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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “Board”) of directors (the “Directors”) of Chinlink International Holdings Limited (the “Company” or “Chinlink”) hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:–

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

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3A		
Services		45,723	69,929
Rental		17,211	14,663
Interest			
– Other interest revenue		6,060	11,401
Total revenue		68,994	95,993
Cost of sales		(16,553)	(29,817)
Gross profit		52,441	66,176

* For identification purpose only

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

For the six months ended 30 September 2022

		Six months ended 30 September	
	<i>Notes</i>	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Other income, gains and losses		72,340	9
Loss on disposal of a subsidiary	14	(95,353)	–
Gain on deemed disposal of investment in an associate	15	2,600	–
(Loss)/gain on fair value change of investment properties		(24,007)	34,241
Allowance under expected credit loss model, net of reversal	10	(5,184)	(5,495)
Share of profit of an associate		1,161	9,688
Impairment loss on goodwill		(5,871)	–
Selling and distribution costs		(6,808)	(3,679)
Administrative expenses		(53,129)	(52,071)
Finance costs	4	(113,364)	(139,701)
Loss before tax		(175,174)	(90,832)
Income tax credit/(expense)	6	4,492	(8,479)
Loss for the period	5	(170,682)	(99,311)
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		(311,434)	53,856
Share of exchange difference of an interest in an associate		(2,495)	(4,054)
Other comprehensive (expense)/income for the year, net of income tax		(313,929)	49,802
Total comprehensive expense for the period		(484,611)	(49,509)
Loss for the period attributable to:			
Owners of the Company		(161,933)	(103,724)
Non-controlling interests		(8,749)	4,413
		(170,682)	(99,311)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(457,543)	(56,539)
Non-controlling interests		(27,068)	7,030
		(484,611)	(49,509)
		<i>HK cents</i> (unaudited)	<i>HK cents</i> (unaudited)
Loss per share attributable to owners of the Company			
– Basic	7	(13.85)	(8.87)
– Diluted		(13.85)	(8.87)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		96,748	108,823
Right-of-use assets		4,312	8,374
Investment properties		3,069,205	3,448,000
Goodwill		4,351	10,222
Interest in an associate		–	91,658
Equity investment at fair value through other comprehensive income		91,700	–
Deposit paid for land auction		3,300	11,065
Financial assets at fair value through profit or loss		10,017	9,987
Deposits		2,368	1,225
		3,282,001	3,689,354
Current assets			
Properties under development for sale		609,944	572,917
Trade receivables	9	24,288	22,610
Trade receivables from related companies	9	1,539	1,341
Loan receivables	9	133,010	139,352
Factoring receivables	9	155,176	103,135
Other receivables, deposits and prepayments		49,419	43,048
Pledged bank deposits		114,293	209,255
Bank balances and cash		21,822	42,608
		1,109,491	1,134,266
Assets classified as held for sale		–	746,086
		1,109,491	1,880,352
Current liabilities			
Trade payables	11	681	760
Other payables and accruals		152,735	139,485
Loans from staff		28,946	29,213
Construction costs accruals		308,612	260,916
Receipts in advance		11,051	14,548
Lease liabilities		2,152	6,476
Contract liabilities		117,040	99,038
Deposits received from tenants and customers		28,732	26,654
Deferred income		7,754	18,958
Financial guarantee contracts		2,153	2,376
Tax payable		1,831	4,530
Bank and other borrowings	12	834,773	1,255,783
6.5% coupon bonds		96,016	128,489
13.0% coupon bonds		270,374	261,125
		1,862,850	2,248,351
Liabilities directly associated with assets classified as held for sale		–	423,023
		1,862,850	2,671,374
Net current liabilities		(753,359)	(791,022)
Total assets less current liabilities		2,528,642	2,898,332

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2022

	<i>Notes</i>	30.9.2022 HK\$'000 (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Non-current liabilities			
Construction costs accruals		49,352	55,031
Deferred income		2,125	1,441
Amounts due to directors		23,355	26,289
Lease liabilities		2,195	2,240
Bank and other borrowings	12	444,418	438,031
Amounts due to related companies		225,719	71,700
Deferred tax liabilities		290,130	327,641
		<u>1,037,294</u>	<u>922,373</u>
		<u>1,491,348</u>	<u>1,975,959</u>
Capital and reserves			
Share capital	13	11,693	11,693
Reserves		1,437,593	1,895,136
		<u>1,449,286</u>	<u>1,906,829</u>
Equity attributable to owners of the Company		42,062	69,130
Non-controlling interests		<u>1,491,348</u>	<u>1,975,959</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2022 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The presentation currency of the condensed 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 period ended 30 September 2022, the Group incurred a net loss of approximately HK\$170,682,000, and as of 30 September 2022, the Group had net current liabilities of approximately HK\$753,359,000 while its bank balances and cash amounted to approximately HK\$21,822,000 only as at 30 September 2022. In addition, the Group had outstanding borrowings and bonds of approximately HK\$834,773,000 and HK\$366,390,000 respectively which were due for repayment or renewal in the next twelve months after 30 September 2022. The Group has defaulted in repayment of principals and interest of borrowings and bonds amounting to approximately HK\$336,302,000 and HK\$37,761,000 respectively during the period ended 30 September 2022 which carrying amounts of borrowings and bonds of approximately HK\$536,312,000 and HK\$270,374,000 respectively as at 30 September 2022 remain outstanding. Due to this breach of the default clause of borrowings and bonds, this had triggered cross default of another borrowings, totalling of approximately HK\$3,420,000 as at 30 September 2022, which were originally due for repayment in December 2022. The bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK\$539,732,000 and HK\$270,374,000 respectively. Further details are set out in Note 12. 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 bonds and borrowings to meet its liabilities when fall due;
 - (a) subsequent to the end of the reporting period, the Group has received a proposal from the financial institution for certain bonds with outstanding principals and interest of approximately HK\$235,500,000 and HK\$34,874,000 as at 30 September 2022 of which the repayment of interest and principal were past due and in default as at 30 September 2022. The financial institution is proposed to sell the certain bonds to onshore purchaser at a negotiated price. According to the Group, the purchaser is an independent third-party familiar with the Group who is willing to restructure the repayment term of the certain bonds once the purchase is completed. However, these agreements had not been finalised at the date of these condensed financial statements. The directors of the Company are confident that the financial institution will ultimately reach a successful conclusion in restructuring the certain bonds and believe that adequate alternative sources of finance are available to repay the principal and interests and ensure that there is no threat to the financial institution call for immediate repayment of the corresponding bonds to affect the continuous operation of the Group.

1. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(ii) (Continued)

(b) the Group has requested for extending the repayment of the defaulted principals and interest of borrowings of approximately HK\$100,802,000 and HK\$2,887,000 respectively from maturity date in September 2022. Despite that the directors of the Company are confident in further extend the repayment of the principals of the bonds taking into consideration long term relation with the lenders. However, the proposed terms were subject to the final approval by the lenders as at the date of these condensed consolidated financial statements;

(iii) the Group has received written confirmation dated 30 September 2022 from Mr. Li Weibin (“**Mr. Li**”) the chairman, managing director and ultimate controlling shareholder of the company, 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 condensed consolidated financial statements;

(iv) 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;

(v) the Group may consider to dispose non-core business and/or financial assets if required; and

(vi) the Group is currently soliciting different source of funds to prevent the aforesaid operating cash flows turned out to be less than forecasted, including additional banking facilities to further support the Group’s funding needs.

The directors of the Company consider 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 condensed consolidated financial statements have been prepared on a going concern basis. However, should the above refinancing plan not be able to implement 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.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied a number of amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Company's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020

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

3A. REVENUE

Disaggregation of revenue from contract with customers

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Types of services:		
Revenue from property management services	36,344	30,567
Revenue from financial guarantee services and other financing services	3,069	7,086
Revenue from financial advisory services		
– financial advisory services	5,745	28,114
– asset management services	565	2,543
Revenue from other services	–	1,619
Total revenue from contracts with customers	45,723	69,929
Add:		
Rental income under HKFRS 16	17,211	14,663
Interest income under HKFRS 9	6,060	11,401
Total revenue	68,994	95,993
Geographical markets:		
Hong Kong and Macau	6,310	30,657
PRC	39,413	39,272
Total	45,723	69,929
Timing of revenue recognition:		
A point in time	5,745	28,114
Over time	39,978	41,815
Total	45,723	69,929

3A. REVENUE (Continued)

Disaggregation of revenue from contract 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 six months ended 30 September 2022 and 2021.

	For the six months ended 30 September 2022			
	Revenue disclosed in segment information <i>HK\$'000</i> (unaudited)	Adjustment of rental income <i>HK\$'000</i> (unaudited)	Adjustment of interest income <i>HK\$'000</i> (unaudited)	Revenue from contracts with customers <i>HK\$'000</i> (unaudited)
Segment				
Property investment	53,555	(17,211)	–	36,344
Financial guarantee services and other financing services	9,129	–	(6,060)	3,069
Financial advisory services	6,310	–	–	6,310
Revenue for reportable segment	68,994	(17,211)	(6,060)	45,723
Unallocated revenue	–	–	–	–
Total	<u>68,994</u>	<u>(17,211)</u>	<u>(6,060)</u>	<u>45,723</u>

	For the six months ended 30 September 2021			
	Revenue disclosed in segment information <i>HK\$'000</i> (unaudited)	Adjustment of rental income <i>HK\$'000</i> (unaudited)	Adjustment of interest income <i>HK\$'000</i> (unaudited)	Revenue from contracts with customers <i>HK\$'000</i> (unaudited)
Segment				
Property investment	45,230	(14,663)	–	30,567
Financial guarantee services and other financing services	18,487	–	(11,401)	7,086
Financial advisory services	30,657	–	–	30,657
Revenue for reportable segment	94,374	(14,663)	(11,401)	68,310
Unallocated revenue	1,619	–	–	1,619
Total	<u>95,993</u>	<u>(14,663)</u>	<u>(11,401)</u>	<u>69,929</u>

3B. 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 and 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.

3B. SEGMENT INFORMATION (Continued)

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

	Six months ended 30.9.2022		Six months ended 30.9.2021	
	Segment revenue <i>HK\$'000</i> (unaudited)	Segment profit/(loss) for the period <i>HK\$'000</i> (unaudited)	Segment revenue <i>HK\$'000</i> (unaudited)	Segment profit/(loss) for the period <i>HK\$'000</i> (unaudited)
Property investment	53,555	(103,385)	45,230	43,134
Financial guarantee services and other financing services	9,129	195	18,487	7,160
Financial advisory services	6,310	(13,919)	30,657	5,475
Revenue and result for reportable segment	68,994	(117,109)	94,374	55,769
Unallocated revenue	—		1,619	
Total	<u>68,994</u>		<u>95,993</u>	
Unallocated revenue		—		1,619
Unallocated income, gains and losses		72,340		9
Unallocated allowance under expected credit loss model, net of reversal		(466)		19
Unallocated gain on deemed disposal of interest in an associate		2,600		—
Share of profit of an associate		1,161		9,688
Unallocated corporate expenses		(20,336)		(18,235)
Finance costs		(113,364)		(139,701)
Loss before tax		<u>(175,174)</u>		<u>(90,832)</u>

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, unallocated revenue, unallocated income, gains and losses, unallocated allowance under expected credit loss model, unallocated gain on deemed disposal of in an associate net of reversal, share of profit of an associate and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

4. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	80,005	95,039
Interest expenses on amount due to a director	1,223	1,528
Effective interest expense on 6.5% coupon bonds	7,170	9,680
Effective interest expense on 13.0% coupon bonds	15,553	15,321
Imputed interest expense from amount due to a director	913	801
Imputed interest expense from other borrowings	–	10,433
Imputed interest expense from amounts due to related companies	8,299	6,525
Interest on lease liabilities	201	374
	<hr/>	<hr/>
Total finance costs	113,364	139,701
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There was no finance cost capitalised arisen on the general borrowing pool during the six months ended 30 September 2022 and 2021.

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting) the following items:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at		
after charging/(crediting):		
Depreciation of property, plant and equipment	6,061	6,468
Depreciation of right-of-use assets	4,062	4,734
Interest income included in other income, gains and losses	(2,119)	(2,153)
Net exchange (gain)/loss, included in other income, gains and losses	(59,449)	6,762
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6. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax expense:		
Hong Kong	–	–
PRC	<u>184</u>	<u>(1,399)</u>
	184	(1,399)
Deferred tax	<u>4,308</u>	<u>(7,080)</u>
	<u><u>4,492</u></u>	<u><u>(8,479)</u></u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% except that the concessionary tax rate of 15% is applied to certain subsidiaries recognised as “Go-west” region development programme corporate. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every year.

7. 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

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u><u>(161,933)</u></u>	<u><u>(103,724)</u></u>

Number of shares

	Six months ended 30 September	
	2022 '000 (unaudited)	2021 '000 (unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>1,169,288</u></u>	<u><u>1,169,288</u></u>

7. LOSS PER SHARE (Continued)

The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 September 2022 and 2021 is determined by reference to the number of shares in issue during the periods.

During the six months ended 30 September 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 periods.

8. DIVIDEND

No dividend was paid, declared or proposed during the current and prior interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. TRADE RECEIVABLES, TRADE RECEIVABLES FROM RELATED COMPANIES, LOAN RECEIVABLES AND FACTORING RECEIVABLES

Trade receivables

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

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
0-30 days	17,111	13,573
31-90 days	2,241	3,307
> 90 days	4,936	5,730
	<u>24,288</u>	<u>22,610</u>

The Group's credit terms for its major 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.

Trade receivables from related companies

As at 30 September 2022, trade receivables from related companies of HK\$1,539,000 (net the allowance for expected credit losses of HK\$6,000) (31 March 2022: HK\$1,341,000 (net of the allowance for expected credit losses of HK\$6,000)) were aged within 30 days based on the invoice date at the end of the reporting period.

9. TRADE RECEIVABLES, TRADE RECEIVABLES FROM RELATED COMPANIES, LOAN RECEIVABLES AND FACTORING RECEIVABLES (Continued)

Loan receivables

As at 30 September 2022, loan receivables of HK\$133,010,000 (31 March 2022: HK\$139,352,000) represent the outstanding loan principals and accrued interest from independent third parties which are unsecured and carry interest at fixed rates ranged from 7.0% to 12.5% per annum (31 March 2022: 7.0% to 12.5% per annum). The weighted average effective interest rate of the loan receivables is 9.58% (31 March 2022: 9.36%) per annum. Balances at both 30 September 2022 and 31 March 2022 are repayable within twelve months from the loan advance dates.

The Group's loan receivables balances are not past due at 30 September 2022. There is allowance for expected credit losses of approximately HK\$5,181,000 included in the carrying amount of loan receivables as at 30 September 2022 (31 March 2022: HK\$2,967,000).

Factoring receivables

As at 30 September 2022, factoring receivables of HK\$155,176,000 (31 March 2022: HK\$103,135,000) represent the outstanding loan principals and accrued interest from independent third parties which are secured by trade receivables of the counterparties and carry interest at fixed rates ranged from 3.0% to 6.0% per annum (31 March 2022: 5.0% to 6.0%). The weighted average effective interest rate of the factoring receivables is 4.47% (31 March 2022: 5.45%) per annum. The Group's factoring receivables as at 30 September 2022 are repayable within twelve months from the loan advance dates and not past due. There is allowance for expected credit losses of approximately HK\$3,223,000 included in the carrying amount of factoring receivables as at 30 September 2022 (31 March 2022: HK\$1,161,000).

10. ALLOWANCE UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Allowance for/(reversal of)		
expected credit loss on:		
– Trade receivables	(31)	(160)
– Trade receivables from related companies	1	(45)
– Loan receivables	2,407	210
– Factoring receivables	2,281	(439)
– Other receivables	559	(21)
– Financial liabilities		
– Financial guarantee contracts	(33)	5,950
	5,184	5,495
	5,184	5,495

11. TRADE PAYABLES

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

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
> 90 days	<u>681</u>	<u>760</u>

12. BANK AND OTHER BORROWINGS

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Bank borrowings, secured	631,080	695,973
Other borrowings, secured	237,239	555,605
Other borrowings, unsecured	398,819	430,249
Bank overdraft	12,053	11,987
	<u>1,279,191</u>	<u>1,693,814</u>
Carrying amount of the above borrowings are repayable*		
– Within one year	527,892	571,557
– More than one year, but not exceeding two years	143,094	71,262
– More than two years, but not exceeding five years	190,949	184,615
– More than five years	110,375	182,154
	<u>972,310</u>	1,009,588
Carrying amount of the bank and other borrowings that contains a repayable on demand clause (shown under current liabilities) but repayable*		
– Within one year	306,881	684,226
	<u>1,279,191</u>	1,693,814
Less: Amount due within one year or contains a repayable on demand clause shown under current liabilities	<u>(834,773)</u>	<u>(1,255,783)</u>
Amount shown under non-current liabilities	<u>444,418</u>	<u>438,031</u>

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

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:

	30.9.2022 (unaudited)	31.3.2022 (audited)
Effective interest rate:		
Fixed-rate borrowings	3.65%–20.00%	4.40%–20.00%
Variable-rate borrowings	<u>7.13%</u>	<u>7.13%</u>

12. BANK AND OTHER BORROWINGS (Continued)

As at 30 September 2022, the banks overdraft carried interest at Hong Kong Prime Interest Rate (31 March 2022: Hong Kong Prime Interest Rate) per annum.

As at 30 September 2022, the Group's variable-rate bank borrowings of approximately HK\$130,243,000 (31 March 2022: HK\$145,231,000) are secured by the Group's property, plant and equipment with carrying value of approximately HK\$21,600,000 (31 March 2022: HK\$24,111,000) and investment properties with fair value of approximately HK\$745,586,000 (31 March 2022: HK\$836,800,000). The borrowings carries interest rate at based rate fixed by People's Bank of China ("PBOC Rate") plus a premium per annum (31 March 2022: PBOC Rate plus a premium per annum).

As at 30 September 2022, the Group's fixed-rate bank borrowings of approximately HK\$500,837,000 (31 March 2022: HK\$550,742,000) are secured by equity interest of certain Group's wholly owned subsidiaries and the Group's certain investment properties with fair value of approximately HK\$2,323,619,000 (31 March 2022: HK\$2,611,200,000). The borrowings carries at a fixed-rate ranged from 3.7% to 8.5% per annum (31 March 2022: 4.4% to 8.5% per annum).

As at 30 September 2022, other borrowings amounted to approximately HK\$237,239,000 (31 March 2022: HK\$555,605,000) is secured by equity interest of certain Group's wholly owned subsidiaries (31 March 2022: secured by equity interest of certain Group's wholly owned subsidiaries and Group's investment properties including in the assets classified as held for sale with fair value of HK\$669,477,000). The borrowings carries at a fixed-rate ranged from 12.2% to 20.0% per annum (31 March 2022: a fixed-rate ranged from 12.6% to 20.0%) and are repayable at maturity dates ranged from 30 June 2022 to 10 June 2025 (31 March 2022: 30 June 2022 to 14 December 2022).

As at 30 September 2022, the remaining other borrowings of approximately HK\$398,819,000 (31 March 2022: HK\$430,249,000) are unsecured, carries interest at a fixed-rate ranged from 5.0% to 15.0% per annum (31 March 2021: a fixed rate ranged from 5.0% to 15.0% per annum) and are repayable at maturity dates ranged from 1 October 2022 to 26 September 2023 (31 March 2022: 1 April 2022 to 21 March 2023).

The Group has bank borrowings and other borrowings of approximately HK\$174,393,000 and approximately HK\$132,488,000 respectively that contains a repayable on demand clause (31 March 2022: HK\$194,462,000 and HK\$489,764,000, 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\$100,802,000 and HK\$2,887,000 respectively during the period ended 30 September 2022 which outstanding amounts of borrowings of approximately HK\$536,312,000 as at 30 September 2022 remain outstanding. Due to this breach of default clause of borrowings, this had triggered cross default of another borrowings, totalling of approximately HK\$3,420,000 as at 30 September 2022, which were originally due for repayment in December 2022, the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings of approximately HK\$539,732,000.

13. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000 (unaudited)
Ordinary shares:		
Authorised ordinary shares At 1 April 2021, 31 March 2022 and 30 September 2022 of HK\$0.01 each	<u>62,500,000,000</u>	<u>625,000</u>
Issued ordinary shares and fully paid At 1 April 2021, 31 March 2022 and 30 September 2022 of HK\$0.01 each	<u>1,169,287,752</u>	<u>11,693</u>

14. LOSS ON DISPOSAL OF A SUBSIDIARY

On 29 April 2022, Chinlink Glory Limited (“**Chinlink Glory**”), an indirect wholly-owned subsidiary of the Company, and Shaanxi Tianheng Investment Co., Ltd. (“**Shaanxi Tianheng**”) entered into the disposal agreement, pursuant to which Chinlink Glory agreed to sell and Shaanxi Tianheng agreed to acquire 100% of the equity interest in Real King International (Xi’an) Information Technology Company Limited (“**Real King**”) for a total cash consideration of approximately RMB132 million (equivalent to approximately HK\$153 million). The purpose of the disposal is to generate cash for the repayment of borrowings and general working capital purpose.

The disposal was completed on 30 June 2022, the date on which the control of Real King by the Group ceased. Details of which were set out in the announcement of the Company made on 29 April 2022, 24 May 2022 and 10 June 2022 and the circular of the Company dated 25 May 2022.

14. LOSS ON DISPOSAL OF A SUBSIDIARY (Continued)

The results of Real King for the period from 1 April 2022 to 30 June 2022, which has been included in the condensed consolidated statement of profit or loss and other comprehensive income were as follows:

	From 1 April 2022 to 30 June 2022 HK\$'000 (unaudited)
Revenue	3,140
Cost of sales	<u>(472)</u>
Gross profit	2,668
Other income, gains and losses	(450)
Selling and distribution costs	(108)
Administrative expenses	(1,773)
Finance costs	<u>(812)</u>
Loss before tax	(475)
Income tax expense	<u>—</u>
Loss for the period	<u>(475)</u>
Other comprehensive expense	
Item that maybe subsequently reclassified to profit or loss:	
Exchange different arising on translation of foreign operations	<u>(17,524)</u>
Total comprehensive expense for the period	<u><u>(17,999)</u></u>

14. LOSS ON DISPOSAL OF A SUBSIDIARY (Continued)

The major classes of assets and liabilities over which the control of Real King was lost:

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)
Property, plant and equipment	68,285
Investment properties	636,218
Other receivables	3,893
Bank balances and cash	40
Other payables and accruals	(336,226)
Construction costs accruals	(20,536)
Receipts in advance	(2,668)
Deposits received from tenants	(3,178)
Amount due to related companies	(70,853)
Deferred tax liabilities	(10,551)
	<hr/>
Net assets disposed of	264,424
Reclassification of cumulative translation reserve upon disposal of Real King to profit or loss	(16,286)
	<hr/>
	248,138
Loss on disposal of a subsidiary	(95,353)
	<hr/>
Total consideration	<u>152,785</u>
	<hr/>
Net cash inflow arising on disposal:	
Total cash consideration received	152,785
Bank balances disposed of	(40)
	<hr/>
	<u>152,745</u>

15. DEEMED DISPOSAL OF AN ASSOCIATE

During the Period, the registered capital of Chinlink Finance Lease Company Limited (the “**Chinlink Finance Lease**”) was enlarged from approximately RMB320,000,000 to RMB588,305,000 (equivalent to approximately HK\$379,957,000 to HK\$698,534,000), and the Group’s effective equity interest in Chinlink Finance Lease was diluted to 13.6% as a result of new capital of approximately RMB268,305,000 (equivalent to approximately HK\$318,576,000) being injected by a independent third party (the “**Deemed Disposal**”). Before the Deemed Disposal, the Group owned 25.0% interest in Chinlink Finance Lease and the investment was previously accounted for as an investment in an associate using the equity method of accounting. Upon the completion of the Deemed Disposal, the Chinlink Finance Lease ceased to be classified as an associate and was reclassified as equity investment at fair value through other comprehensive income. This transaction has resulted in the Group recognising a gain of approximately HK\$2,600,000 in profit or loss, being the difference between the fair value of 13.6% investment retained and the carrying amount of 25.0% retained equity interest in Chinlink Finance Lease as at the date of the completion of the Deemed Disposal, after sharing of approximately HK\$1,161,000 profit from an associate for the period from 1 April 2022 to 11 May 2022, calculated as follows:

	<i>HK\$’000</i>
Cash proceeds	–
Add: fair value of the 13.6% investment retained	92,924
Less: carrying amount of the 25.0% investment on the date of loss of significant influence of Chinlink Finance Lease	(90,324)
	<u>2,600</u>
Gain on deemed disposal of an associate recognised in profit or loss	<u>2,600</u>

16. CONTINGENT LIABILITIES

Corporate guarantee

	30.9.2022 <i>HK\$’000</i> (unaudited)	31.3.2022 <i>HK\$’000</i> (audited)
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	<u>220,997</u>	<u>219,464</u>

As at 30 September 2022, financial guarantee contracts of approximately HK\$2,153,000 (31 March 2022: HK\$2,376,000) represent the fair values of the financial guarantee contracts initially recognised less cumulative amortisation at the end of the reporting period. The financial guarantee contracts are measured at the amount of the loss allowance determined in accordance with HKFRS 9.

17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

As lessor

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Within one year	<u>5,921</u>	<u>5,251</u>

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

18. CAPITAL COMMITMENTS

	30.9.2022 <i>HK\$'000</i> (unaudited)	31.3.2022 <i>HK\$'000</i> (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in connection with the investment properties under construction	<u>25,527</u>	<u>28,464</u>

19. COMPARATIVE FIGURE

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

20. EVENT AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 14 November 2022, the Group underwent the reorganisation.

Pursuant to the terms and conditions of the sale and purchase agreement dated 14 November 2022, Trillion Up Limited ("**Trillion Up**"), a wholly-owned subsidiary of the Company has conditionally agreed to sell, and two independent third parties, both incorporated in Hong Kong, have conditionally agreed to purchase, 29% and 22% of the entire issued share capital of Alpha Yield Limited, a non-wholly owned subsidiary of the Company, respectively.

Trillion Up agreed to acquire and Alpha Yield Limited agreed to dispose 100% of the entire issued share capital of Chinlink Alpha Limited, which is a non-wholly owned subsidiary of the Company before the reorganization.

Details of the above-mentioned reorganisation have been set out in the Company's announcements made on 14 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Period under review, the Group recorded total revenue of HK\$69.0 million, representing a drop of 28.1% compared with the corresponding period last year (the “**Previous Period**”).

The Period under review has been particularly difficult for the Group against the backdrop of a turbulent global economy suffering from interest rate hikes, currency fluctuation, inflationary and recession pressures, supply chain disruption, and energy and food shortages, primarily due to intensifying geopolitical conflicts, a war in Ukraine and the continued prevalence of Coronavirus Disease 2019 (“**COVID-19**”) pandemic. Amongst them, high-interest costs and the strong United States dollar (“**US\$**”), especially against the Renminbi (“**RMB**”), added burden to the Group’s financing costs arose from borrowings denominated in US\$. Furthermore, the mounting conflicts between United States of America (“**US**”) and the People’s Republic of China (the “**PRC**” or “**China**”) across trade, finance and technology sectors had hampered the Group financial advisory business specialised in cross-border investment and innovation technology transfer.

At home, China’s restrictive zero-COVID policy marked by severe containment measures, and travel restrictions continued to batter the Group’s regular business operations. The sporadic outbreaks of COVID-19 across China and the corresponding snap lockdowns greatly limited the Group’s ability to develop the business as planned. The deep slump in the property sector resulted from the Chinese government’s crackdown on the real estate market, and the COVID-19 containment measures have had a massive negative effect on the Chinese consumer market. Hence the Group’s presale of the residential units in the phase two development (the “**Phase Two Development**”) of Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the “**Commercial Complex**”) project and other asset realization and deleverage plans were seriously affected.

In anticipation of a volatile property market and the rising financing costs due to tight market liquidity, we decided to reduce our exposure in the China real estate market in last year. During the Period, we disposed of the ownership of the Chinlink International Centre (the “**CIC**”), a commercial complex with office and retail space, through the sale of 100% equity interest of Real King to Shaanxi Tianheng (the “**Disposal**”). The Disposal was completed on 30 June 2022. The net proceeds from the Disposal were used for the repayment of the debts of the Group.

Since October 2021, the Group have been actively pursuing the Phase Two Development project’s presale, which comprised over 600 residential units and adjunction retail and commercial space. Unfortunately, the presale progress has been disappointing due to poor market conditions and low buyer confidence. The unsatisfactory sales have upset the Group’s liquidity during the Period.

* For identification purpose only

As at the date of this announcement, the Group completed restructuring its investment in MCM Holdings Limited and its subsidiaries (collectively, “**MCM Group**”), a boutique investment bank based in Hong Kong under licenses from the Securities and Futures Commission of Hong Kong to provide investment and advisory services and asset management. The Group’s investment as a controlling shareholder of the MCM Group started in 2017, with the strategic objective of diversifying the Group’s financial service to investment banking. Nevertheless, the MCM Group’s business results have not met the Group’s expectations. It suffered consecutive years of losses until the previous two financial years, and was able to achieve a big turnaround for a brief period amidst a strong capital market. However, due to the unstable finance market situation induced by the COVID-19 pandemic and the waning confidence in investment in the Chinese technology and innovation industries resulting from the recent Chinese government crackdowns, the MCM Group again faced with the harsh market reality of insufficient incomes to match with the operation needed. With the participation of new financial partners to provide MCM Group with new capital, as a result, the Group will no longer be the controlling shareholder of the MCM Group. Instead, the Group will take up an active role in the China subsidiary to specialise in private equity investment in the onshore China market which the Group considers to have ample potentials.

SEGMENTAL PERFORMANCE

Property Investment Business

The property investment business generated a total of HK\$53.6 million in revenue in the Period, which comprised HK\$8.0 million contributions by the CIC and HK\$45.6 million from the Commercial Complex. It showed an increase of 18.4% compared with the Previous Period. CIC contributed incomes to the Group only up to the completion of the Disposal, that is 30 June 2022.

During the Period, the Commercial Complex recorded an increase in revenue by 25.2% due to the increase in average per unit rental and management fee and the expiration of a series of incentives and allowance given to the tenants in the Previous Period. Since the disturbance of the COVID-19 pandemic, the Commercial Complex has executed a series of concessionary measures which were effective and successful in retaining and acquiring new tenants. The average occupancy rate of the Commercial Complex was 98% during the Period, which is comparable with the Previous Period.

Financial Advisory Services Business

For the Period, MCM Group recorded revenue of HK\$6.3 million in the form of commission and management fees across its core activities of financial advisory and asset management, representing a 79.4% drop against the income of the Previous Period. Continued global market volatility, added to one of the most challenging quarters for Asian markets, particularly in China and Hong Kong, led to one of the most complex operating environments for the firm. Following trends observed and noted in the previous 6-month period, volatility was compounded by a deteriorating liquidity environment, affecting venture and private investments significantly. The Hang Seng Index is now down over 26%, the Nasdaq 32% year to date, and Chinese markets even further. Such poor equity market performance has undoubtedly affected the outlook on many transactions, and the Group does not expect the environment to turn to be more constructive until 2023.

In MCM Investment Partners Limited (“**MCMIP**”), the asset management arm of MCM Group, its assets under management averaged around US\$60 million. Our capital deployment was curtailed given the uncertainty across sectors, as we worked with our companies and their founders and management to help preserve liquidity and, where needed, find alternative financing options, such as venture debt facilities.

Financial Guarantee Services and Other Financing Services Businesses

For the Period, the Group generated HK\$3.1 million in revenue from the financial guarantee services and HK\$6.0 million from other financing services, which include interest income from money lending in Hong Kong under Money Lender License, factoring and entrusted loan businesses in the PRC. The revenue from financial guarantee services showed a drop of 56.7% compared with the Previous Period. The total outstanding guaranteed amount was RMB200.2 million as of 30 September 2022 (Previous Period: RMB383.6 million). The decrease in revenue was mainly due to the reduction in: i) interest rates granted to the customers to cope with the poor economic conditions; and ii) the overall guarantee sum.

FINANCIAL REVIEW

Profitability Analysis

For the Period, the Group’s revenue was HK\$69.0 million, reflecting a decrease of 28.1% from HK\$96.0 million in the Previous Period. Revenue contribution by segments comprised: property investment of HK\$53.6 million (Previous Period: HK\$45.2 million), financial advisory services of HK\$6.3 million (Previous Period: HK\$30.7 million), financial guarantee services and other financing services of HK\$9.1 million (Previous Period: HK\$18.5 million), and there was no other revenue for the Period (Previous Period: HK\$1.6 million). The decrease in overall revenue was mainly due to significant drop in revenue from (i) financial advisory services business due to the deteriorating liquidity environment, affecting venture and private investment significantly; and (ii) financial guarantee services and other financing services businesses due to lower interest rate and services fee rate charged to the customers; but partly offset by the increase in revenue from property investment business due to the increase in average per unit rental and management fee of Commercial Complex and the expiration of a series of incentives and allowance given to tenants in the Previous Period.

Gross profit for the Period decreased to HK\$52.4 million, down 20.8% from HK\$66.2 million in the Previous Period. Gross profit margin increased slightly to 76.0% from 68.9% in the Previous Period. The overall gross profit dropped, mainly attributable to the decrease in gross profit from financial advisory services business and financial guarantee services and other financing services, but partial offset by the increase in gross profit from property investment business as mentioned above. As direct costs of investment property business were mainly fixed costs and were comparable with the Previous Period which led to increase in overall gross profit margin.

Other income, gains and losses recorded a gain of HK\$72.3 million (Previous Period: HK\$9,000) for the Period, mainly comprised exchange gain arising from depreciation of RMB against Hong Kong dollars (“**HK\$**”) during the Period. During the Previous Period, it comprised (i) adjustment on carrying amount of other borrowings; and (ii) interest income from bank deposits but significantly offset by the exchange loss arising from the appreciation of RMB against HK\$.

During the Period, there recorded a significant loss on disposal of subsidiaries of HK\$95.4 million. On 29 April 2022, the Group entered into the conditional sale and purchase agreement with Shaanxi Tianheng to disposal of the entire equity interest of Real King (an indirect 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 and the disposal transaction was completed at end of June 2022. For details, please refer to the announcements of the Company dated 29 April 2022, 24 May 2022 and 10 June 2022 and the circular of the Company dated 25 May 2022.

The Group’s investment properties were located in Xi’an City and Hanzhong City of the Shaanxi Province, the PRC. Due to the continuing adverse impact of the COVID-19 pandemic, the Group recorded significant loss on fair value change of HK\$24.0 million during the Period (Previous Period: a gain of HK\$34.2 million), mainly attributable to the Commercial Complex and the logistics park project located at Hantai District, Hanzhong City, Shaanxi Province (the “**Chinlink • Worldport**”) which underwent a fair value assessment.

During the Period, share of profit of an associate up to mid of May 2022 when the Deemed Disposal took place amounted to HK\$1.2 million (Previous Period: HK\$9.7 million). During the Period, the registered capital of this associate was enlarged as new capital was injected by an independent third party, as a result, the Group’s effective equity interest in it was diluted from 25% to 13.6%. Therefore, it ceased to be an associate of the Group since mid of May 2022 and classified as equity investment at fair value through other comprehensive income and accordingly, the Group also recorded a gain on Deemed Disposal of an associate company of HK\$2.6 million which was the difference between the fair value of 13.6% investment retained and the carrying amount of 25% retained equity interest in Chinlink Finance Lease as at the date of completion of Deemed Disposal.

Administrative expenses mainly comprised staff costs, travelling expenses, depreciation, legal and professional fee etc. amounted to HK\$53.1 million for the Period, representing a slightly increase of HK\$1.0 million when compared with HK\$52.1 million in Previous Period. The increase was mainly due to legal and professional fee incurred for the disposal of Real King.

Finance costs amounted to HK\$113.4 million for the Period, representing a decrease of HK\$26.3 million as compared with HK\$139.7 million in the Previous Period. The decrease was mainly due to (i) decrease in bank and other borrowings as the results of repayment of debts with the net proceed from disposal of a subsidiary which holds CIC as mentioned above; and (ii) depreciation of RMB against HK\$ during the Period which reduced the finance costs denominated in RMB being translated to the reporting currency, i.e. HK\$.

For the Period, the Group recorded a loss of HK\$170.7 million (Previous Period: HK\$99.3 million), such increase was mainly due to (i) decrease in gross profit from (a) financial advisory services business; and (b) financial guarantee services and other financing services business segments in the Period as the businesses were severely disrupted by COVID-19 pandemic; (ii) significant loss on disposal of a subsidiary which holds CIC; and (iii) loss on fair value change of investment properties.

Liquidity and Financial Resources

As at 30 September 2022, the bank balances and cash and pledged bank deposits amounted to HK\$136.1 million in total (31 March 2022: HK\$251.9 million), representing a significant decrease of HK\$115.8 million from that of 31 March 2022. The decrease was mainly due to (i) repayment of bank and other borrowings during the Period; (ii) reallocation of resources from financial guarantee business to commercial factoring business; and (iii) working capital for the Period.

As at 30 September 2022, the bank and other borrowings of the Group which were mainly denominated in HK\$, RMB and US\$ amounted to HK\$1,279.2 million (31 March 2022: HK\$1,693.8 million), representing a decrease of HK\$414.6 million from that of 31 March 2022, of which HK\$834.8 million and HK\$444.4 million were repayable within one year and two to five years respectively. The decrease was mainly due to decrease in bank and other borrowings as the results of repayment of debts with the net proceed from disposal of a subsidiary which holds CIC as mentioned above.

Details of the major financing activities completed during the Period (some of which imposed specific performance obligations on the controlling shareholder of the Company which were subject to announcement disclosure under Rule 13.18 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and requirements of disclosure in this interim report 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. As at 30 September 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.

As at 30 September 2021, 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 refer to the announcements of the Company dated 23 August 2021 and 30 September 2021.

As at 30 September 2022, the First 6.5% Coupon Bonds were matured, of which HK\$18.5 million were redeemed by the Company and the remaining principal of HK\$10.0 million were extended to February 2023 pursuant to the supplemental bondholder agreement dated 23 August 2022 and HK\$97.8 million were extended for two years pursuant to the third deed of amendment dated 12 August 2022. According to the third deed of amendment, the bondholders were granted early redemption right to request for early redemption of bonds on the first anniversary of the extension date. If the bondholders do not exercise such early redemption right, they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount as at the maturity date.

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 existing borrowings. 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 Previous Period.

As at 30 September 2022, the Group had net current liabilities of HK\$753.4 million (31 March 2022: HK\$791.0 million) and the current ratio of the Group calculated as the Group's current assets over its current liabilities was 0.6 (31 March 2022: 0.7). The setback in the current ratio was mainly due to the disposal of a subsidiary which holds CIC as mentioned above. However, if assets classified as held for sales and liabilities directly associated with it were excluded, the current ratio as at 31 March 2022 would be 0.5.

Share Capital

As at 30 September 2022, the authorised share capital and issued share capital of the Company were HK\$625.0 million and HK\$11.7 million respectively (31 March 2022: HK\$625.0 million and HK\$11.7 million respectively). There were no changes in the authorised share capital and issued share capital of the Company during the Period.

Gearing Ratio

The Group's gearing ratio as at 30 September 2022 was 0.66 (31 March 2022: 0.65) which was based on the Group's total liabilities of HK\$2,900.1 million (31 March 2022: HK\$3,593.7 million) and the Group's total assets of HK\$4,391.5 million (31 March 2022: HK\$5,569.7 million).

Foreign Currency Exposure

The Group's revenue and expenses were mainly denominated in HK\$, RMB and US\$. The pledged bank deposits were mainly denominated in RMB. Other bank deposits were dominated in HK\$ or RMB. Other monetary assets and liabilities were mainly denominated in HK\$, RMB and US\$. During the Period, the exchange rate of RMB to HK\$ depreciated in certain extent and HK\$ is pegged to US\$. The Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

Contingent Liabilities and Charge on Assets

Save as disclosed in note 16 to the condensed consolidated financial statements, the Group did not have any significant contingent liabilities.

As at 30 September 2022, the Group had pledged (i) bank deposits of HK\$114.3 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\$21.6 million to secure obligations under finance leases and banking facilities; and (iii) investment properties with fair value of HK\$3,069.2 million and equity interest of certain subsidiaries to secure obligation under the certain bank and other borrowings, the 6.5% Coupon Bonds and 13.0% Coupon Bonds.

Capital Commitments

As at 30 September 2022, the Group had capital commitments contracted but not provided for amounting to HK\$25.5 million in respect of the development of Chinlink • Worldport. Details of the commitments are set out in note 18 to the condensed consolidated financial statements. The Group will fund the capital commitments through cash generated from operations, bank and other borrowings and borrowings from the controlling shareholders of the Company.

Events after the reporting period

On 14 November 2022, the Group entered into a sale and purchase agreement to dispose Trillion Up. On the same date, the Group entered into transaction documents to further acquire the share capital of an existing non-wholly owned subsidiary, namely Chinlink Alpha Limited. Both of the disposal and acquisition were completed on 14 November 2022. For details, please refer to note 20 to the condensed consolidated financial statements and the announcement of the Company dated 14 November 2022. Other than that, the Group has no significant events after the Period.

INTERIM DIVIDEND

The Board did not declare the payment of interim dividend for the Period (Previous Period: Nil).

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 30 September 2022, the Group had 31 employees in Hong Kong, 205 employees in China and 1 employee in the United Kingdom (31 March 2022: 32 employees in Hong Kong, 219 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 relationships with customers and suppliers is fundamental to the Group's operational performance and ongoing financial success.

PROSPECTS

Given the Group's strong positioning in China and Hong Kong, both economic outlooks are important to our coming business prospects.

Despite the unstable global economy at present, China remains at a positive note. According to the latest International Monetary Fund projections, China's full-year growth of 2022 was estimated at 3.2%, higher than the 2.4% average among advanced economies, including 1.6% for the US and 1.5% for Germany. China's industrial system performed well and remained a crucial supplier to the global market.

Meanwhile, China does not face high inflation in major Western countries. Its vast market size, given the consumption potential of its 1.4 billion population with 400 million middle-income people. Its widening of market access continues to lure foreign capital, despite Beijing's apparent shift to greater self-reliance via its dual-circulation strategy, emphasising China's huge domestic market and home-grown technology to power future growth.

As at the date of this announcement, China announced sweeping relaxation measures on the property and COVID-19 controls. Whilst the Government still underlines the importance of maintaining the zero-COVID policy, such partial relaxation of controls and the coming strong fiscal and monetary support will most likely aid China's growth outlook.

On the other hand, Hong Kong continues to be a crucial place in China's economy. With its open financial market, international connections, and more importantly, a solid foundation of the rule of law. There are local and national policies on greater integration of Hong Kong and Macau with the hinterland in Guangdong, collectively known as the Greater Bay Area, on investment support in future-forward activities such as innovation and technology, re-industrialisation, and environmental sustainability.

The Group holds firm confidence in its China market positioning and Hong Kong strategic, systematic advantage, especially in connecting with the rest of the world. We will continue to leverage our established network in the onshore finance and technology sectors to capture the development potential and the opportunity that arises from the post-COVID pandemic and the gradual re-opening of the economy. A new business strategy will be formulated to diversify the Group's income bases and strengthen the China onshore private equity and asset management operation to participate in China's new development programme.

China's recent adjustment to the zero-COVID policy and the relief credit crunch in the property industry will improve the overall business environment, allowing the Group opportunity to focus on the next stage of new business development.

In the meantime, the Group will continue pushing ahead with the asset liquidation and refinancing programmes to minimise its exposure to higher interest and exchange fluctuation and improve its overall liquidity.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company had applied the principles of, and complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules except the following deviation.

Code provision C.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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee has three members comprising, namely, Ms. Lai Ka Fung, May (Chairman), Dr. Ho Chung Tai, Raymond and Ms. Chan Sim Ling, Irene. All of them are independent non-executive Directors and none of them are members of the former or existing auditors of the Company. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the risk management and internal control systems and financial reporting matters. The Audit Committee has also reviewed the unaudited condensed consolidated financial statements of the Group for the Period.

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

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

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.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinlinkint.com>).

The interim report of the Company for the Period 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
Chinlink International Holdings Limited
Li Weibin
Chairman

Hong Kong, 30 November 2022

As at the date of this announcement, the Board comprises 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.