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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 2023**

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 2023 (the “**Year**”), together with the comparative figures for the year ended 31 March 2022 as follows:

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

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (Restated)
CONTINUING OPERATIONS:			
Revenue	3		
Services		77,232	94,883
Rental		30,175	33,296
Interest			
– Other interest revenue		11,363	20,756
		<hr/>	<hr/>
Total revenue		118,770	148,935
Cost of sales		(28,593)	(39,467)
		<hr/>	<hr/>
Gross profit		90,177	109,468

* *For identification purpose only*

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

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (Restated)
Other income, gains and losses	<i>5</i>	60,034	42,532
Loss arising from disposal of a subsidiary	<i>15(a)</i>	(95,353)	–
Loss on deemed disposal of interest in an associate		(1,553)	–
Loss on fair value change of investment properties		(122,526)	(95,649)
Allowance under expected credit loss model, net of reversal		(58,820)	(17,280)
Share of profit of an associate		1,161	6,842
Selling and distribution costs		(10,401)	(10,965)
Administrative expenses		(73,091)	(78,388)
Finance costs	<i>6</i>	(185,949)	(288,373)
Loss before tax		(396,321)	(331,813)
Income tax credit	<i>7</i>	18,046	14,013
Loss for the year from continuing operations	<i>8</i>	<u>(378,275)</u>	<u>(317,800)</u>
DISCONTINUED OPERATIONS:			
Loss for the year from discontinued operations, net of tax	<i>14</i>	<u>(7,206)</u>	<u>(14,549)</u>
Loss for the year		<u>(385,481)</u>	<u>(332,349)</u>

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

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (Restated)
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(192,359)	131,030
Share of exchange difference of an investment in an associate		(2,495)	3,584
Reclassification of cumulative translation reserve upon deemed disposal of interest in an associate		(4,153)	–
Reclassification of cumulative translation reserve upon disposal of subsidiaries		(16,323)	–
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain on equity investments at fair value through other comprehensive income, net of tax		519	–
		<hr/>	<hr/>
Other comprehensive (expense)/income for the year, net of income tax		(214,811)	134,614
		<hr/>	<hr/>
Total comprehensive expense for the year		(600,292)	(197,735)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to owners of the Company:			
– from continuing operations		(376,622)	(318,645)
– from discontinued operations		(2,020)	(15,418)
		<hr/>	<hr/>
Loss for the year attributable to owners of the Company		(378,642)	(334,063)
		<hr/> <hr/>	<hr/> <hr/>

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

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
(Loss)/profit for the year attributable to non-controlling interests:			
– from continuing operations		(1,653)	845
– from discontinued operations		(5,186)	869
		<u>(6,839)</u>	<u>1,714</u>
(Loss)/profit for the year attributable to non-controlling interests			
		<u>(6,839)</u>	<u>1,714</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(574,286)	(209,913)
Non-controlling interests		(26,006)	12,178
		<u>(600,292)</u>	<u>(197,735)</u>
Total comprehensive expense attributable to owners of the Company arises from:			
– from continuing operations		(574,249)	(209,911)
– from discontinued operations		(37)	(2)
		<u>(574,286)</u>	<u>(209,913)</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
LOSS PER SHARE			
Loss per share attributable to owners of the Company for the year:			
From continuing and discontinued operations			
– Basic	9	(32.38)	(28.57)
– Diluted		(32.38)	(28.57)
From continuing operations			
– Basic	9	(32.21)	(27.25)
– Diluted		(32.21)	(27.25)
From discontinued operations			
– Basic	9	(0.17)	(1.32)
– Diluted		(0.17)	(1.32)
		<u>(0.17)</u>	<u>(1.32)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		118,061	108,823
Right-of-use assets		24,245	8,374
Investment properties		3,076,168	3,448,000
Goodwill		–	10,222
Interest in an associate		–	91,658
Equity investment at fair value through other comprehensive income		93,443	–
Deposit paid for land auction		917	11,065
Financial assets at fair value through profit or loss		–	9,987
Deposits		1,698	1,225
		<u>3,314,532</u>	<u>3,689,354</u>
Current assets			
Properties under development for sale		633,751	572,917
Trade receivables	11	4,654	22,610
Trade receivables from related companies	11	1,244	1,341
Loan receivables		102,617	139,352
Factoring receivables		174,931	103,135
Other receivables, deposits and prepayments		28,208	43,048
Pledged bank deposits		80,694	209,255
Bank balances and cash		90,286	42,608
		<u>1,116,385</u>	<u>1,134,266</u>
Assets classified as held for sale		–	746,086
		<u>1,116,385</u>	<u>1,880,352</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Current liabilities			
Trade payables	12	705	760
Other payables and accruals		154,999	139,485
Loans from staff		6,339	29,213
Construction costs accruals		347,478	260,916
Receipts in advance		9,342	14,548
Lease liabilities		4,793	6,476
Contract liabilities		132,230	99,038
Deposits received from tenants and customers		24,334	26,654
Deferred income		14,908	18,958
Financial guarantee contracts		1,792	2,376
Tax payable		2,388	4,530
Bank and other borrowings	13	1,548,526	1,255,783
6.5% coupon bonds		100,649	128,489
13.0% coupon bonds		228,108	261,125
		<u>2,576,591</u>	<u>2,248,351</u>
Liabilities directly associated with assets classified as held for sale		<u>–</u>	<u>423,023</u>
		<u>2,576,591</u>	<u>2,671,374</u>
Net current liabilities		<u>(1,460,206)</u>	<u>(791,022)</u>
Total assets less current liabilities		<u>1,854,326</u>	<u>2,898,332</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current liabilities			
Construction costs accruals		–	55,031
Deferred income		14,702	1,441
Amounts due to directors		34,035	26,289
Lease liabilities		20,139	2,240
Bank and other borrowings	13	50,869	438,031
Amounts due to related companies		88,626	71,700
Deferred tax liabilities		282,953	327,641
		<u>491,324</u>	<u>922,373</u>
		<u>1,363,002</u>	<u>1,975,959</u>
Capital and reserves			
Share capital	16	11,693	11,693
Reserves		1,342,534	1,895,136
		<u>1,354,227</u>	<u>1,906,829</u>
Equity attributable to owners of the Company		8,775	69,130
Non-controlling interests		<u>1,363,002</u>	<u>1,975,959</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 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
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

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts 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 HKFRS 16	Lease Liability in a Sale and Leaseback ²
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	Non-current Liabilities with Covenants (the “ 2022 Amendments ”) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024.

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

The directors of the Company 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 guarantee services and factoring 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 2023, the Group incurred a net loss from continuing operations of approximately HK\$378,275,000 (2022: HK\$317,800,000, as restated). As of 31 March 2023, the Group had net current liabilities of approximately HK\$1,460,206,000 (2022: HK\$791,022,000), while its bank balances and cash amounted to approximately HK\$90,286,000 (2022: HK\$42,608,000) only as at 31 March 2023. In addition, the Group had outstanding borrowings and bonds of approximately HK\$1,548,526,000 (2022: HK\$1,255,783,000) and HK\$328,757,000 (2022: HK\$389,614,000) respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2023. The Group has defaulted in repayment of principals and interest of borrowings and bonds amounting to approximately HK\$17,807,000 (2022: HK\$284,536,000) and HK\$347,000 (2022: HK\$60,306,000) respectively as at 31 March 2023 which carrying amounts of borrowings and bonds of approximately HK\$18,154,000 (2022: HK\$1,060,356,000) and HK\$nil (2022: HK\$261,125,000) respectively as at 31 March 2023 remain outstanding. Due to this breach of the default clause of borrowings and bonds, this triggered cross-default of another borrowings, totalling approximately HK\$32,405,000 as at 31 March 2023, which were originally due for repayment in October 2023 and December 2023. The bank and financial institutions are contractually entitled to request immediate repayment of the outstanding borrowings and bonds of approximately HK\$50,559,000. Further details are set out in Notes 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 construction progress for preselling the service apartments of the Phase Two Development (as defined below). The proceeds arising therefrom will be used for settling the construction fees, repayment of existing loan facilities and general working capital;

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 bonds and borrowings to meet its liabilities when they fall due;
 - (a) on 8 February 2023, the Group has entered into a settlement and purchase deed (the "**Settlement and Purchase Deed**") with a financial institution for certain bonds with outstanding amounts of approximately HK\$228,108,000 as of 31 March 2023. According to the Settlement and Purchase Deed, the Group agreed to repay certain accrued interest and principal in three instalments on 8 February 2023, 8 April 2023 and 8 June 2023. Subsequently, on 6 June 2023, a supplement deed in respect of the Settlement and Purchase Deed was entered, pursuant to which the payment due on 8 June 2023 was further split into three tranches, payable on 8 June 2023, 15 June 2023 and 8 August 2023. Upon the Group's fulfilment of the conditions, the Group will obtain a discount for repayment of the remaining balance in the last instalment. The Group has settled approximately USD9,828,000 (equivalent to HK\$77,140,000) subsequent to the end of the reporting period;
 - (b) the Group has requested for extending the repayment of the defaulted principals of other borrowing and bank overdrafts of approximately HK\$3,350,000 and HK\$12,457,000, respectively, for twelve months from the maturity date in March 2023 and has fully settled defaulted in repayment of interests of other borrowings of approximately HK\$68,000, which the outstanding amounts of other borrowings and bank overdrafts amounting to approximately HK\$3,418,000 and HK\$12,457,000 as at 31 March 2023 remain outstanding. Despite that, the directors of the Company are confident in further extending the repayment of the principals of the other borrowings taking into consideration of long-term relationship with the lender. However, the proposed terms were subject to the final approval by the lender as of the date of these consolidated financial statements;
 - (c) the Group has fully settled defaulted in repayment of principals and interests of other borrowings of approximately HK\$2,000,000 and HK\$279,000 respectively, after the reporting period, which the outstanding amounts of borrowings of approximately HK\$2,279,000 as of 31 March 2023 remain outstanding.
- (iii) the Company has actively negotiated with financial institutions to secure the renewals of the Group's bonds and borrowings to meet its liabilities when they fall due; the 6.5% coupon bonds with principal amount of approximately HK\$97,800,000 was outstanding as at 31 March 2023. Subsequent to the end of the reporting period, placing agent confirmed that the bonds of approximately HK\$69,800,000 would be extended for another one year under the third deed of amendment dated 12 August 2022 and the remaining bonds of approximately HK\$28,000,000 would be redeemed upon maturity;
- (iv) the Group raised a bank borrowing of approximately RMB850,000,000 (equivalents to HK\$967,008,000) during the year ended 31 March 2023, which outstanding amounts of borrowing of approximately HK\$970,652,000 as at 31 March 2023 remain outstanding. The bank borrowing will mature on 21 December 2032, the Group reclassified the non-current portion of borrowing of approximately HK\$959,232,000 to current liabilities as at 31 March 2023 due to the repayable on demand clause. The directors of the Company believe that the bank would not exercise its discretionary right to demand immediate repayment, and such bank borrowing would be repaid in accordance with the scheduled repayment dates set out in the loan agreement;
- (v) the Group has received written confirmation dated 30 June 2023 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;
- (vi) the Group has taken measures to tighten cost controls over production costs and expenses to attain profitable and positive cash flow operations;
- (vii) the Group may consider disposing non-core business and/or financial assets if required; and

2. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

- (viii) the Group is currently soliciting different sources of funds, including additional banking facilities to further support the Group's funding needs should the aforesaid operating cash inflows turn out to be less than forecast.

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 to 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

Continuing operations:

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Types of services:		
Revenue from property management services	72,794	79,695
Revenue from financial guarantee services	4,438	12,956
Revenue from other services	—	2,232
	<hr/>	<hr/>
Total revenue from contracts with customers	77,232	94,883
	<hr/>	<hr/>
Add:		
Rental income under HKFRS 16	30,175	33,296
Interest income under HKFRS 9	11,363	20,756
	<hr/>	<hr/>
Total revenue	118,770	148,935
	<hr/>	<hr/>
Geographical markets:		
PRC	77,232	94,883
	<hr/>	<hr/>
Total	77,232	94,883
	<hr/>	<hr/>
Timing of revenue recognition:		
Over time	77,232	94,883
	<hr/>	<hr/>
Total	77,232	94,883
	<hr/>	<hr/>

3. REVENUE (Continued)

Continuing operations: (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 2023 and 2022.

For the year ended 31 March 2023

	Revenue disclosed in segment information <i>HK\$'000</i>	Adjustment of rental income <i>HK\$'000</i>	Adjustment of interest income <i>HK\$'000</i>	Revenue from contracts with customers <i>HK\$'000</i>
Segment				
Property investment	102,969	(30,175)	–	72,794
Financial guarantee services and other financing services	15,801	–	(11,363)	4,438
Revenue for reportable segment	<u>118,770</u>	<u>(30,175)</u>	<u>(11,363)</u>	<u>77,232</u>

For the year ended 31 March 2022

	Revenue disclosed in segment information <i>HK\$'000</i> (Restated)	Adjustment of rental income <i>HK\$'000</i>	Adjustment of interest income <i>HK\$'000</i>	Revenue from contracts with customers <i>HK\$'000</i> (Restated)
Segment				
Property investment	112,991	(33,296)	–	79,695
Financial guarantee services and other financing services	33,712	–	(20,756)	12,956
Revenue for reportable segment	146,703	(33,296)	(20,756)	92,651
Unallocated revenue	2,232	–	–	2,232
Total	<u>148,935</u>	<u>(33,296)</u>	<u>(20,756)</u>	<u>94,883</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.

An operating segment regarding the financial advisory services was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which are described in more details in note 14 of this announcement.

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; and
- (ii) Financial guarantee services and other financing services – provision of corporate financial guarantee services, related consultancy services and other financing 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)

Continuing operations

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 2023		Year ended 31 March 2022	
	Segment revenue <i>HK\$'000</i>	Segment loss for the year <i>HK\$'000</i>	Segment revenue <i>HK\$'000</i> (Restated)	Segment profit/(loss) for the year <i>HK\$'000</i> (Restated)
Continuing operations				
Property investment	102,969	(81,706)	112,991	(62,116)
Financial guarantee services and other financing services	15,801	(51,252)	33,712	25,960
Revenue and result for reportable segment	118,770	(132,958)	146,703	(36,156)
Unallocated revenue	–		2,232	
Total	<u>118,770</u>		<u>148,935</u>	
Unallocated revenue		–		2,232
Unallocated other income, gains and losses		60,034		42,532
Unallocated allowance under expected credit loss model, net of reversal		22		(21,225)
Unallocated gain arising from disposal of subsidiaries, net		(95,353)		–
Share of profit of an associate		1,161		6,842
Loss on deemed disposal of interest in an associate		(1,553)		–
Unallocated corporate expenses		(41,725)		(37,665)
Finance costs		(185,949)		(288,373)
Loss before tax from continuing operations		<u>(396,321)</u>		<u>(331,813)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of unallocated revenue, unallocated other income, gains and losses, unallocated allowance under expected credit loss model, net of reversal, the unallocated gain arising from the disposal of subsidiaries, net, share of profit of an associate, loss on deemed disposal of interest in an associate, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER INCOME, GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000 (Restated)
Continuing operations:		
Other income		
Interest income	3,888	4,423
Other gains and losses		
(Loss)/gain on disposal of property, plant and equipment	(6)	44
Net foreign exchange gain/(loss)	43,409	(20,405)
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	(7,274)	(1,012)
Realised gain from financial assets at FVTPL	–	46
Adjustment on carrying amount of amount due to a director	1,665	1,665
Adjustment on carrying amount of other borrowings and amount due to related parties	15,985	23,623
Others	2,367	1,638
	<u>56,146</u>	<u>38,109</u>
	<u>60,034</u>	<u>42,532</u>

6. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000 (Restated)
Continuing operations:		
Interest on bank and other borrowings	118,553	189,983
Interest expenses on loan from staff	840	897
Interest expenses on amount due to a director	2,434	2,950
Effective interest expense on 6.5% coupon bonds	11,803	17,552
Effective interest expense on 13.0% coupon bonds	30,778	30,689
Imputed interest expense from amount due to related companies	17,868	22,512
Imputed interest expense from other borrowings (note 13)	–	21,750
Imputed interest expense from amount due to a director	1,888	1,656
Interest expenses on lease liabilities	1,785	384
	<u>185,949</u>	<u>288,373</u>

There was no finance cost capitalised arose on the general borrowing pool during the year ended 31 March 2023 and 2022.

7. INCOME TAX CREDIT

Continuing operations:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
PRC	3,211	6,073
	<u>3,211</u>	<u>6,073</u>
Deferred tax	(21,257)	(20,086)
	<u>(18,046)</u>	<u>(14,013)</u>

8. LOSS FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations:		
Loss for the year has been arrived at after charging/(crediting):		
Auditors' remunerations		
– Current year	1,800	1,850
– Other service	680	314
Depreciation of property, plant and equipment	7,717	15,076
Depreciation of right-of-use assets	7,282	5,774
Loss/(gain) on disposal of property, plant and equipment	6	(44)
Staff costs (including directors' emoluments)	24,330	32,469
Salaries and other benefits	4,082	3,807
Retirement benefit scheme contributions		
	<u>28,412</u>	<u>36,276</u>
Expenses relating to short term lease	390	256
Gross rental income from investment properties	(30,175)	(33,296)
Less: direct operating expenses incurred for investment properties that generated rental income	4,293	5,333
	<u>(25,882)</u>	<u>(27,963)</u>

9. LOSS PER SHARE

(a) continuing and discontinued operations

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

Loss

	2023 <i>HK\$'000</i>	2022 <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>(378,642)</u>	<u>(334,063)</u>

Number of shares

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,169,288</u>	<u>1,169,288</u>

(b) Continuing operations

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

Loss

	2023 <i>HK\$'000</i>	2022 <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>(376,622)</u>	<u>(318,645)</u>

9. LOSS PER SHARE (Continued)

(c) Discontinued operations

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

Loss

	2023 <i>HK\$'000</i>	2022 <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>(2,020)</u>	<u>(15,418)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2023 and 2022 is determined by reference to the number of shares in issue during the year.

During the year ended 31 March 2023 and 2022, 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 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

11. TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED COMPANIES

Trade receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
– goods and services	14,860	30,535
– operating lease	197	547
Financial guarantee contracts	1,530	1,296
	<u>16,587</u>	<u>32,378</u>
Less: Allowances for expected credit losses	<u>(11,933)</u>	<u>(9,768)</u>
	<u><u>4,654</u></u>	<u><u>22,610</u></u>

As at 31 March 2023, the gross amount of trade receivables from contracts with customers amounted to HK\$16,390,000 (2022: HK\$31,831,000) (allowances for expected credit losses of approximately HK\$11,932,000 (2022: HK\$9,765,000) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	1,596	13,573
31–90 days	857	3,307
>90 days	2,201	5,730
	<u>4,654</u>	<u>22,610</u>

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.

Trade receivables from related company

As at 31 March 2023, trade receivables from related companies of approximately HK\$1,244,000 (net the allowance for expected credit losses of approximately HK\$5,000) (2022: HK\$1,341,000 (net the allowance for expected credit losses of approximately HK\$6,000)) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
> 90 days	<u>705</u>	<u>760</u>

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

13. BANK AND OTHER BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings, secured	1,165,354	695,973
Bank borrowings, unsecured	19,299	–
Other borrowings, secured	73,017	555,605
Other borrowings, unsecured	329,268	430,249
Bank overdraft	12,457	11,987
	<u>1,599,395</u>	<u>1,693,814</u>
Carrying amount of the above borrowings that do not contain repayable on demand clause and repayable*		
– Within one year	529,595	571,557
– More than one year, but not exceeding two years	50,869	71,262
– More than two years, but not exceeding five years	–	184,615
– More than five years	–	182,154
Sub-total	<u>580,464</u>	<u>1,009,588</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	59,699	684,226
– More than one year, but not exceeding two years	34,258	–
– More than two years, but not exceeding five years	239,808	–
– More than five years	685,166	–
Sub-total	<u>1,018,931</u>	<u>684,226</u>
	<u>1,599,395</u>	<u>1,693,814</u>
Less: Amount shown under non-current liabilities	<u>(50,869)</u>	<u>(438,031)</u>
Amounts shown under current liabilities	1,548,526	1,255,783
Carrying amounts of bank loans that are repayable on demand that have loan defaults or breach of loan covenants (shown under current liabilities)	<u>(50,559)</u>	<u>(1,079,398)</u>
Amounts shown under current liabilities for the borrowings without loan defaults or breach of loan covenants	<u>1,497,967</u>	<u>176,385</u>

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

13. BANK AND OTHER BORROWINGS (Continued)

As at 31 March 2023, the banks overdraft carried interest at Hong Kong Prime Interest Rate (2022: Hong Kong Prime Interest Rate) per annum.

As at 31 March 2023, the variable-rate bank borrowings of approximately HK\$134,178,000 (2022: approximately HK\$145,231,000) are secured by the Group's property, plant and equipment with carrying value of approximately HK\$23,700,000 (2022: HK\$24,111,000) and investment properties with fair value of approximately HK\$749,914,000 (2022: HK\$836,800,000). The borrowings carries at variable-rate of 7.35% per annum (2022: 7.13% per annum) which is at based rate fixed by People's Bank of China ("PBOC Rate") plus a premium per annum as at 31 March 2023 and 2022.

As at 31 March 2023, the fixed-rate bank borrowings of approximately HK\$1,031,176,000 (2022: approximately 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\$2,326,254,000 (2022: HK\$2,611,200,000). The borrowings carries at a fixed-rate ranged from 3.65% to 7.1% per annum (2022: 4.4% to 8.5% per annum).

As at 31 March 2023, the remaining fixed-rate bank borrowings of approximately HK\$19,299,000 (2022: nil) are unsecured, carries interest at a fixed- rate ranged from 5.5% to 6.7% per annum are repayable at maturity dates ranged from 12 April 2023 to 10 June 2023.

As at March 2023, the other borrowing amounted to approximately HK\$73,017,000 (2022: approximately HK\$555,605,000) is secured by equity interest of certain Group's wholly owned subsidiaries (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 approximately HK\$669,477,000). The borrowings carries at a fixed-rate ranged from 10.61% to 12.79% per annum (2022: a fixed-rate ranged from 12.6% to 20.0%) and are repayable at maturity dates ranged from 17 May 2023 to 30 March 2026.

As at 31 March 2023, the remaining other borrowings of approximately HK\$329,268,000 (2022: approximately HK\$430,249,000) are unsecured, carries interest at a fixed- rate ranged from 5.0% to 24.0% per annum (2022: a fixed- rate ranged from 5.0% to 18.0% per annum) and are repayable at maturity dates ranged from 1 April 2023 to 31 March 2024 (2022: 1 April 2022 to 21 March 2023).

As at 31 March 2023, the unsecured other borrowings included an amount of HK\$152,461,000 (equivalent to RMB133,510,000) (2022: HK\$156,936,000 (equivalent to RMB127,510,000)) 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.

13. BANK AND OTHER BORROWINGS (Continued)

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

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Effective interest rate:		
Fixed-rate borrowings	3.65%-24.00%	4.40%-20.00%
Variable-rate borrowings	<u>7.35%</u>	<u>7.13%</u>

The Group has bank borrowings and other borrowings of approximately HK\$983,109,000 and approximately HK\$35,822,000 respectively that contains a repayable on demand clause (2022: approximately HK\$194,462,000 and approximately HK\$489,764,000 respectively), which were included in the current liabilities.

The Group has defaulted in repayment of principals and interests of bank overdrafts and other borrowings amounting to approximately HK\$17,807,000 and HK\$347,000 respectively during the year ended 31 March 2023 which outstanding amounts of bank overdrafts and other borrowings are approximately HK\$12,457,000 and HK\$5,697,000 respectively as at 31 March 2023 remain outstanding. Due to this breach of default clause of borrowings, this had triggered cross default of another borrowings, totaling of approximately HK\$32,405,000 as at 31 March 2023, which were originally due for repayment in October 2023 and December 2023, the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings of approximately HK\$50,559,000.

14. DISCONTINUED OPERATIONS

On 14 November 2022, Trillion Up Limited, a wholly-owned subsidiary of the Company and owned 51% of Alpha Yield Limited which owned 100% of MCM Holdings Limited ("**Trillion Up**"), BFB International Limited ("**Investor A**") and Lutea (Hong Kong) Limited ("**Investor B**") entered into the sales and purchase agreement, pursuant to which Trillion Up agreed to sell and each of Investor A and Investor B agreed to purchase, 29% and 22% of the entire issued share capital of Alpha Yield Limited respectively for a total cash consideration of USD1,530,000 (equivalent to approximately HK\$11,953,000) due to deterioration of operating results and financial performance of financial advisory services business during the year. Upon completion on 14 November 2022, Alpha Yield Limited and MCM Holdings Limited and its subsidiaries were ceased to be the subsidiaries of the Company.

The loss for the period/year from the discontinued operations of financial advisory services segment is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and related notes have been represented as discontinued operation. And the details of the assets and liabilities disposed of, deregistered and transferred, and the calculation of the profit or loss on deconsolidation, disposal and deregistration, are disclosed in note 15 of this announcement.

14. DISCONTINUED OPERATIONS (Continued)

	From 1 April 2022 to 14 November 2022 HK\$'000	2022 HK\$'000
Revenue	6,672	37,170
Cost of sales	(317)	(13,483)
	<hr/>	<hr/>
Gross profit	6,355	23,687
Other income, gains and losses	(325)	(29)
Selling and distribution costs	(49)	(180)
Allowance under expected credit loss model, net of reversal	–	(349)
Impairment loss on goodwill	–	(7,015)
Administrative expenses	(16,398)	(30,478)
Finance costs	(166)	(185)
	<hr/>	<hr/>
Loss before tax	(10,583)	(14,549)
Income tax expenses	–	–
	<hr/>	<hr/>
Loss for the year	(10,583)	(14,549)
Gain arising from disposal of subsidiaries (note 15b)	3,377	–
	<hr/>	<hr/>
Loss for the year from discontinued operations	(7,206)	(14,549)

Loss for the year from discontinued operations include the following:

	From 1 April 2022 to 14 November 2022 HK\$'000	2022 HK\$'000
Staff costs	11,332	19,508
Depreciation of property, plant and equipment	186	271
Depreciation of right-of-use assets	1,378	2,663
Expense relating to short term lease	241	866
	<hr/> <hr/>	<hr/> <hr/>

15. DISPOSAL OF SUBSIDIARIES

(a) Disposal of a subsidiary – Real King International (Xi'an) Information Technology Company Limited

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 RMB132,000,000 (equivalent to approximately HK\$153,000,000). 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 by the Company dated 25 May 2022.

Analysis of assets and liabilities derecognised from the consolidated financial statements at the date of completion of disposal:

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

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

15. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of a subsidiary – Real King International (Xi'an) Information Technology Company Limited (Continued)

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

	As at 30 June 2022 HK\$'000
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	(16,286)
	<hr/>
	248,138
Loss on disposal of a subsidiary	(95,353)
	<hr/>
Total consideration	152,785
	<hr/>
Net cash inflow arising on disposal:	
Total cash consideration received	152,785
Bank balances disposed of	(40)
	<hr/>
	152,745
	<hr/> <hr/>

(b) Disposal of subsidiaries – Alpha Yield Limited and MCM Holdings Limited and its subsidiaries

On 14 November 2022, Trillion Up Limited, a wholly-owned subsidiary of the Company and owned 51% of Alpha Yield Limited which owned 100% of MCM Holdings Limited (“**Trillion Up**”), BFB International Limited (“**Investor A**”) and Lutea (Hong Kong) Limited (“**Investor B**”) entered into the sales and purchase agreement, pursuant to which Trillion Up agreed to sell and each of Investor A and Investor B agreed to purchase, 29% and 22% of the entire issued share capital of Alpha Yield Limited respectively for a total cash consideration of US\$1,530,000 (equivalent to approximately HK\$11,953,000) due to deterioration of operating results and financial performance of financial advisory services business during the year. Upon completion on 14 November 2022, Alpha Yield Limited and MCM Holdings Limited and its subsidiaries were ceased to be the subsidiaries of the Company.

Analysis of assets and liabilities derecognised from the consolidated financial statements at the date of completion of disposal:

15. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries – Alpha Yield Limited and MCM Holdings Limited and its subsidiaries (Continued)

The results of Alpha Yield Limited and MCM Holdings Limited and its subsidiaries for the period from 1 April 2022 to 14 November 2022, which has been included in the consolidated statement of profit or loss and other comprehensive income were as follows:

	From 1 April 2022 to 14 November 2022 HK\$'000
Revenue	6,672
Cost of sales	(317)
	<hr/>
Gross profit	6,355
Other income, gains and losses	(325)
Selling and distribution costs	(49)
Administrative expenses	(16,398)
Finance costs	(166)
	<hr/>
Loss before tax	(10,583)
Income tax expenses	–
	<hr/>
Loss for the period	(10,583)
Other comprehensive income	
Item that may be reclassified subsequently to profit or loss:	
Exchange different arising on translation of foreign operations	7
	<hr/>
Total comprehensive expenses for the period	(10,576)
	<hr/> <hr/>

15. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries – Alpha Yield Limited and MCM Holdings Limited and its subsidiaries (Continued)

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

	As at 14 November 2022 HK\$'000
Property, plant and equipment	585
Right-of-use assets	2,804
Goodwill	10,222
Financial assets at fair value through profit or loss	1,060
Trade receivables	17,319
Other receivables, deposits and prepayments	15,899
Bank balances and cash	5,989
Other payables and accruals	(21,599)
Loan from staff	(19,526)
Contract liabilities	(236)
Lease liabilities	(2,958)
	<hr/>
Net assets disposed of	9,559
Reclassification of cumulative translation reserve upon disposal of Alpha Yield Group	(37)
Less: non-controlling interests	(946)
	<hr/>
	8,576
Gain on disposal of subsidiaries	3,377
	<hr/>
Total consideration	11,953
	<hr/>
Net cash outflow arising on disposal:	
Total cash consideration received	11,953
Bank balances disposed of	(5,989)
	<hr/>
	5,964
	<hr/> <hr/>

16. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares:		
Authorised ordinary shares		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023 of HK\$0.01 each	62,500,000,000	625,000
	<hr/> <hr/>	<hr/> <hr/>
Issued ordinary shares and fully paid		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023 of HK\$0.01 each	1,169,287,752	11,693
	<hr/> <hr/>	<hr/> <hr/>

17. CONTINGENT LIABILITIES

Corporate guarantee

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	<u>245,011</u>	<u>219,464</u>
	<u><u>245,011</u></u>	<u><u>219,464</u></u>

18. 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	<u>4,968</u>	<u>5,251</u>

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

19. CAPITAL COMMITMENTS

	2023 <i>HK\$'000</i>	2022 <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>21,426</u>	<u>28,464</u>

20. COMPARATIVE FIGURE

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2023 under review, the Group recorded a total revenue from continuing operations of HK\$118.8 million, representing a drop of 20.2% compared with the year ended 31 March 2022 (the “**Previous Year**”). The drop, on the one hand, was mainly because the financial guarantee and other financial services businesses had lowered interest rate and service fee rate charged to the customers. On the other hand, the overall property investment business also recorded a drop in revenue because Chinlink International Centre (the “**CIC**”) commercial property did not record a full year revenue due to the CIC Disposal (as defined below) and although the Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the “**Commercial Complex**”) recorded a slight increase in revenue, it was mostly offset by the depreciation of Renminbi (“**RMB**”) against Hong Kong dollars (“**HK\$**”) during the Year.

MCM Holdings Limited and its subsidiaries (collectively, “**MCM Group**”) has suffered a loss of business because of the poor capital market during the last few years. Its income from financial advisory services was on a declining trend. After the MCM Disposal (as defined below), MCM Group’s revenue was no longer recorded as part of the Group’s revenue and the financial advisory service business was discontinued. MCM Group is 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. Chinlink as an indirect controlling shareholder of the MCM Group started in 2017, with the strategic objective of diversifying the Group’s financial service to financial advisory service. Unfortunately, MCM Group’s business results have not met the Group’s expectations, especially during the last three years of Coronavirus Disease 2019 (“**COVID-19**”) and the turbulence of the Chinese investment market. Therefore, the Group has decided to discontinue the controlling shareholder position of MCM Group. New investors were brought in by MCM Group, and the Group has an option to acquire a 10% minority stake of the new MCM Group to retain a strategic partnership.

Nevertheless, the Group will concentrate on the private equity business in China’s onshore market through an established joint venture with the new MCM Group which the Group will own a majority stake of 51%. The Group believes private equity investment should have massive potential in China because of its continuous and rapid developments of innovation and technology and the digital economy.

Along the MCM Disposal, the Group retained and increased the controlling interests in 陝西普匯中金融資擔保有限公司 (Shaanxi Chinlink Financial Guarantee Limited*) (an indirect wholly-owned subsidiary of the Company) through the further acquisition of Chinlink Alpha Limited (for details, please refer to section headed “Disposal of subsidiaries” in this Management Discussion and Analysis), which also controls a wholly-owned subsidiary engaged in commercial factoring business. However, the incomes of financial guarantee services and factoring kept shrinking due to the unfavourable market condition amid the COVID-19 restrictions.

* For identification purpose only

Segmental Review

Property Investment Business

The property investment business generated HK\$103.0 million in revenue during the Year, which comprised HK\$8.0 million and HK\$95.0 million contributions by CIC and Commercial Complex, respectively.

The Group completed the CIC Disposal (as defined below). Therefore, the contributed income of CIC to the Group only accounted for up to the completion date of the CIC Disposal.

During the Year, the Commercial Complex recorded a slight increase in revenue by 1.7% due to the rise in average per unit rental and management fee and the expiration of a series of incentives and allowances for tenants' retention but partially offset by the depreciation of RMB against HK\$ during the Year. The average occupancy rate of the Commercial Complex was around 98% during the Year, which is comparable with the Previous Year.

Financial Guarantee Services and Other Financial Services Businesses

During the Year, the Group generated HK\$4.4 million in revenue from the financial guarantee services and HK\$11.4 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 dropped by 65.7% compared with the Previous Period. The decrease in revenue was mainly due to the reduction in services fee rates charged to the customers to cope with the poor economic conditions.

Discontinued Operations – Financial Advisory Services Business

MCM Group's operation encompass financial advisory and asset management services recorded a loss of HK\$7.2 million for the period from 1 April 2022 to 14 November 2022. Its business is no longer consolidated with the Group account after the MCM Disposal was completed.

FINANCIAL REVIEW

Profitability Analysis

Upon completion of the MCM Disposal, the financial results of MCM Group for the Year up to the completion of MCM Disposal were reclassified to discontinued operations and the financial statements for the Previous Year were restated accordingly. For the Year, the Group's revenue from continuing operations was HK\$118.8 million, reflecting a significant decrease of 20.2% from HK\$148.9 million (restated) in the Previous Year. Revenue contribution by segments comprised: property investment of HK\$103.0 million (2022: HK\$113.0 million), financial guarantee services and other financial services of HK\$15.8 million (2022: HK\$33.7 million) and there was no other revenue for the Year (2022: HK\$2.2 million).

Gross profit for the Year decreased to HK\$90.2 million, down 17.6% from HK\$109.5 million (restated) in the Previous Year. Gross profit margin increased slightly to 75.9% from 73.5% (restated) in the Previous Year.

The decrease in revenue and gross profit was mainly attributable to the depreciation of RMB against HK\$ during the Year and drop in revenue from i) financial guarantee and other financial services due to lower interest rate and services fee rate charged to the customers; and ii) property investment business due to CIC Disposal, and although the revenue generated from the Commercial Complex (in terms of the original currency of RMB) increased slightly, which was mostly offset by the depreciation of RMB against HK\$ during the Year.

Other income, gains and losses recorded a gain of HK\$60.0 million (2022: HK\$42.5 million (restated)) for the Year, mainly attributable to (i) exchange gain arising from the depreciation of RMB against HK\$ during the Year; (ii) interest income from bank deposits; and (iii) adjustment on carrying amount of other borrowings and amounts due to related parties and a director. During Previous Year, the gain comprised (i) overprovision of construction costs of investment properties; (ii) adjustment on carrying amount of other borrowings and amounts due to related parties; and (iii) interest income from bank deposits but partially offset by (i) exchange loss arising from appreciation of RMB against HK\$ during the Previous Year; and (ii) loss on modification of financial liabilities.

During the Year, the Group completed the CIC Disposal (for details, please refer to the section headed "Disposal of subsidiaries" in this "Management Discussion and Analysis"). As a results, the Group recognised net loss on disposal of a subsidiary amounted to HK\$95.4 million.

The adverse impact caused by the COVID-19 pandemic has not recovered, the Group recorded loss on fair value change of investment properties amounted to HK\$122.5 million (2022: HK\$95.6 million) for the Year. It was mainly attributable to a fair value loss of the Commercial Complex and the logistics park project located at Hantai District, Hanzhong City, Shaanxi Province, the PRC (the “**Chinlink • Worldport**”).

Also, certain customers under our financial services encountered short-term cash flow difficulties and some of the loan receivables and factoring receivables are overdue. The Group has implemented certain measures to protect the interest of the Group, such as issuing reminders and warning letters to the customers, obtained further collaterals from the customers, closely monitor the cash inflow from their receivables etc. For prudence basis, the Group provided allowance for under expected credit loss of HK\$58.8 million (2022: HK\$17.3 million) for the Year.

During the Year, share of profit of an associate (namely Chinlink Finance Lease Company Limited (“**Chinlink Finance Lease**”)) up to mid of May 2022 when the Deemed Disposal (as defined below) took place amounted to HK\$1.2 million (Previous Year: HK\$6.8 million). During the Year, the registered capital of Chinlink Finance Lease 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% (the “**Deemed Disposal**”). Therefore, it ceased to be an associate of the Group since mid of May 2022 and was classified as equity investment at fair value through other comprehensive income and accordingly, the Group also recorded a loss on Deemed Disposal of an associate company of HK\$1.6 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 amounted to HK\$73.1 million for the Year, representing a decrease of HK\$5.3 million as compared with HK\$78.4 million (restated) of the Previous Year. The decrease was mainly due to (i) reduction in staff costs as the result of streamlining of workforce during the COVID-19 pandemic; (ii) decrease in administrative expenses since the completion of CIC Disposal and MCM Disposal during the Year; and (iii) depreciation of RMB against HK\$ during the Year.

Finance costs amounted to HK\$185.9 million for the Year, representing a decrease of HK\$102.5 million as compared with HK\$288.4 million (restated) in the Previous Year. The decrease was mainly due to repayment of high-interest bank and other borrowing with (i) the net proceed from the CIC Disposal; and (ii) the new low-interest bank loan obtained from Shaanxi Qinnong Rural Commercial Bank Company Limited (“**Qinnong Bank**”) during the Year.

After the MCM Disposal, the Group ceased to engage in financial advisory services business and the financial results of the MCM Group before the completion of MCM Disposal together with the gain arised from MCM Disposal were classified as discontinued operations of the Group (financial results for the Previous Years were restated accordingly). During the Year, loss from discontinued operations (including gain on MCM Disposal of HK\$3.4 million) amounted to HK\$7.2 million (2022: HK\$14.5 million (restated)) For details, please refer to the section headed “Disposal of subsidiaries” in this Management Discussion and Analysis.

For the Year, the Group recorded a loss of HK\$385.5 million (2022: HK\$332.3 million) mainly due to (i) drop in revenue from financial guarantee and other financial services and property investment businesses; (ii) substantial loss on fair value change of investment properties; (iii) significant loss on disposal of a subsidiary during the Year; and (iv) material allowance provided for under expected credit loss.

Liquidity and Financial Resources

As at 31 March 2023, the bank balances and cash and pledged bank deposits amounted to HK\$171.0 million in total, representing a decrease of HK\$80.9 million from HK\$251.9 million in the Previous Year. The decrease was mainly due to (i) repayment of bank and other borrowings; (ii) daily operating expenses of the Group; and (iii) reduction of pledged bank deposit for financial guarantee business during the Year.

As at 31 March 2023, the bank and other borrowings of the Group which were mainly denominated in HK\$, RMB and US\$ amounted to HK\$1,599.4 million (31 March 2022: HK\$1,693.8 million), representing a decrease of HK\$94.4 million from that of 31 March 2022, of which HK\$1,548.5 million and HK\$50.9 million were repayable within one year and two to five years 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 annual reports 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 Weibin (“**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 Previous 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.

As at the date of this announcement, the First 6.5% Coupon Bonds were matured, of which HK\$28.5 million were redeemed by the Company 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 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 Previous 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 annual reports under Rule 13.21 of the Listing Rules.

Long-term loan from Qinnong Bank

During the Year, Xi'an Tang Rong Real Estate Limited* (“**Tang Rong**”) (as borrower), a wholly-owned subsidiary of the Group, and Qinnong Bank (as the lender) entered into a long-term loan agreement, pursuant to which Qinnong Bank agreed to lend a secured long-term loan of RMB850.0 million to Tang Rong. The long-term loan is interest bearing at Loan Prime Rate plus 2.7% per annum and will expire in December 2032. During the Year, the long-term loan was drawn down and used mainly for repayment of bank and other borrowings and daily operating expenses of the Group. This long term loan is guaranteed by Mr. Li and his spouse and secured by the equity of certain subsidiaries and the Group's certain investment properties. Due to the repayable on demand clause, the whole amount was classified as current liabilities.

As at 31 March 2023, the Group recorded net current liabilities of HK\$1,460.2 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 0.43 (31 March 2022: 0.70). The setback in current ratio was mainly due to the completion of MCM Disposal during the Year which significantly reduced the current assets of the Group. Although the Group drawdown of ten-year long-term bank loan of RMB850.0 million from Qinnong Bank to repay short term bank and other borrowing, as the loan agreement with Qinnong Bank contains a repayable on demand clause, the whole amount was classified as current liabilities.

Share Capital

As at 31 March 2023, the authorised share capital and issued share capital of the Company were HK\$625.0 million and HK\$11.69 million respectively (31 March 2022: 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.

Disposal of subsidiaries

On 14 November 2022, the Group entered into a sale and purchase agreement to dispose Alpha Yield Limited (a non-wholly-owned subsidiary of the Company which owned the MCM Group) to certain independent third parties at a consideration of USD1.53 million (the “**MCM Disposal**”). 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 from Alpha Yield Limited at a consideration of USD1.5 million. Both of the disposal and acquisition were completed on 14 November 2022. For details, please refer to notes 14 and 15 of this announcement and the announcement of the Company dated 14 November 2022. MCM Disposal constituted discontinued operations of the Group and the financial results of MCM Group for the Year up to the completion of MCM Disposal were reclassified to discontinued operations and the financial statements for the Previous Year were restated accordingly. The Group recognised loss from discontinued operations (including gain on MCM Disposal of HK\$3.4 million) of HK\$7.2 million during the Year.

* For identification purpose only

Under the volatile property market and the rising financing costs due to tight market liquidity, the Group decided to reduce its exposure in the China real estate market in last year. During the Year, the Group disposed of the ownership of the CIC, a commercial complex with office and retail space, through the sale of 100% equity interest of Real King International (Xi'an) Information Technology Company Limited* (“**Real King**”) (an indirect wholly-owned subsidiary of the Company incorporated in the PRC) to Shaanxi Tianheng Investment Company Limited* (“**Shaanxi Tianheng**”) (an independent third party) (the “**CIC Disposal**”). The CIC Disposal was completed on 30 June 2022. The net proceeds from the CIC Disposal were used for the repayment of the debts of the Group. For details, please refer to note 15 of this announcement and the announcement 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 recognised substantial loss on CIC Disposal of HK\$95.4 million during the Year.

Gearing Ratio

The Group’s gearing ratio as at 31 March 2023 was 0.69 (31 March 2022: 0.65) which was calculated based on the Group’s total liabilities of HK\$3,067.9 million (31 March 2022: HK\$3,593.7 million) and the Group’s total assets of HK\$4,430.9 million (31 March 2022: HK\$5,569.7 million). The slight setback in the gearing ratio was mainly due to loss arising from (i) provision of under expected credit loss; (ii) revaluation downward of investment properties; and (iii) completion of CIC Disposal during 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. Details of the Groups lending business as at 31 March 2023 are as follows:

(i) Business model of the Group’s lending businesses

As part of the normal course of businesses of the Group, the Group provided certain financial services to its customers through its subsidiaries which possessed relevant licences (including the money lenders license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the financing guarantee enterprise operation license in the PRC (中華人民共和國融資性擔保機構經營許可証)), 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 of which the Group agreed to guarantee the settlement by its customers of the obligation under the loan agreements entered into by its customers (as the borrowers) and the lenders.

* For identification purpose only

Such financing services are generally provided to individual and corporate borrowers that have short-term funding needs. Except for the financial guarantee granted to customers who are applying property mortgage loan which involved low-level of risk and insignificant amount, collaterals and/or countered guarantee is/are generally requested. The Group's clientele is primarily acquired through business referrals from business partners or customers, introduction from the banks and the Group's management. Customers are enterprises engaged in various industries in the PRC, respectively (including manufacturing of electronic components, smart fire alarm system project, development and management of apartments, property development, operation of warehouse and logistics centres, food & beverage and entertainment business, trading of construction materials and provision of landscaping engineering services, etc.) or individual who needs a short-term guarantee for application of property mortgage loan. The source of funds for the lending business and financial guarantee business was funded by the internal resources and net proceeds for the issuance of bonds of the Group. The Group has internal business unit and risk assessment unit to assess the risk level of each transaction.

(ii) Major terms of loans/financial guarantee granted

The interest rates of the loans were ranging from 4.0% to 12.5% per annum and maturity profile of the loans as at 31 March 2023 were all within 1 year. All of the loan receivables as at 31 March 2023 were guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations, of which 57.2% were also secured by i) operating income; ii) the forest felling right owned by the customers; iii) trade receivables; or iv) post-dated cheques issued by the customers. As at 31 March 2023, HK\$174.3 million of the loan receivables were overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK\$57.4 million was provided for the Year. To reduce the risk of bad debt, the Group has implemented certain measures, such like issue reminder and warning letters to the customers, obtained further collaterals (such like shares pledge of the customer or its subsidiaries) from the customers, closely monitor the cash inflow from their receivable.

In respect of guarantee fee, the guarantee and consultancy services fee (in aggregate) charged to the customers were ranging from 1% to 5% of the loan principal per annum except the guarantee fee charged to individual customers who are applying property mortgage loan which involved low-level of risk and insignificant amount, the Group generally charge a fixed sum ranging from RMB400 to RMB700 per case. The maturity profile of the guarantee granted by the Group as at 31 March 2023 were all within 1 year. Except for the financial guarantee granted to the customers who are applying property mortgage loan, all of the guarantee arrangements are counter-guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations, of which 11.1% were also secured by i) cash deposits; ii) real estate properties; or iii) trade receivable owned by the customers. As at 31 March 2023, no underlying banks loan was overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK\$1.7 million was provided for the Year.

(iii) The size and diversity of customers

As at 31 March 2023, the Group has total loan receivables amounting to HK\$334.9 million and the total guarantee sum provided by the Group to the lenders amounted to HK\$246.7 million. Summary of the customer diversity classified by the size of principal are as follows:

Principal range	Lending Number of customers/(Total lending principal (HK\$))	Financial guarantee Number of customers/ (Total guarantee principal (HK\$))
Below HK\$10 million	3/(HK\$17.4 million)	134/(HK\$117.1 million)
HK\$10 million – HK\$20 million	8/(HK\$136.1 million)	9/(HK\$129.6 million)
HK\$20 million – HK\$30 million	1/(HK\$25.8 million)	0/(HK\$Nil)
HK\$30 million – HK\$40 million	2/(HK\$70.9 million)	0/(HK\$Nil)
HK\$40 million – HK\$50 million	2/(HK\$84.7 million)	0/(HK\$Nil)

The amounts of lending from the five largest customers (in aggregate) and the amounts of guarantee sum from the five largest customers (in aggregate) amounted to approximately HK\$181.4 million and HK\$82.2 million, respectively. They accounted for approximately 54.6% and 33.3% respectively of the total loan receivables and total guarantee sum of the Group as at 31 March 2023.

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\$ depreciated 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 17 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2023, the Group had pledged (i) bank deposits of HK\$80.7 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\$23.7 million to secure obligations under banking facilities; and (iii) certain investment properties with fair value of HK\$3,076.2 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 2023, the Group had capital commitments contracted but not provided for amounting to HK\$21.4 million in respect of the development of Chinlink • Worldport. Details of the commitments are set out in note 19 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

There is no significant subsequent events after the year end date of 31 March 2023.

Final Dividend

The Directors do not recommend the payment of final dividend for the Year (2022: 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 2023, the Group had 11 employees in Hong Kong and 167 employees in China (31 March 2022: 32 employees in Hong Kong and 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 relationship with customers and suppliers is fundamental to the Group's operational performance and on-going financial success.

PROSPECT

Given the prolonged COVID-19 restriction in China and Hong Kong, the looming recession in the major economies, including the United States (“**US**”) and the European Union countries, rising interest rates, high inflation and tight liquidity, and the geopolitical upheavals led by the escalating US/China tension and the war in Ukraine. The global economic outlook is gloomy. The market had high expectation of a drift recovery of the Chinese economy after lifting COVID-19 control early this year. Still, the recent statistics released by the Chinese central government do not resonate with the prediction. Consumer spending did not rebound substantially, and the real estate market is still depressed due to earlier government intervention. Home buyers' confidence has not recovered, and developers are tight on liquidity. China's exports shrank much faster than expected in early 2023, and imports fell, albeit slower, as manufacturers struggled to find demand abroad and domestic consumption remained sluggish. Many provincial and municipal governments endure tight budget constraints due to previous huge expenditures on COVID-19 containment and loss of significant revenue from land sales and real estate development because of the central government restrictions.

Amid such a macroeconomic situation, the Group's investment property portfolio in China is under heavy pressure. Over the years, the Group has accumulated substantial investment in retail and commercial property projects in China, primarily in Xi'an of the Shaanxi Province. However, the poor market situation allows minimal space for the rental increase and higher costs for tenant retention. Rather than enjoying handsome asset appreciation in the past years, the Group recorded a drop in property valuation during the Year. Rising financing costs further undercut the property's cash flow, as most properties are relatively high-g geared.

The disposal of CIC was completed to allow the Group to pay off an expensive loan which had been a heavy financial burden to the Group. The Group will continue such deleveraging strategy to tackle those unprofitable and poor cash flow businesses and assets to minimise exposure to rising borrowing costs and market uncertainty.

The pre-sale of the phase two development (the “**Phase Two Development**”) of the Commercial Complex since the third quarter of 2021 has been far from satisfactory, mainly attributed to the COVID-19 and the depressed Chinese property market during the last three years. Recently, the Group has temporarily suspended the construction works due to market uncertainty and the substantial financial commitment to completion. Nevertheless, the Group will resume the construction works and the pre-sale in light of the latest relaxed property market condition.

In the meantime, the Group will continue pushing forward the Public-Private Partnership (PPP) joint venture with the Hanzhong Municipal Government to merge Chinlink • Worldport with the government sponsored Hanzhong Baohe Logistics Park. This exercise will eventually provide the Group with the means to monetise part of our investment and new sources of revenue. This project has been delayed over one year due to COVID-19 but recently resumed finalising the detailed commercial and contract terms.

Despite the Group’s exit from financial advisory services previously engaged by MCM Group, the focus will turn to private equity investment in China’s onshore market. We will expand the current operation in Xi’an and seek partnerships in other important cities across China. We will intensify collaboration with local government and education institutes to identify and invest in potential start-ups and later-stage companies with innovative technologies and business models, providing them with critical financial assistance for their different stages. From our home base in Hong Kong, we will seek to integrate our activities into the Greater Bay Area to apply our competence in financial services and investment support for the forward-looking innovation and technology, reindustrialisation and environmental sustainability businesses.

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 2022/2023 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 a non-executive Director namely, Mr. Lam Wing Yiu; and 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 2023, 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 from continuing operations of approximately HK\$378,275,000 (2022: HK\$317,800,000, as restated). As of 31 March 2023, the Group had net current liabilities of approximately HK\$1,460,206,000 (2022: HK\$791,022,000), while its bank balances and cash amounted to approximately HK\$90,286,000 (2022: HK\$42,608,000) only as at 31 March 2023. In addition, the Group had outstanding borrowings and bonds of approximately HK\$1,548,526,000 (2022: HK\$1,255,783,000) and HK\$328,757,000 (2022: HK\$389,614,000) respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2023. The Group has defaulted in repayment of principals and interest of borrowings and bonds amounting to approximately HK\$17,807,000 (2022: HK\$284,536,000) and HK\$347,000 (2022: HK\$60,306,000) respectively as at 31 March 2023 which carrying amounts of borrowings and bonds of approximately HK\$18,154,000 (2022: HK\$1,060,356,000) and HK\$nil (2022: HK\$261,125,000) respectively as at 31 March 2023 remain outstanding. Due to this breach of the default clause of borrowings and bonds, this triggered cross-default of another borrowings, totalling approximately HK\$32,405,000 as at 31 March 2023, which were originally due for repayment in October 2023 and December 2023. The bank and financial institutions are contractually entitled to request immediate repayment of the outstanding borrowings and bonds of approximately HK\$50,559,000. Further details are set out in Notes 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. 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 2022/2023 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 2023

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