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CHINLINK
普匯中金

CHINLINK INTERNATIONAL HOLDINGS LIMITED
普匯中金國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 0997)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

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 2024 (the "**Year**"), together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
CONTINUING OPERATIONS:			
Revenue	3		
Services		**65,624**	77,232
Rental		**26,315**	30,175
Interest			
– Other interest revenue		**5,339**	11,363
Total revenue		**97,278**	118,770
Cost of sales		**(26,502)**	(28,593)

* *For identification purpose only*

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

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Gross profit		**70,776**	90,177
Other income, gains and losses	*5*	**72,936**	60,034
Loss arising from disposal of a subsidiary	*18(a)*	**–**	(95,353)
Loss on deemed disposal of interest in an associate		**–**	(1,553)
Loss on fair value change of investment properties		**(266,137)**	(122,526)
Allowance under expected credit loss model, net of reversal		**(64,463)**	(58,820)
Share of profit of an associate		**–**	1,161
Selling and distribution costs		**(9,750)**	(10,401)
Administrative expenses		**(53,209)**	(73,091)
Finance costs	*6*	**(173,499)**	(185,949)
Loss before tax		**(423,346)**	(396,321)
Income tax credit	*7*	**38,220**	18,046
Loss for the year from continuing operations	*8*	**(385,126)**	(378,275)
DISCONTINUED OPERATIONS:			
Loss for the year from discontinued operations, net of tax		**–**	(7,206)
Loss for the year		**(385,126)**	(385,481)

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

For the year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(127,515)**	(192,359)
Share of exchange difference of an investment in an associate		**–**	(2,495)
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)
Items that will not be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on equity investment at fair value through other comprehensive income		**(23,838)**	519
Other comprehensive expense for the year, net of income tax		**(151,353)**	(214,811)
Total comprehensive expense for the year		**(536,479)**	(600,292)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(381,784)**	(376,622)
– from discontinued operations		**–**	(2,020)
Loss for the year attributable to owners of the Company		**(381,784)**	(378,642)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(3,342)**	(1,653)
– from discontinued operations		**–**	(5,186)
Loss for the year attributable to non-controlling interests		**(3,342)**	(6,839)

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

For the year ended 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(532,678)**	(574,286)
Non-controlling interests		**(3,801)**	(26,006)
		(536,479)	(600,292)
Total comprehensive expense attributable to owners of the Company arises from:			
– continuing operations		**(532,678)**	(574,249)
– discontinued operations		**–**	(37)
		(532,678)	(574,286)
		HK cents	*HK cents*
LOSS PER SHARE			
Loss per share attributable to owners of the Company for the year:			
From continuing and discontinued operations			
– Basic	*9*	**(32.65)**	(32.38)
– Diluted		**(32.65)**	(32.38)
From continuing operations			
– Basic	*9*	**(32.65)**	(32.21)
– Diluted		**(32.65)**	(32.21)
From discontinued operations			
– Basic	*9*	**–**	(0.17)
– Diluted		**–**	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**101,919**	118,061
Right-of-use assets		**18,044**	24,245
Investment properties		**2,640,470**	3,076,168
Equity investment at fair value through other comprehensive income		**69,605**	93,443
Deposit paid for land auction		**866**	917
Financial asset at fair value through profit or loss		**–**	–
Deposits		**1,679**	1,698
		2,832,583	3,314,532
Current assets			
Properties under development for sale		**598,514**	633,751
Trade receivables	*11*	**701**	4,654
Trade receivables from related companies	*11*	**1,173**	1,244
Loan receivables		**11,822**	102,617
Factoring receivables		**52,002**	174,931
Other receivables, deposits and prepayments		**26,509**	28,208
Pledged bank deposits		**56,846**	80,694
Bank balances and cash		**7,606**	90,286
		755,173	1,116,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Current liabilities			
Trade payables	12	**666**	705
Other payables and accruals		**175,763**	154,999
Loans from staff		**2,125**	6,339
Construction costs accruals		**323,573**	347,478
Receipts in advance		**9,348**	9,342
Lease liabilities		**5,155**	4,793
Contract liabilities		**123,415**	132,230
Deposits received from tenants and customers		**24,060**	24,334
Deferred income		**17,547**	14,908
Financial guarantee contracts		**804**	1,792
Tax payable		**4,099**	2,388
Bank and other borrowings	13	**1,256,286**	1,548,526
6.5% coupon bonds		**102,375**	100,649
13.0% coupon bonds		**163,988**	228,108
		2,209,204	2,576,591
Net current liabilities		**(1,454,031)**	(1,460,206)
Total assets less current liabilities		**1,378,552**	1,854,326

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Non-current liabilities			
Deferred income		**1,464**	14,702
Amounts due to directors		**45,210**	34,035
Lease liabilities		**14,270**	20,139
Bank and other borrowings	*13*	**176,552**	50,869
Amounts due to related companies		**90,474**	88,626
Deferred tax liabilities		**224,059**	282,953
		552,029	491,324
		826,523	1,363,002
Capital and reserves			
Share capital	*14*	**11,693**	11,693
Reserves		**809,856**	1,342,534
Equity attributable to owners of the Company		**821,549**	1,354,227
Non-controlling interests		**4,974**	8,775
		826,523	1,363,002

Notes

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the Year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Impact on amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrows the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Company and its subsidiary are operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as"independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

Based on management's assessment, the change has had no material impact on the Group's financial positions and performance.

Amendments to HKFRSs and interpretation in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause[2]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs and interpretation 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 People's Republic of China ("**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 2024, the Group incurred a net loss from continuing operations and net loss for the year of approximately HK$385,126,000. As of 31 March 2024, the Group had net current liabilities of approximately HK$1,454,031,000, while its bank balances and cash amounted to approximately HK$7,606,000 only as at 31 March 2024. In addition, the Group had outstanding borrowings and bonds of approximately HK$1,256,286,000 and HK$266,363,000 respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2024. The Group has defaulted in repayment of principals and interest of borrowings and bonds of approximately HK$178,348,000 and HK$40,278,000 respectively as at 31 March 2024, as a result the carrying amounts of the defaulted borrowings and bonds of approximately HK$930,092,000 and HK$163,988,000 respectively as at 31 March 2024 were repayable on demand as of 31 March 2024. The default of these borrowings and bonds triggered cross default of another borrowing, approximately HK$17,713,000 as at 31 March 2024, which was originally due for repayment in December 2024. The bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK$947,805,000 and HK$163,988,000 respectively as at 31 March 2024. Further details are set out in Note 13. These events and 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 and thereby the preselling of 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;

(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) the Group has requested extending the repayment of the defaulted principals and interests of the bank and other borrowings of approximately HK$23,743,000 and HK$30,895,000 respectively. The directors of the Company are confident in further extending the repayment of the principals of the bank and other borrowings taking into consideration the long-term relationship with the lenders. However, the extensions were subject to final approval by the lenders as of the date of these audited consolidated financial statements.

(b) On 22 September 2023, the Group entered into a supplemental deed in respect of the settlement and purchase deed with a financial institution for 13.0% coupon bonds. According to the supplemental deed, the Group agreed to repay accrued interest and principal in a total amount of approximately US$10,700,000 in two tranches on or before 31 December 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. However, the Group failed to repay as scheduled. The Group has been actively negotiating with the financial institution for the rescheduled repayment plan and the directors of the Company are confident that the rescheduled repayment plan will be agreed with the financial institution.

(iii) the Group has received written confirmation dated 28 June 2024 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;

(iv) the Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flows from its 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 sources of funds, including additional banking facilities to further support the Group's funding needs should the aforesaid operating cash inflows turned out to be less than forecasted

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

3. REVENUE

Continuing operations:

(i) Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Types of services:		
Revenue from property management services	**63,866**	72,794
Revenue from financial guarantee services	**1,758**	4,438
Total revenue from contracts with customers	**65,624**	77,232
Add:		
Rental income under HKFRS 16	**26,315**	30,175
Interest income under HKFRS 9	**5,339**	11,363
Total revenue	**97,278**	118,770
Geographical markets:		
PRC	**65,624**	77,232
Total	**65,624**	77,232
Timing of revenue recognition:		
Over time	**65,624**	77,232
Total	**65,624**	77,232

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 2024 and 2023.

For the year ended 31 March 2024

	Revenue disclosed in segment information *HK$'000*	**Adjustment of rental income** *HK$'000*	**Adjustment of interest income** *HK$'000*	**Revenue from contracts with customers** *HK$'000*
Segment				
Property investment	**90,181**	**(26,315)**	**–**	**63,866**
Financial guarantee services and other financing services	**7,097**	**–**	**(5,339)**	**1,758**
Revenue for reportable segment	**97,278**	**(26,315)**	**(5,339)**	**65,624**

For the year ended 31 March 2023

	Revenue disclosed in segment information *HK$'000*	Adjustment of rental income *HK$'000*	Adjustment of interest income *HK$'000*	Revenue from contracts with customers *HK$'000*
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	118,770	(30,175)	(11,363)	77,232

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 during the year ended 31 March 2023. The segment information reported below does not include any amounts for this discontinued operation.

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.

Continuing operations

Segment revenue and results

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

	Year ended 31 March 2024		Year ended 31 March 2023	
Continuing operations	**Segment revenue** *HK$'000*	**Segment loss for the year** *HK$'000*	Segment revenue *HK$'000*	Segment loss for the year *HK$'000*
Property investment	**90,181**	**(232,469)**	102,969	(81,706)
Financial guarantee services and other financing services	**7,097**	**(65,118)**	15,801	(51,252)
Revenue and result for reportable segment	**97,278**	**(297,587)**	118,770	(132,958)
Total	**97,278**		118,770	
Unallocated other income, gains and losses		**72,936**		60,034
Unallocated allowance under expected credit loss model, net of reversal		**1,850**		22
Unallocated loss arising from disposal of a subsidiary, net		**–**		(95,353)
Share of profit of an associate		**–**		1,161
Loss on deemed disposal of interest in an associate		**–**		(1,553)
Unallocated corporate expenses		**(27,046)**		(41,725)
Finance costs		**(173,499)**		(185,949)
Loss before tax from continuing operations		**(423,346)**		(396,321)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of unallocated other income, gains and losses, unallocated allowance under expected credit loss model, net of reversal, the unallocated loss arising from disposal of a subsidiary, 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 resources allocation and performance assessment.

5. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	HK$'000	*HK$'000*
Continuing operations:		
Other income		
Interest income	**760**	3,888
Other gains and losses		
Loss on disposal of property, plant and equipment	**(2)**	(6)
Net foreign exchange gain	**52,991**	43,409
Loss on fair value change of financial assets at FVTPL, net	**–**	(7,274)
Adjustment on carrying amount of amount due to a director	**1,593**	1,665
Adjustment on carrying amount of amounts due to related companies	**16,358**	15,985
Others	**1,236**	2,367
	72,176	56,146
	72,936	60,034

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Continuing operations:		
Interest on bank and other borrowings	**120,326**	118,553
Interest expenses on loan from staff	**396**	840
Interest expenses on amount due to a director	**2,656**	2,434
Effective interest expense on 6.5% coupon bonds	**9,529**	11,803
Effective interest expense on 13.0% coupon bonds	**21,380**	30,778
Imputed interest expense from amounts due to related companies	**15,523**	17,868
Imputed interest expense from amount due to a director	**1,490**	1,888
Interest expenses on lease liabilities	**2,199**	1,785
	173,499	185,949

There was no finance cost capitalised arose on the general borrowing pool during the year ended 31 March 2024 and 2023.

7. INCOME TAX CREDIT

Continuing operations:

	2024	2023
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
PRC	**5,490**	3,211
	5,490	3,211
Deferred tax	**(43,710)**	(21,257)
	(38,220)	(18,046)

8. LOSS FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Continuing operations:		
Loss for the year has been arrived at after charging/(crediting):		
Auditors' remunerations		
– Current year	**1,580**	1,800
– Other service	**280**	680
Depreciation of property, plant and equipment	**9,320**	7,717
Depreciation of right-of-use assets	**5,409**	7,282
Loss on disposal of property, plant and equipment	**2**	6
Staff costs (including directors' emoluments)		
Salaries and other benefits	**18,509**	24,330
Retirement benefit scheme contributions	**3,483**	4,082
	21,992	28,412
Expenses relating to short-term lease	**109**	390
Gross rental income from investment properties	**(26,315)**	(30,175)
Less: direct operating expenses incurred for investment properties that generated rental income	**3,802**	4,293
	(22,513)	(25,882)

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

	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(381,784)**	(378,642)

Number of shares

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,169,288**	1,169,288

(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

	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(381,784)**	(376,622)

(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

	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**–**	(2,020)

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 2024 and 2023 is determined by reference to the number of shares in issue during the year.

During the year ended 31 March 2024 and 2023, 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 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2024	2023
	HK$'000	*HK$'000*
Trade receivables		
– goods and services	**14,040**	14,860
– operating lease	**319**	197
Financial guarantee contracts	**478**	1,530
	14,837	16,587
Less: Allowances for expected credit losses	**(14,136)**	(11,933)
	701	4,654

As at 31 March 2024, the gross amount of trade receivables from contracts with customers amounted to HK$14,518,000 (2023: HK$16,390,000) (allowances for expected credit losses of approximately HK$13,956,000 (2023: HK$11,932,000)).

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:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**694**	1,596
31-90 days	**7**	857
>90 days	**–**	2,201
	701	4,654

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 31 March 2024, trade receivables from related companies of approximately HK$1,173,000 (net the allowance for expected credit losses of approximately HK$6,000) (2023: HK$1,244,000 (net the allowance for expected credit losses of approximately HK$5,000)) 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:

	2024	2023
	HK$'000	*HK$'000*
> 90 days	**666**	705

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

13. BANK AND OTHER BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Bank borrowings, secured	**1,101,012**	1,165,354
Bank borrowings, unsecured	**7,978**	19,299
Other borrowings, secured	**36,970**	73,017
Other borrowings, unsecured	**286,878**	329,268
Bank overdraft	**–**	12,457
	1,432,838	1,599,395
Carrying amount of the above borrowings are repayable*		
– Within one year	**308,481**	529,595
– More than one year, but not exceeding two years	**176,552**	50,869
Sub-total	**485,033**	580,464
Carrying amount of the above bank and other borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable*		
– Within one year	**42,242**	59,699
– More than one year, but not exceeding two years	**32,341**	34,258
– More than two years, but not exceeding five years	**226,391**	239,808
– More than five years	**646,831**	685,166
Sub-total	**947,805**	1,018,931
	1,432,838	1,599,395
Less: Amount shown under non-current liabilities	**(176,552)**	(50,869)
Amount shown under current liabilities	**1,256,286**	1,548,526
Carrying amounts of bank and other borrowings that are repayable on demand that have loan defaults or cross default provisions (shown under current liabilities)	**(947,805)**	(50,559)
Amounts shown under current liabilities for the borrowings without loan defaults or cross default provisions	**308,481**	1,497,967

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

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

As at 31 March 2024, the variable-rate bank borrowings of approximately HK$126,671,000 (2023: HK$134,178,000) are secured by the Group's property, plant and equipment with carrying value of approximately HK$20,066,000 (2023: HK$23,700,000) and investment properties with fair value of approximately HK$677,016,000 (2023: HK$749,914,000). These borrowings carry interests at variable-rate of 6.90% per annum (2023: 7.35% per annum) which is based on the rate fixed by People's Bank of China ("**PBOC Rate**") plus a premium per annum as at 31 March 2024 and 2023.

As at 31 March 2024, the fixed-rate bank borrowings of approximately HK$974,341,000 (2023: HK$1,031,176,000) 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$1,963,454,000 (2023: HK$2,326,254,000). These borrowings carry interest at fixed rates which ranged from 3.45% to 7.00% per annum (2023: 3.65% to 7.10% per annum).

As at 31 March 2024, the remaining fixed-rate bank borrowings of approximately HK$7,978,000 (2023: HK$19,299,000) are unsecured, carry interest at fixed-rate of 5.50% (2023: ranged from 5.50% to 6.70%) per annum and are repayable at maturity date on 17 September 2024 (2023: ranged from 12 April 2023 to 10 June 2023).

As at 31 March 2024, the other borrowing amounting to approximately HK$36,970,000 (2023: HK$73,017,000) is secured by equity interest of certain Group's wholly owned subsidiaries. These borrowings carry interests at fixed-rate of 10.61% per annum (2023: fixed rates which ranged from 10.61% to 12.79%) and are repayable at maturity date on 30 March 2026 (2023: ranged from 17 May 2023 to 30 March 2026).

As at 31 March 2024, the remaining other borrowings of approximately HK$286,878,000 (2023: HK$329,268,000) are unsecured, carry interests at fixed-rates which ranged from 5.00% to 24.00% per annum (2023: fixed rates which ranged from 5.00% to 24.00% per annum) and are repayable at maturity dates which ranged from 1 April 2023 to 22 March 2025 (2023: 1 April 2023 to 31 March 2024).

As at 31 March 2024, the unsecured other borrowings included an amount of HK$150,339,000 (equivalent to RMB139,510,000) (2023: HK$152,461,000 (equivalent to RMB133,510,000)) which represents the capital injection in the form of registered capital and capital reserve into Shaanxi Chinlink Financial Guarantee Limited ("**Chinlink Financial Guarantee**") by 漢中市投資控股集團有限公司 ("**Hanzhong Investment**") pursuant to a cooperation agreement entered into between Chinlink Financial Guarantee, Hanzhong Investment and Chinlink Alpha Limited ("**Chinlink Alpha**") on 17 May 2018. Chinlink Financial Guarantee was wholly-owned by Chinlink Alpha before the capital injection and was held as to 65% by Chinlink Alpha and 35% by Hanzhong Investment after the capital injection.

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

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

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

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:

	2024	2023
	HK$'000	*HK$'000*
Effective interest rate:		
Fixed-rate borrowings	**3.45%-24.00%**	3.65%-24.00%
Variable-rate borrowings	**6.90%**	7.35%

The Group has bank borrowings and other borrowings of approximately HK$916,343,000 and HK$31,462,000 respectively that contain repayable on demand clause (2023: approximately HK$983,109,000 and HK$35,822,000 respectively), which were included in the current liabilities.

The Group has defaulted in repayment of principals and interests of bank borrowing and other borrowings amounting to approximately HK$23,743,000 and HK$30,895,000 respectively during the year ended 31 March 2024. The outstanding principal amounts of the bank borrowing and other borrowings in respect of which the Group has defaulted in repayment were approximately HK$916,343,000 and HK$13,749,000 respectively as at 31 March 2024 and are repayable on demand as a result of the default clause in these borrowings. Due to these defaults of borrowings, this had triggered cross default of other borrowing approximately HK$17,713,000 as at 31 March 2024, which was originally due for repayment in December 2024. As at 31 March 2024, the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings of approximately HK$947,805,000.

14. SHARE CAPITAL

	Number of shares	**Nominal value**
		HK$'000
Ordinary shares:		
Authorised ordinary shares		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024 of HK$0.01 each	62,500,000,000	625,000
Issued ordinary shares and fully paid		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024 of HK$0.01 each	1,169,287,752	11,693

15. CONTINGENT LIABILITIES

Corporate guarantee

	2024	2023
	HK$'000	*HK$'000*
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	**99,257**	245,011
	99,257	245,011

16. 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

	2024	2023
	HK$'000	*HK$'000*
Within one year	**4,511**	4,968

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

17. CAPITAL COMMITMENTS

	2024	2023
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in connection with the investment properties under construction	**24,932**	21,426

18. 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 (the date of completion of disposal), 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 ***HK$'000***
Revenue	**3,140**
Cost of sales	**(472)**
Gross profit	**2,668**
Other income, gains and losses	**(450)**
Selling and distribution costs	**(108)**
Administrative expenses	**(1,773)**
Finance costs	**(812)**
Loss before tax	**(475)**
Income tax expenses	**–**
Loss for the period	**(475)**
Other comprehensive expense	
Item that maybe subsequently reclassified to Profit or loss:	
Exchange different arising on translation of foreign operations	**(17,524)**
Total comprehensive expenses for the period	**(17,999)**

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)**
Net assets disposed of	**264,424**
Reclassification of cumulative translation reserve upon disposal of Real King to profit or loss	**(16,286)**
	248,138
Loss on disposal of a subsidiary	**(95,353)**
Total consideration	**152,785**
Net cash inflow arising on disposal:	
Total cash consideration received	**152,785**
Bank balances disposed of	**(40)**
	152,745

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

On 14 November 2022, Trillion Up Limited ("**Trillion Up**"), a wholly-owned subsidiary of the Company and owned 51% of Alpha Yield Limited which owned 100% of MCM Holdings Limited, Investor A and 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 the 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:

The results of Alpha Yield Limited 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)**
Gross profit	**6,355**
Other income, gains and losses	**(325)**
Selling and distribution costs	**(49)**
Administrative expenses	**(16,398)**
Finance costs	**(166)**
Loss before tax	**(10,583)**
Income tax expenses	**–**
Loss for the period	**(10,583)**
Other comprehensive income	
Item that maybe subsequently reclassified to Profit or loss:	
Exchange different arising on translation of foreign operations	**7**
Total comprehensive expenses for the period	**(10,576)**

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)**
Net assets disposed of	**9,559**
Reclassification of cumulative translation reserve upon disposal Alpha Yield Group to profit or loss	**(37)**
Less: non-controlling interests	**(946)**
	8,576
Gain on disposal of a subsidiary	**3,377**
Total consideration	**11,953**
Net cash inflow arising on disposal:	
Total cash consideration received	**11,953**
Bank balances disposed of	**(5,989)**
	5,964

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2024 under review, the Group recorded a total revenue from continuing operations of HK$97.3 million, representing a drop of 18.1% compared with the year ended 31 March 2023 (the "**Previous Year**"). Chinlink's performance during the Year is hardly satisfactory amidst an unfavourable operating environment.

The Company's business consists of two major categories, namely property investment business and financial guarantee services and other financial services business. The majority of these businesses are conducted in the People's Republic of China (the "**PRC**" or "**China**"), except the money lending business which is conducted in Hong Kong and is regulated by Money Lenders Ordinance. Both sectors encountered adverse market conditions in China and Hong Kong during the Year, thus affecting the Company's performance. The economic situation in China has not improved since the lifting of Coronavirus Disease 2019 ("**COVID-19**") restrictions in early 2023. During the Year, China was still under the pressure of a distressed real estate market and its spillover effect into China's broader economy. The overall China GDP growth was dragged down as real estate investment and construction activities were substantially reduced. The real estate woes have undermined household wealth and shaken consumer sentiment, leading to declined spending on housing, appliances, furniture, and other related products. As local governments in China rely heavily on land sales and real estate taxes for revenue, the real estate downturn has strained their budgets and finances, leading to tighter government spendings. The banking and financial sectors have significant exposure to the real estate market. Rising defaults and falling collateral values pose risks to the stability of the financial system, rendering it difficult for other businesses, especially for the small and medium-sized private companies, to obtain financing.

Faced with such harsh real estate market, the Group's income from the property investment segment during the Year declined by almost 12.4%. After the disposal of Chinlink International Centre ("**CIC**") in 2022, the Group lost a new source of income from rental and property management of CIC. Moreover, revenues from the Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the "**Commercial Complex**") dropped despite its high occupancy level of over 96%. Tenants of the Commercial Complex mostly specialise in selling home furnishings, decorations, and home appliances, and they have to struggle for survival as demand for their goods and services is low due to the sluggish property market. Hence the Group had to grant generous rent-free incentives and lower rates to retain tenants for tenancy renewals. Such measures effectively dragged down revenues from the Commercial Complex. Furthermore, the pre-sale of the phase two development of the Commercial Complex (the "**Phase Two**") has come to a halt because of the difficult market situation. It will take more time for the Phase Two to generate meaningful income to the Group. In light of the real estate market downturn, the value of the Group's investment properties in the Renminbi ("**RMB**") declined by approximately 9% on average.

The Group's financial services income continue to decline during the Year. Because of the challenging business environment and escalating credit risks, the Group has shrunk its loans and guaranteed portfolios for those high-risk customers. Expected credit loss was provided for in respect of certain non-performing loans. The Group will not seek to expand its financial services until there is a substantial improvement in the market.

* *For identification purpose only.*

SEGMENTAL REVIEW

Property Investment Business

The property investment business income for the year was almost entirely derived from the Commercial Complex and CIC. The property investment business generated HK$90.2 million in revenue during the Year down HK$12.8 million or 12.4% from the Previous Year of HK$103.0 million. The decline was mainly attributed to the loss of an income source after the CIC Disposal (as defined below) which was completed in June 2022. During the Previous Year, the contribution of CIC was approximately HK$8.0 million. Rental and management services incomes during the Year from the Commercial Complex amounted to RMB82.4 million (equivalent to HK$89.7 million) compared with RMB83.5 million (equivalent to HK$95.0 million) in the Previous Year, only a slight decline of 1.3%. The Commercial Complex still sustained well despite the harsh property market situation in China.

As the Group's income from the property investment is in RMB, a decrease of approximately 4.0% in our report in the Hong Kong Dollar ("**HK$**") terms arose from the depreciation of RMB against HK$. Otherwise, the decline in revenue in the Year would only be around 8.4%.

Financial Guarantee Services and Other Financing Services Businesses

During the Year, the Group continued to provide financial guarantee and factoring services in China and money lending business in China and Hong Kong. The Group has not engaged in financial advisory services since the completion of the restructuring of MCM Holdings Limited and its subsidiaries (collectively, "**MCM Group**") in November 2022. Due to the unfavourable economy and the tight liquidity situation in China and Hong Kong, the Group's has taken a very conservative approach to the financing businesses. As a result, incomes from financial services in terms of fees and interest shrank by 55.1% to HK$7.1 million only, from HK$15.8 million for the Previous Year because of reduction in the portfolio size and lower average fee rate charged.

FINANCIAL REVIEW

Profitability Analysis

Upon completion of the MCM Disposal (as defined below) in November 2022, the financial results of financial advisory services contributed by MCM Group for the Previous Year were classified as discontinued operations. For the Year, the Group's revenue from continuing operations was HK$97.3 million, reflecting a significant decrease of 18.1% from HK$118.8 million in the Previous Year. Revenue contribution by segment comprised: property investment of HK$90.2 million (2023: HK$103.0 million) and financial guarantee services and other financial services of HK$7.1 million (2023: HK$15.8 million).

Gross profit for the Year decreased to HK$70.8 million, down 21.5% from HK$90.2 million in the Previous Year. Gross profit margin decreased to 72.8% from 75.9% in the Previous Year.

The decrease in revenue and gross profit was mainly attributable to the 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 property investment business due to CIC Disposal; and (ii) the depreciation of RMB against HK$ during the Year.

Other income, gains and losses recorded a gain of HK$72.9 million (2023: HK$60.0 million) for the Year, mainly attributable to (i) adjustment on carrying amounts of amounts due to related parties and a director and (ii) exchange gain arising from the depreciation of RMB against HK$. During the Previous Year, the gain comprised (i) exchange gain arising from the depreciation of RMB against HK$; (ii) interest income from bank deposits; and (iii) adjustment on carrying amounts of amounts due to related parties and a director.

During the Previous Year, the Group recorded a one-off significant loss on disposal of a subsidiary for HK$95.4 million. On 29 April 2022, the Group entered into the conditional sale and purchase agreement with Shaanxi Tianheng (as defined below) for disposal of the entire equity interest in Real King (as defined below) (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 the end of June 2022.

The Group recorded loss on fair value change of investment properties for HK$266.1 million (2023: HK$122.5 million) during 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**") due to the sustained slump in the property market.

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, obtaining further collaterals from the customers, closely monitoring the cash inflow from their receivables etc. For prudence basis, the Group provided allowance for under expected credit loss of HK$64.5 million (2023: HK$58.8 million) for the Year.

During the Previous 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. In mid of May 2022, 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**") and it ceased to be an associate of the Group since then 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$1.5 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 fees which totalled HK$53.2 million for the Year, representing a decrease of HK$19.9 million as compared with HK$73.1 million in the Previous Year. The decrease was mainly due to (i) reduction in staff costs as the result of streamlining the workforce during the COVID-19 pandemic; (ii) decrease in administrative expenses since the completion of CIC Disposal; and (iii) depreciation of RMB against HK$ during the Year.

Finance costs amounted to HK$173.5 million for the Year, representing a decrease of HK$12.4 million as compared with HK$185.9 million in the Previous Year. The decrease was mainly due to (i) repayment of high-interest bank and other borrowing with the new low-interest bank loan obtained from Shaanxi Qinnong Rural Commercial Bank Company Limited ("**Qinnong Bank**") in December 2022; and (ii) depreciation of RMB against HK$ during the Year which reduced the finance costs denominated in RMB being translated to the reporting currency, i.e. HK$.

After the MCM Disposal, the Group ceased to engage in financial advisory services business and the financial results of the MCM Group for the Previous Year were classified as discontinued operations of the Group. During the Previous Year, loss from discontinued operations amounted to HK$7.2 million. 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$385.1 million (2023: HK$385.5 million) mainly due to (i) drop in revenue from financial guarantee and other financing services and property investment businesses as the economic situation in China has not improved since the lifting of COVID-19 restrictions in early 2023; (ii) substantial loss on fair value change of investment properties due to the unfavourable real estate market in China and (iii) increase in allowance provided for under expected credit loss model. Such impact was partially offset by (i) the decrease in administrative expenses and finance costs and (ii) a one-off loss of HK$95.4 million arising from the disposal of the entire equity interest in Real King being recognized in the Previous Year.

Liquidity and Financial Resources

As at 31 March 2024, the bank balances and cash and pledged bank deposits amounted to HK$64.5 million in total, representing a decrease of HK$106.5 million from HK$171.0 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 2024, the bank and other borrowings of the Group which were mainly denominated in HK$, RMB and US$ amounted to HK$1,432.8 million (31 March 2023: HK$1,599.4 million), representing a decrease of HK$166.6 million from that of 31 March 2023, of which HK$1,256.3 million and HK$176.6 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:

6.5% Coupon Bonds

6.5% coupon bonds (the "**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 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 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 6.5% Coupon Bonds, executed the second deed of amendment to amend certain terms and conditions of the bond instrument of the 6.5% Coupon Bonds, pursuant to which the maturity dates of the 6.5% Coupon Bonds were extended for 1 year and the Company can re-issue the 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. During the year ended 31 March 2022, the 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.

During the year ended 31 March 2023, the 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.

During the year ended 31 March 2024, the bondholders of the 6.5% Coupon Bonds with the principal amount of HK$6.0 million exercised the early redemption right to request for early redemption of bonds on the first anniversary of the extension date pursuant to the third deed of amendment dated 12 August 2022.

As at 31 March 2024, the Group recorded net current liabilities of HK$1,454.0 million (31 March 2023: HK$1,460.2 million) and the current ratio of the Group calculated as the Group's current assets over its current liabilities was 0.34 (31 March 2023: 0.43). The fallback in the current ratio was mainly due to the significant decrease of bank balances and cash for repayment of bank and other borrowings and daily operating expenses of the Group during the Year.

Share Capital

As at 31 March 2024, the authorised share capital and issued share capital of the Company were HK$625.0 million and HK$11.69 million respectively (31 March 2023: 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 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 Previous Year were classified to discontinued operations. The Group recognised loss from discontinued operations (including gain on MCM Disposal of HK$3.4 million) of HK$7.2 million during the Previous Year.

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 the Previous Year. During the Previous 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 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 Previous Year.

Gearing Ratio

The Group's gearing ratio as at 31 March 2024 was 0.77 (31 March 2023: 0.69) which was calculated based on the Group's total liabilities of HK$2,761.2 million (31 March 2023: HK$3,067.9 million) and the Group's total assets of HK$3,587.8 million (31 March 2023: HK$4,430.9 million). The fallback in the gearing ratio was mainly due to loss arising from (i) provision of under expected credit loss; and (ii) devaluation of investment properties during the Year.

* *For identification purpose only.*

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 Group's lending business as at 31 March 2024 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證)), 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.

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 (including software development and information technology consultancy services, smart fire alarm system project, advertising design, management of apartments, property development, research and development and agency sales of energy-saving products, food and beverage and entertainment business, trading of construction materials and provision of landscaping engineering services, etc.) in the PRC, 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 from 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 rate of the loans were ranging from 2.0% to 12.5% per annum and maturity profile of the loans as at 31 March 2024 were all within 1 year. All of the loan receivables as at 31 March 2024 were guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations, of which 90.3% were also secured by (i) operating income; (ii) the deforestation right owned by the customers; (iii) trade receivables; or (iv) post-dated cheques issued by the customers. As at 31 March 2024, HK$152.2 million of the loan receivables were overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK$64.8 million was provided for the Year. To reduce the risk of bad debt, the Group has implemented certain measures, such as issuing reminders and warning letters to the customers, obtaining further collaterals (like share pledge of the customer or its subsidiaries) from the customers, closely monitoring the cash inflow from their receivables.

In respect of guarantee fee, the guarantee and consultancy services fee (in aggregate) charged to the customers were ranging from 1.0% to 5.0% 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 charges a fixed sum ranging from RMB400 to RMB700 per case. The maturity profile of the guarantee granted by the Group as at 31 March 2024 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 20.5% were also secured by trade receivables owned by the customers. As at 31 March 2024, no underlying banks loan was overdue. Based on the valuation performed by a qualified valuer, no further expected credit loss was provided for in the Year.

(iii) The size and diversity of customers

As at 31 March 2024, the Group had total loan receivables amounting to HK$182.9 million and the total guarantee sum provided by the Group to the lenders amounted to HK$89.3 million. A summary of the customer diversity classified by the size of principal is 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	8/HK$36.2 million	72/HK$89.3 million
HK$10 million – HK$20 million	5/HK$75.6 million	0/HK$Nil million
HK$20 million – HK$30 million	0/HK$Nil million	0/HK$Nil million
HK$30 million – HK$40 million	2/HK$71.1 million	0/HK$Nil million

The amounts of lending to the five largest customers (in aggregate) and the amounts of guarantee sum granted to the five largest customers (in aggregate) amounted to approximately HK$125.9 million and HK$29.1 million, respectively. They accounted for approximately 68.8% and 32.6% respectively of the total loan receivables and total guarantee sum of the Group as at 31 March 2024.

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 15 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2024, the Group had pledged (i) bank deposits of HK$56.8 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$20.1 million to secure obligations under banking facilities; and (iii) certain investment properties with fair value of HK$2,640.5 million and equity interest in 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 2024, the Group had capital commitments contracted but not provided for amounting to HK$24.9 million in respect of the development of Chinlink • Worldport. Details of the commitments are set out in note 17 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 event after the year end date of 31 March 2024.

Final Dividend

The Directors do not recommend the payment of final dividend for the Year (2023: 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 2024, the Group had 10 employees in Hong Kong, 152 employees in China (31 March 2023: 11 employees in Hong Kong and 167 employees in China). 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.

PROSPECTS

Given the continued weakness in the Chinese real estate sector and the spillover effects on the overall economy, particularly on the growth momentum, the weakened consumer sentiment and investment confidence, the intensified geopolitical tensions and the subdued external demand for the exports of goods and services, the outlook for the Chinese economy is not very encouraging. The Group will therefore continue to apply a conservative approach to conducting business in its core business sectors, including property investment, financial guarantee and other financial services in China and Hong Kong. It will seek to improve the Group's financial position with possible asset sales to minimise the exposure to further turbulence of the Chinese real estate market, and to seek for refinancing of the short-term, high-interest borrowings in China onshore to mitigate against interest rate and exchange risks. The Group will seek for opportunities to diversify to other promising businesses.

Recently, the Chinese government has implemented various policies to stabilise the real estate market, such as easing lending restrictions and lowering the interest rates on mortgages and developer financing to improve liquidity, encouraging mergers and acquisitions of distressed developers to consolidate the industry. The central government has also introduced an affordable housing programme to support local governments and state-owned enterprises to acquire the unsold home inventory for sale or lease to the public at reasonable prices as a measure to solve housing problem for those in need. This is intended to support housing demand and shift the market away from excessive speculation on property. It has also introduced new policies to encourage foreign investment and revive entrepreneurs' spirit. Hopefully, such actions will help to bring the Chinese economy back on track and restore confidence in consumption and investment.

The Group's Chinese home base in Xi'an and the bigger Shaanxi Province is an important economic and technology powerhouse in the northwest China. It is well-known for its comprehensive industrial system, vital research and development capability and advanced technology industrial base in aerospace, information technology, biotechnology, and new energy. Shaanxi Province also has significant coal, natural gas, and oil reserves and well-established vertical infrastructure and supply chain. In recent years, Shaanxi Province has been leading globally in manufacturing electric vehicles, solar photovoltaic materials and panels, semiconductors, and new materials possessing titanium and magnesium. With the established network in Shaanxi Province, the Group is in an advantageous position to expand and diversify the province's strategic industries such as clean and renewable energy, environmentally friendly materials, and IT development, through cooperation with local government entities and academics to support technology start-ups and foster innovation in the Shaanxi Province.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Year, the Company complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules, except for the following deviations:

1. 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 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.

2. Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Li Weibin, the Chairman of the Board, attended the annual general meeting held on 27 September 2023 ("**AGM**") via electronic means to ensure that he was also available to answer questions from the shareholders of the Company (the "**Shareholders**"). The AGM was chaired by the executive Director, Mr. Siu Wai Yip. At the AGM, the Shareholders approved the amendments to the bye-laws of the Company to (among others) provide the Directors with the option of attending general meetings remotely through electronic means if necessary or appropriate.

For details of the compliance and practice of corporate governance of the Company, please refer to the corporate governance report contained in the 2023/2024 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 (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Before the publication of the Company's results announcement, notifications were sent to the Directors and the relevant employees of the Company to remind them not to be involved in dealing in the Company's securities during the blackout period. Having made specific enquiry of the Directors, all Directors confirmed that they 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 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 auditors' report on the Group's consolidated financial statements for the year ended 31 March 2024 which included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern basis

As explained in Note 1 to the consolidated financial statements, the Group incurred a net loss from continuing operations and net loss for the year of approximately HK$385,126,000 for the year ended 31 March 2024. As at 31 March 2024, the Group was in net current liabilities position of approximately HK$1,454,031,000, and its bank balances and cash amounted to approximately HK$7,606,000 only. As at that date, the Group had outstanding borrowings and bonds of approximately HK$1,256,286,000 and HK$266,363,000 respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2024. The Group has defaulted in repayment of principals and interest of borrowings and bonds of approximately HK$178,348,000 and HK$40,278,000 respectively as at 31 March 2024, as a result the carrying amounts of the defaulted borrowings and bonds of approximately HK$930,092,000 and HK$163,988,000 respectively as at 31 March 2024 were repayable on demand as at 31 March 2024. The default of these borrowings and bonds triggered cross default of another borrowing, approximately HK$17,713,000 as at 31 March 2024, which was originally due for repayment in December 2024. The bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK$947,805,000 and HK$163,988,000 respectively as at 31 March 2024. These events and conditions, along with other matters as set forth in note 13 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors have certain plans and measures to improve the Group's liquidity and financial position, which are set out in Note 1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these plans and measures, which are inherently uncertain and subject to multiple uncertainties, including (i) whether the Group is able to accelerate the construction progress for pre-sale of the phase two development of the Commercial Complex; (ii) whether the Group is able to successfully negotiate with the banks and financial institutions to secure the renewals of the Group's bonds and borrowings to meet its liabilities when they fall due; (iii) whether the Company is successful in implementing alternative capital raising initiatives to provide additional funds for the Group; and (iv) whether the Group is able to implement its cost control measures to attain positive cash flows from operations of the Group.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

ADDITIONAL INFORMATION ON THE AUDITORS' DISCLAIMER OF OPINION AND THE COMPANY'S VIEW AND MEASURES TO ADDRESS THE DISCLAIMER OF OPINION

The Board wishes to draw the attention of the Shareholders to the section headed "Basis for Disclaimer of Opinion" as contained in the Independent Auditor's Report dated 28 June 2024 issued by the Company's auditors, HLB Hodgson Impey Cheng Limited (the "**Auditor**"), contained on pages 43 to 45 of this announcement.

In respect of the basis for disclaimer of opinion (the "**Disclaimer**") as disclosed in the independent auditor's report for the year ended 31 March 2024 relating to the appropriateness of the assumption regarding the Company's ability to continue as a going concern, the Group has prepared a forecast covering a period of 15 months from the end of the reporting period taking into account of the Measures and the Refinancing Plan disclosed in the section headed "Going concern basis" on pages 11 to 12 of this announcement. The Board considers that subject to the successful implementation of the Measures and Refinancing Plan, the Disclaimer will not have any significant impact on the daily operations of the Group. For the same reasons, the Directors are of the opinion that the Group will have sufficient working capital and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Communications have been conducted between the Audit Committee and the Auditor to discuss the Disclaimer and the audit procedures during the audit. The Audit Committee has reviewed the facts and circumstances leading to the conclusion of the Board and fully understood the reasons for the Disclaimer. The members of the Audit Committee have no disagreement with the basis of such Disclaimer and the management's position concerning the Disclaimer as set out in this announcement.

Assuming the Measures and the Refinancing Plan in the forecast can be successfully implemented as scheduled and there are no other material adverse changes to the business operation and financial conditions of the Group, the Company's auditor will consider to remove the Disclaimer in next year's audit report.

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 2023/2024 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 being 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, 28 June 2024

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.