymond and Ms. Chan Sim Ling, Irene. The Audit Committee has reviewed the Group’s consolidated financial statements for the Year and discussed the risk management and internal control and financial reporting matters.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

APPRECIATION

The Board would like to express its sincere appreciation to all the Group’s investors, customers, partners and shareholders for their continuing support and would like to thank the staff of the Group for their invaluable contribution to the Group.

EXTRACT OF INDEPENDENT AUDITORS’ REPORT

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the Year. The report includes paragraphs of material uncertainty related to going concern, without modification:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related To Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$332,349,000 and, as of 31 March 2022, the Group had net current liabilities of approximately HK\$791,022,000, while its bank balances and cash amounted to approximately HK\$42,608,000 only as at 31 March 2022. In addition, the Group had outstanding borrowings and bonds of approximately HK\$1,255,783,000 and HK\$389,614,000, respectively which were due for repayment or renewal in the next twelve months after 31 March 2022. The Group has defaulted in repayment of principals and interest of borrowings and bonds amounting to approximately HK\$284,536,000 and HK\$60,306,000, respectively during the year ended 31 March 2022 which carrying amounts of borrowings and bonds of approximately HK\$1,060,356,000 and HK\$261,125,000, respectively as at 31 March 2022 remain outstanding. Due to this breach of the default clause of borrowings and bonds, this had triggered cross default of another borrowings, totaling of approximately HK\$19,042,000 as at 31 March 2022, which were originally due for repayment in May 2022 and December 2022. The bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK\$1,079,398,000 and HK\$261,125,000 respectively. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF ANNUAL REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited and the Company (<http://www.chinlinkint.com>).

The 2021/2022 Annual Report of the Company containing all information required by the Listing Rules will be dispatched to the shareholders of the Company as well as made available on the aforesaid websites in due course.

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

Hong Kong, 30 June 2022

As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Li Weibin, Mr. Siu Wai Yip and Mr. Lau Chi Kit; and three independent non-executive Directors, namely, Dr. Ho Chung Tai, Raymond, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene.