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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: 997)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

## RESULTS

The board of directors (the "Board") of Chinlink International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012 (the "Financial Year"), together with the comparative figures for the year ended 31 March 2011 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2012*

| | *Notes* | **2012** *HK$'000* | 2011 *HK$'000* (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 3 | **173,158** | 167,153 |
| Cost of sales | | **(119,015)** | (95,313) |
| Gross profit | | **54,143** | 71,840 |
| Other income, gains and losses | 5 | **4,958** | 1,982 |
| Selling and distribution costs | | **(2,678)** | (2,394) |
| Administrative expenses | | **(45,605)** | (46,451) |
| Share of result of an associate | | **(439)** | (7,185) |
| Finance costs | 6 | **(355)** | (775) |
| Profit before taxation | 7 | **10,024** | 17,017 |
| Income tax charge | 8 | **(1,939)** | (3,067) |
| Profit for the year from continuing operations | | **8,085** | 13,950 |
| **Discontinued operations** | | | |
| Profit (loss) for the year from discontinued operations | 10 | **9,747** | (26,771) |
| Profit (loss) for the year | | **17,832** | (12,821) |

* *For identification purpose only*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (continued)
*For the year ended 31 March 2012*

| | *Notes* | **2012**<br>***HK$'000*** | 2011<br>*HK$'000*<br>(Restated) |
|---|---|---|---|
| Other comprehensive income | | | |
| Exchange difference arising on translation of foreign operations and to presentation currency | | **10,358** | 9,394 |
| Share of translation reserve of an associate | | **70** | 493 |
| Other comprehensive income for the year | | **10,428** | 9,887 |
| Total comprehensive income (expense) for the year | | **28,260** | (2,934) |
| Profit (loss) for the year attributable to owners of the Company | | | |
| – from continuing operations | | **8,085** | 13,950 |
| – from discontinued operations | | **10,107** | (25,147) |
| Profit (loss) for the year attributable to owners of the Company | | **18,192** | (11,197) |
| Loss for the year attributable to non-controlling interests | | | |
| – from discontinued operations | | **(360)** | (1,624) |
| | | **17,832** | (12,821) |
| Total comprehensive income (expense) attributable to: | | | |
| Owners of the Company | | **28,620** | (1,310) |
| Non-controlling interests | | **(360)** | (1,624) |
| | | **28,260** | (2,934) |
| Earnings (loss) per share – basic | | | |
| From continuing and discontinued operations | 12 | **HK9.10cents** | HK(5.60) cents |
| From continuing operations | 12 | **HK4.04cents** | HK6.98 cents |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 March 2012*

| | Notes | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,727** | 287,607 |
| Prepaid lease payments | | **–** | 7,136 |
| Investment in an associate | | **–** | 3,099 |
| Rental deposits | | **806** | – |
| | | **2,533** | 297,842 |
| **Current assets** | | | |
| Inventories | | **7,788** | 106,840 |
| Prepaid lease payments | | **–** | 409 |
| Accrued revenue | | **14,465** | 16,771 |
| Trade receivables | 13 | **22,592** | 68,118 |
| Other receivables, deposits and prepayments | | **3,316** | 16,291 |
| Amounts due from former subsidiaries | | **27,017** | – |
| Tax recoverable | | **291** | 3,612 |
| Bank balances and cash | | **31,339** | 113,515 |
| | | **106,808** | 325,556 |
| **Current liabilities** | | | |
| Deferred revenue | | **2,079** | 4,439 |
| Trade payables | 14 | **34,953** | 57,923 |
| Receipts in advance | | **8,470** | 63,580 |
| Other payables and accruals | | **7,270** | 33,664 |
| Amount due to ultimate holding company | | **3,109** | – |
| Amounts due to former subsidiaries | | **9,580** | – |
| Provision for warranty | | **985** | 4,123 |
| Tax payable | | **454** | 21,040 |
| Bank and other borrowings | | **5,000** | 82,144 |
| Obligations under finance leases | | **217** | – |
| | | **72,117** | 266,913 |
| **Net current assets** | | **34,691** | 58,643 |
| **Total assets less current liabilities** | | **37,224** | 356,485 |

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

*At 31 March 2012*

| | *Notes* | **2012** **HK$'000** | 2011 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **–** | 4,061 |
| Obligations under finance leases | | **917** | – |
| | | **917** | 4,061 |
| | | **36,307** | 352,424 |
| **Capital and reserves** | | | |
| Share capital | | **20,000** | 20,000 |
| Reserves | | **16,307** | 334,048 |
| Equity attributable to owners of the Company | | **36,307** | 354,048 |
| Non-controlling interests | | **–** | (1,624) |
| Total equity | | **36,307** | 352,424 |

*Notes:*

## 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

| | |
|---|---|
| Amendments to HKFRSs | Improvements to HKFRSs issued in 2010 |
| HKAS 24 (as revised in 2009) | Related party disclosures |
| Amendments to HK(IFRIC) – INT 14 | Prepayments of a minimum funding requirement |
| HK(IFRIC) – INT 19 | Extinguishing financial liabilities with equity instruments |

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

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

| | |
|---|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2009-2011 cycle[2] |
| Amendments to HKFRS 7 | Disclosures – Transfers of financial assets[1] |
| | Disclosures – Offsetting financial assets and financial liabilities[2] |
| Amendments to HKFRS 7 and HKFRS 9 | Mandatory effective date of HKFRS 9 and transition disclosures[3] |
| HKFRS 9 | Financial instruments[3] |
| HKFRS 10 | Consolidated financial statements[2] |
| HKFRS 11 | Joint arrangements[2] |
| HKFRS 12 | Disclosure of interests in other entities[2] |
| HKFRS 13 | Fair value measurement[2] |
| Amendments to HKAS 1 | Presentation of items of other comprehensive income[4] |
| Amendments to HKAS 12 | Deferred tax – recovery of underlying assets[5] |
| HKAS 19 (as revised in 2011) | Employee benefits[2] |
| HKAS 27 (as revised in 2011) | Separate financial statements[2] |
| HKAS 28 (as revised in 2011) | Investments in associates and joint ventures[2] |
| Amendments to HKAS 32 | Offsetting financial assets and financial liabilities[6] |
| HK(IFRIC) – INT 20 | Stripping costs in the production phase of a surface mine[2] |

[1] Effective for accounting periods beginning on or after 1 July 2011.
[2] Effective for accounting periods beginning on or after 1 January 2013.
[3] Effective for accounting periods beginning on or after 1 January 2015.
[4] Effective for accounting periods beginning on or after 1 July 2012.
[5] Effective for accounting periods beginning on or after 1 January 2012.
[6] Effective for accounting periods beginning on or after 1 January 2014.

The directors anticipate that the application of these new and revised HKFRSs issued but not yet effective will have no material impact on the consolidated financial statements.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

## 3. REVENUE

Revenue, which is also the turnover of the Group, represents the sales value of goods supplied to customers and service revenue from interior decoration work, and is analysed from continuing operations as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| Service revenue from interior decoration work | **121,107** | 72,095 |
| Sales of furniture and fixtures | **52,051** | 95,058 |
| | **173,158** | 167,153 |

## 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.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

Specifically, the Group's operating segments under HKFRS 8 are interior decoration work and trading of furniture and fixtures. These revenue streams 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.

Upon completion of distribution in specie of shares in a subsidiary as set out in note 9, the Group discontinued its interior decoration work and manufacture and sales of furniture and fixtures in United States of America, Europe, the People's Republic of China (the "PRC") and other countries in Asia (except Hong Kong Special Administrative Region ("Hong Kong") and Macau Special Administrative Region ("Macau")). The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 10.

## 4. SEGMENT INFORMATION (continued)

**Segment revenues and results**

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

**Continuing operations**

| | **Year ended 31 March 2012** | | Year ended 31 March 2011 | |
|---|---|---|---|---|
| | **Segment revenue** | **Segment profit for the year** | Segment revenue | Segment profit for the year |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | | | (Restated) | (Restated) |
| Interior decoration work | 121,107 | 18,807 | 72,095 | 9,884 |
| Trading of furniture and fixtures | 52,051 | 8,863 | 95,058 | 27,068 |
| Total | 173,158 | 27,670 | 167,153 | 36,952 |
| Unallocated other income, gains and losses | | 4,738 | | 2,975 |
| Unallocated corporate expenses | | (21,590) | | (14,950) |
| Share of result of an associate | | (439) | | (7,185) |
| Finance costs | | (355) | | (775) |
| Profit before taxation from continuing operations | | 10,024 | | 17,017 |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, gains and losses (except for loss on disposal of property, plant and equipment, allowance/reversal of allowance for bad and doubtful debts, net bad debts directly written back/off and reversal of impairment loss/impairment loss recognised on accrued revenue), general administration costs, directors' emoluments, share of result of an associate, finance costs and taxation. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

4. **SEGMENT INFORMATION** (continued)

**Other segment information**

Amounts included in the measure of segment profit or loss:

**Continuing operations**

| | **Year ended 31 March 2012** | | | Year ended 31 March 2011 | | |
|---|---|---|---|---|---|---|
| | **Trading of furniture and fixtures** | **Interior decoration work** | **Total** | Trading of furniture and fixtures | Interior decoration work | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | | | | (Restated) | (Restated) | (Restated) |
| Depreciation of property, plant and equipment | 45 | 98 | 143 | 64 | 57 | 121 |
| (Reversal of) allowance for bad and doubtful debts, net | (80) | 8 | (72) | 414 | 244 | 658 |
| Bad debt directly written (back) off | – | (30) | (30) | 6 | 96 | 102 |
| Allowance for slow moving inventories | – | – | – | 50 | – | 50 |
| Loss on disposal of property, plant and equipment | 1 | – | 1 | – | – | – |
| (Reversal of) impairment loss recognised on accrued revenue | – | (119) | (119) | – | 233 | 233 |

**Geographical information**

The Group's continuing operations are located in Hong Kong and Macau. All the Group's revenue from continuing operations from external customers are located in Hong Kong and Macau based on locations of customers.

The Group's non-current assets by geographical location of the assets are detailed below:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| United States of America | **–** | 24,193 |
| Hong Kong and Macau | **2,533** | 1,419 |
| Europe | **–** | 508 |
| The PRC | **–** | 223,875 |
| Other countries in Asia | **–** | 44,748 |
| | **2,533** | 294,743 |

Non-current assets excluded investment in an associate.

4. **SEGMENT INFORMATION** (continued)

**Information about major customers**

Revenue from customers from continuing operations of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A[1] | **21,715** | N/A[2] |

[1] Revenue from interior decoration work

[2] The corresponding revenue did not contribute over 10% of the total revenue from continuing operations of the Group

5. **OTHER INCOME, GAINS AND LOSSES**

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| **Continuing operations** | | |
| Loss on disposal of property, plant and equipment | **(1)** | – |
| Net foreign exchange (loss) gain | **(688)** | 1,726 |
| Reversal of impairment on amount due from an associate | **5,231** | 769 |
| Reversal of (allowance for) bad and doubtful debts, net | **72** | (658) |
| Bad debt directly written back (off) | **30** | (102) |
| Reversal of (impairment loss) recognised on accrued revenue | **119** | (233) |
| Sundry income | **195** | 480 |
| | **4,958** | 1,982 |

6. **FINANCE COSTS**

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| **Continuing operations** | | |
| Interest on bank loans wholly repayable within five years | **355** | 775 |

## 7. PROFIT BEFORE TAXATION

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| Profit before taxation has been arrived at after charging: | | |
| **Continuing operations** | | |
| Auditor's remuneration | **1,356** | 816 |
| Depreciation of property, plant and equipment | **143** | 121 |
| Provision for warranty (included in cost of sales) | **655** | 640 |
| Staff costs: | | |
| Directors' emoluments | **14,355** | 15,584 |
| Salaries and allowances | **20,523** | 25,916 |
| Retirement benefits scheme contributions | **994** | 1,083 |
| | **35,872** | 42,583 |
| Cost of inventories recognised as expenses *(Note)* | **23,480** | 46,798 |
| Operating lease rentals paid in respect of rented properties | **2,375** | 1,868 |
| Operating lease rentals paid in respect of office equipment | **8** | – |

*Note:* Cost of inventories recognised as expenses include allowance for slow moving inventories of approximately HK$50,000 for the year ended 31 March 2011.

## 8. INCOME TAX CHARGE

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| **Continuing operations** | | |
| Current tax: | | |
| Hong Kong Profits Tax | **1,363** | 2,819 |
| Other jurisdiction | **574** | 248 |
| | **1,937** | 3,067 |
| Underprovision in prior years: | | |
| Hong Kong Profits Tax | **2** | – |
| | **1,939** | 3,067 |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

## 8. INCOME TAX CHARGE (continued)

The taxation for the year can be reconciled to the profit before taxation from continuing operation per the consolidated statement of comprehensive income as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| Profit before taxation from continuing operations | **10,024** | 17,017 |
| Taxation at the Hong Kong Profits Tax rate of 16.5% (2011: 16.5%) | **1,654** | 2,808 |
| Tax effect of expenses not deductible for tax purposes | **1,889** | 728 |
| Tax effect of income not taxable for tax purposes | **(863)** | (13) |
| Underprovision in respect of prior years | **2** | – |
| Tax effect of tax losses not recognised | **465** | – |
| Utilisation of tax losses previously not recognised | **(1,440)** | (1,665) |
| Tax effect of share of result of an associate | **72** | 1,186 |
| Others | **160** | 23 |
| Taxation charge | **1,939** | 3,067 |

## 9. DISTRIBUTION IN SPECIE OF SHARES IN A SUBSIDIARY

Pursuant to a special general meeting held on 12 January 2012, the shareholders of the Company approved a group restructuring which involved the transfer of shares in the subsidiaries carrying on manufacture and sales of furniture and fixtures and interior decoration work in United States of America, Europe, the PRC and other countries in Asia (except Hong Kong and Macau) to a subsidiary of the Company, Chosen Investments Limited. Pursuant to this group restructuring, the Company distributed all of the ordinary shares in Chosen Investments Limited to the shareholders of the Company ("Distribution In Specie"). Details of the group restructuring and Distribution In Specie are set out in the Company's announcements dated 30 October 2011 and 12 January 2012.

9. **DISTRIBUTION IN SPECIE OF SHARES IN A SUBSIDIARY** (continued)

| | *HK$'000* |
|---|---|
| Analysis of assets and liabilities which were distributed during the year: | |
| Property, plant and equipment | 270,257 |
| Prepaid lease payments | 7,423 |
| Investment in an associate | 2,730 |
| Inventories | 103,323 |
| Accrued revenue | 21,444 |
| Trade receivables | 56,353 |
| Other receivables, deposits and prepayments | 25,239 |
| Amount due from the Group | 14,095 |
| Bank balances and cash | 96,927 |
| Amount due to an associate | (1,254) |
| Trade payables | (44,616) |
| Deferred revenue | (21,451) |
| Receipts in advance | (65,337) |
| Other payables and accruals | (43,448) |
| Tax payable | (24,792) |
| Provision for warranty | (3,526) |
| Bank borrowings | (21,973) |
| Amount due to the Group | (27,017) |
| Non-controlling interest | 1,984 |
| Net assets attributed to the Group distributed to the shareholders *(Note 11)* | 346,361 |
| Net cash outflow arising on Distribution In Specie: | |
| Bank balances and cash | (96,927) |

10. **DISCONTINUED OPERATIONS**

During the year, the Group paid a special dividend of distribution in specie of shares in a subsidiary, Chosen Investments Limited, in which its subsidiaries carried out interior decoration work and manufacture and sales of furniture and fixtures in United States of America, Europe, the PRC and other countries in Asia (except Hong Kong and Macau).

The profit (loss) from the discontinued operations is analysed as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit from interior decoration work | **11,404** | 22,951 |
| Loss from manufacture and sales of furniture and fixtures | **(1,657)** | (49,722) |
| | **9,747** | (26,771) |

## 10. DISCONTINUED OPERATIONS (continued)

The results of the discontinued operations, which have been included in the consolidated statement of comprehensive income, were as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue | **426,634** | 467,465 |
| Cost of sales | **(293,705)** | (355,925) |
| Other income, gains and losses | **(990)** | 2,093 |
| Selling and distribution costs | **(29,638)** | (34,675) |
| Administrative expenses | **(81,912)** | (94,213) |
| Interest on bank loans wholly repayable within five years | **(2,203)** | (3,265) |
| Profit (loss) before taxation | **18,186** | (18,520) |
| Income tax charge | **(8,439)** | (8,251) |
| Profit (loss) for the year | **9,747** | (26,771) |

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the year from discontinued operations has been arrived at after (crediting) charging: | | |
| Interest income | **(123)** | (393) |
| Amortisation of prepared lease payments (included in administrative expenses) | **348** | 409 |
| Depreciation of property, plant and equipment | **29,164** | 38,240 |
| Provision for warranty (included in cost of sales) | **2,903** | 2,773 |
| Auditor's remuneration | **1,693** | 1,503 |
| Loss on disposal of property, plant and equipment | **28** | 389 |
| Staff costs | | |
| Salaries and allowance | **90,685** | 100,534 |
| Retirement benefits scheme contributions | **4,794** | 7,266 |
| | **95,479** | 107,800 |
| Net exchange gain | **(1,278)** | (1,045) |
| Allowance for bad and doubtful debts, net | **3,197** | 2,610 |
| Allowance for slow moving inventories | **2,435** | 2,826 |
| Bad debt directly written back | **–** | (3,045) |

## 10. DISCONTINUED OPERATIONS (continued)

During the year, Chosen Investments Limited and its subsidiaries contributed HK$40 million (2011: HK$40 million) to the Group's net operating cash flows, paid HK$3 million (2011: HK$5 million) in respect of investing activities and contributed HK$46 million (2011: HK$15 million) in respect of financing activities.

The carrying amounts of the assets and liabilities of Chosen Investments Limited and its subsidiaries at the date of Distribution In Specie are disclosed in note 9.

## 11. DIVIDENDS

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Dividend recognised as distribution during the year: | | |
| Special dividend by way of Distribution In Specie | **346,361** | – |

Details of the assets and liabilities distributed are set out in note 9.

The directors of the Company (the "Directors") do not recommend the payment of final dividend for the year ended 31 March 2012 (2011: nil).

## 12. EARNINGS (LOSS) PER SHARE

**From continuing and discontinued operations**

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

**Earnings (loss)**

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings (loss) for the purposes of basic earnings (loss) per share | | |
| Profit (loss) for the year attributable to owners of the Company | **18,192** | (11,197) |

**Number of shares**

| | ***'000*** | *'000* |
|---|---|---|
| Number of ordinary shares in issue for the purpose of basic earnings (loss) per share | **200,000** | 200,000 |

**From continuing operations**

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

Earnings (loss) figures are calculated as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the year attributable to owners of the Company | **18,192** | (11,197) |
| Less: Profit (loss) for the year from discontinued operations attributable to owners of the Company | **10,107** | (25,147) |
| Earnings for the purpose of basic earnings per share from continuing operations | **8,085** | 13,950 |

The denominator used is the same as above for basic earnings per share.

**From discontinued operations**

Basic earnings per share for the discontinued operation is HK5.06 cents (2011: loss per share of HK12.58 cents), based on the profit for the year from discontinued operations attributable to the owner of the Company of HK$10,107,000 (2011: a loss of HK$25,147,000) and the denominator used is the same as above for basic earnings per share.

## 12. EARNINGS (LOSS) PER SHARE (continued)

There was no diluted earnings (loss) per share presented as there were no potential shares outstanding for both years.

## 13. TRADE RECEIVABLES

| | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|
| Trade receivables | **22,928** | 74,411 |
| Less: Allowances for bad and doubtful debts | **(336)** | (6,293) |
| | **22,592** | 68,118 |

The following is an aged analysis of trade receivables (net of allowance for bad and doubtful debts) presented based on the invoice date at the end of the reporting period:

| | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|
| 0 – 30 days | **18,691** | 35,841 |
| 31 – 90 days | **646** | 11,634 |
| > 90 days | **3,255** | 20,643 |
| | **22,592** | 68,118 |

The Group's credit terms for its contracting business are negotiated with its customers and are usually 6 months to 1 year. The credit terms granted by the Group to other trade debtors are normally 30 days.

## 14. TRADE PAYABLES

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

| | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|
| 0 – 30 days | **21,311** | 24,219 |
| 31 – 90 days | **3,181** | 7,798 |
| > 90 days | **10,461** | 25,906 |
| | **34,953** | 57,923 |

The credit periods on purchases of goods are usually from 1 month to 3 months.

## 15. CONTINGENT LIABILITY

On 5 January 2006, Winmost Enterprises Limited (the "Plaintiff"), a competitor of the Group, lodged a claim against the Company and CLI Design (HK) Limited (formerly known as Decca (HK) Limited), a subsidiary of the Company, of approximately HK$3,000,000 for defamation by distribution and republication of defamatory words related to the Plaintiff. On 21 February 2012, the Plaintiff filed an amended claim against the Company and CLI Design (HK) Limited for damages for loss of profits related to the defamation of approximately HK$7,900,000. The Directors, based on legal advice, considered that the aforementioned legal action is too early at this stage to assess the ultimate outcome. Accordingly, no provision is required to be made in the consolidated financial statements.

## 16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 April 2012, the Company has entered into a letter of intent (the "LOI") with the local government of Hanzhong City, Shaanxi Province, the PRC (the "Hanzhong Government") in relation to the exclusive right to the cooperation in a project (the "Project") for the development of a construction material wholesale and logistics centre located in Hanzhong City (the "Centre"). Pursuant to the LOI, the Company shall commence the feasibility study and due diligence review on the Project. If the parties decide to proceed with the Project after satisfactory completion of the feasibility study and due diligence review, they shall enter into definitive cooperation agreements for the Project. If the Project materialises, it is expected that the Hanzhong Government shall assist in acquiring the relevant land use permits and developing necessary infrastructure for the Project while the Company shall be responsible for the construction, and future operation and management of the Project. As details of Project are still under negotiation and in very preliminary stage, the potential impact of the Project on the consolidated financial statements cannot be assessed up to the date of this report.

Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting on 9 May 2012 and all of the conditions, as set out in the circular dated 23 April 2012 had been fulfilled, the existing issued and unissued shares of HK$0.10 each in share capital of the Company were subdivided into 8 shares of HK$0.0125 each ("Share Subdivision"). At the end of reporting period, the authorised share capital of the Company was HK$40,000,000 divided into 400,000,000 shares, of which 200,000,000 shares were in issue and fully paid. Immediately upon the Share Subdivision became effective from 10 May 2012, the authorised share capital of the Company was HK$40,000,000 comprising 3,200,000,000 subdivided shares, of which 1,600,000,000 subdivided shares were in issue and fully paid.

On 6 June 2012, the Company and Royale Furniture Holdings Limited ("Royale Furniture") have entered into a memorandum of understanding (the "MOU") which sets out the principal terms upon which Royale Furniture has agreed to provide, or procure the provision of, furniture on an exclusive basis to the Group in Shaanxi Province, the PRC and the Group has agreed to purchase, or procure the purchase of, furniture on an exclusive basis from Royale Furniture and its subsidiaries in Shaanxi Province, the PRC. The MOU will remain in effect for 3 months from the date of the MOU.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 20 January 2012, the Company announced that Wealth Keeper International Limited, a company wholly-owned by Mr. Li Weibin ("Mr. Li"), successfully acquired the controlling interest of the Group and became the largest single shareholder of the Company. Following the organizational and business restructurings completed in January 2012, the Group officially changed its name to "Chinlink International Holdings Limited". With the completion of the distribution of the business including the manufacturing facilities in China and Thailand and the overseas sales operations, the Group is now principally engaged in the provision of interior decoration work, including interior design and renovation services, and the trading of furniture and fixtures in Hong Kong and Macau ("Continuing Operations").

Revenue from the Continuing Operations increased by 3.6% or HK$6.0 million year-on-year to HK$173.2 million (2011: HK$167.2 million). Gross profit decreased by 24.7% or HK$17.7 million year-on-year to HK$54.1 million (2011: HK$71.8 million), while gross profit margin was 31.2% as compared with 42.9% in the previous financial year. Gross profit margin in the previous financial year was higher than average mainly attributed to one lucrative project of very substantial size. Profit from the Continuing Operations decreased by 42.1% or HK$5.9 million year-on-year to HK$8.1 million (2011: HK$14.0 million).

## BUSINESS REVIEW

### Continuing Operations

The Group is engaged in interior decoration work, and trading of furniture and fixtures for high end residential properties, hotels, offices and luxury brand stores in Hong Kong and Macau. In terms of revenue, interior decoration work, and trading of furniture and fixtures accounted for 69.9% and 30.1% of the Group's Continuing Operations for the year ended 31 March 2012, respectively, as compared with 43.1% and 56.9% in the previous financial year.

*Interior decoration work*

Benefiting from a total of approximately 90 projects compared with approximately 50 in the previous financial year, revenue from the interior decoration work segment surged by 68.0% year-on-year to HK$121.1 million (2011: HK$72.1 million). During the year ended 31 March 2012, a number of large scale projects were acquired. The five largest projects accounted for over 50% of the segment's revenue. Gross profit margin for the interior decoration work segment declined slightly to 22.6% from 23.9% in the previous financial year.

*Trading of furniture and fixtures*

Revenue from the trading of furniture and fixtures business decreased by 45.2% year-on-year to HK$52.1 million (2011: HK$95.1 million). The significant decline was mainly attributable to the effect of a high margin Ritz Carlton Hotel project in Hong Kong which revenue was mostly booked in the previous financial year, and that no such mega project was obtained in the Financial Year. As a result, the segment's gross profit margin also decreased from 57.4% in last financial year to 51.5% in current year.

**Discontinued Operations**

Pursuant to a special general meeting held on 12 January 2012, the shareholders of the Company approved a group restructuring and pursuant to this group restructuring, the Company distributed to its shareholders ("Distribution In Specie") all of the ordinary shares in Chosen Investments Limited in which its subsidiaries carried out manufacturing and sale of furniture and fixtures in the United States of America, Europe, Asia Pacific and the PRC and the provision of decoration works outside Hong Kong and Macau. Details of the group restructuring and the Distribution In Specie are set out in the announcements of the Company dated 30 October 2011 and 12 January 2012. The Distribution In Specie was completed on 20 January 2012.

**Change of Company Name**

To reflect the change in control of the Company in January 2012, the Company has changed its name to "Chinlink International Holdings Limited" from "Decca Holdings Limited" which has become effective on 20 January 2012. The registration of the new English name of the Company in Hong Kong under Part XI of the Companies Ordinance took effect from 16 February 2012. The Company has adopted "普滙中金國際控股有限公司" (for identification purpose only) as the Company's new Chinese name to replace "達藝控股有限公司" (for identification purpose only).

**Board Changes**

Mr. Li joined the Company as executive Director on 27 January 2012 and Mr. Li was subsequently re-designated as the Chairman and Managing Director of the Company in place of Mr. Tsang Chi Hung ("Mr. Tsang") on 18 February 2012. Mr. Siu Wai Yip was appointed as executive Director on 27 January 2012. Ms. Lam Suk Ling, Shirley joined the Company as Chief Financial Officer and the Company Secretary on 27 January 2012 and was subsequently appointed as executive Director on 18 February 2012. Mr. Lau Chi Kit, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene were appointed as independent non-executive Directors on 18 February 2012.

Ms. Fung Sau Mui, who was executive Director, Director of Finance and Administration as well as Chief Financial Officer, has resigned from her positions and has been re-designated as non-executive Director with effect from 18 February 2012.

Mr. Tsang has resigned as an executive Director as well as his position of Chairman and Managing Director of the Company with effective from 18 February 2012. With effective from the same date, the five executive Directors, namely Mr. Liu Hoo Kuen, Mr. Richard Warren Herbst, Ms. Kwan Yau Choi, Mr. Tai Wing Wah and Mr. Wang Kam Hong and the three independent non-executive Directors, namely Mr. Chu Kwok Man, Mr. Cheng Woon Kam and Mr. Pak Wai Tun, Wallace have resigned.

## FINANCIAL REVIEW

### Capital and Debts Structure

As at 31 March 2012, the Group had net assets of HK$36.3 million (2011: HK$352.4 million) representing a substantial decrease of HK$316.1 million as compared to 2011. The decrease was mainly attributable to the net assets of Chosen Investments Limited being deconsolidated from the Group's consolidated financial statements upon completion of the Distribution In Specie.

As at 31 March 2012, the total borrowings of the Group amounting to HK$6.1 million (2011: HK$86.2 million) of which approximately HK$5.2 million (2011: HK$82.1 million) were repayable within one year, representing a decrease of HK$80.1 million. The decrease was mainly due to the repayment of certain bank borrowings and the net assets of Chosen Investments Limited being deconsolidated from the Group's consolidated financial statements. The interest rates of the Group's borrowings as at 31 March 2012 are fixed (2011: mainly floating). The borrowings of the Group as at 31 March 2012 were denominated in Hong Kong dollars. Hence, the foreign currency risk exposure was minimal.

As at 31 March 2012, the gearing ratio (total borrowings divided by net assets) was 0.17 (2011: 0.24).

### Working Capital

The current ratio increased from 1.22 at 31 March 2011 to 1.48 at 31 March 2012 due to the net assets of Chosen Investments Limited being deconsolidated from the Group's consolidated financial statements.

### Contingent Liabilities and Charges

Save as disclosed in note 15 on page 17 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2012, the Group pledged its assets with carrying values of HK$1.3 million to secure obligations under finance leases.

As at 31 March 2011, the Group pledged its assets with carrying values of HK$39.1 million to secure banking facilities.

### Foreign Currency Exposure

As the Group's revenue and expenses of the continuing operations are mainly denominated in Hong Kong dollars and its cash holding as well as the borrowings were also mainly denominated in Hong Kong dollars, foreign currency exposure of the Group is minimal.

### Final Dividends

The Directors do not recommend the payment of final dividend for the year ended 31 March 2012 (2011: nil).

## EMPLOYEES

As at 31 March 2012, the Group employed 36 employees in Hong Kong (2011: 127, 1502, 3, 30, 151 and 12 employees in Hong Kong, the PRC, Singapore, US, Thailand and Europe respectively). The employees are remunerated based on their performance and working experience, taking into account the prevailing market conditions. Discretionary performance bonus may be given to employees of outstanding performance depending on the financial performance of the Group. Other employee benefits include mandatory provident fund, medical and training programs.

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after 31 March 2012 are set out in note 16 on page 17 of this announcement.

## PROSPECTS

Despite the uncertain global economic outlook, the Group is cautiously optimistic about the future of its high-end interior design and the furniture business. Driven by the active housing market in Hong Kong, and the flourishing hotel and retail sectors in both Hong Kong and Macau as a result of a large number of affluent tourists visiting from Mainland China, the demand for high-end interior decoration work for residential, hotels and retail shops is expected to continue. As at 31 March 2012, the Group has already secured contracts of approximately HK$106 million. As one of the few that have capability and experience to handle large scale projects, the Group will continue to leverage on its talented design team, experienced project management skills and well-built relationship with corporate customers to attain larger market share in luxurious residential, retail and hotel markets.

In addition to the existing businesses in Hong Kong and Macau, the Group is actively seeking business opportunities in the PRC. Leveraging on the strong network and connections of Mr. Li in the Shaanxi Province, and the strategic importance of Shaanxi Province as the gateway to the PRC's northwestern territories, the Group has chosen Shaanxi Province as the base of its mainland expansion. Recently, the Group has initiated the following two major projects in Shaanxi Province:

**Building and construction materials integrated trade and logistic center in Hanzhong, Shaanxi Province**

On 5 April 2012, the Group signed a letter of intent ("LOI") with the local government of Hanzhong City, Shaanxi Province, China (the "Hanzhong Government") to exclusively co-develop a building and construction materials integrated trade and logistic center in Hanzhong City. The expected site area of the center is 1,200 acres. The Hanzhong Government shall assist in acquiring relevant land use right permits and developing infrastructure, whilst the Group will be responsible for the construction, future operation and management of the center. The management sees this as an opportunity to tap into the integrated trade and logistic center business so as to diversify the Group's business and revenue base. The Group has now commenced a feasibility study and due diligence review on the project. Further announcements will be made when more details are available.

**Furniture, interior design and renovation services to the potential real estate developers in Shaanxi Province**

Following the LOI with the Hanzhong Government, the Group entered into a memorandum of understanding with Royale Furniture Holdings Limited (stock code: 1198.HK, collectively referred to as "Royale Furniture Group") on 6 June 2012. The Group has agreed to purchase furniture on an exclusive basis from Royale Furniture Group (other than any purchases made through retails), while Royale Furniture Group has agreed to supply furniture on an exclusive basis to the Group (other than any sales made to distributors for retail sales only), in Shaanxi Province. This strategic alliance aims at exploring design-build project based business opportunities with real estate developers in Shaanxi Province to provide house-buyers with a one-stop solution for high quality furniture, interior design and renovation services. The management believes that the cooperation with a renowned PRC furniture brand will help build and enhance the Group's brand image in the Chinese market, as well as expand new sales channels in the long run.

With the establishment of the new businesses in Shaanxi Province, the geographic and business diversification will enable the Group to broaden its revenue streams and to diversify business risks in the future.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2012 with the Code of Corporate Governance Practice as set out in Appendix 14 of the Listing Rules except for the following:

**Code provision A.2.1** stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of Chairman and Managing Director of the Company were performed by Mr. Tsang Chi Hung who resigned on 18 February 2012. Mr. Li Weibin was appointed as the new Chairman and Managing Director of the Company in place of Mr. Tsang Chi Hung on 18 February 2012. 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.

On 17 February 2012, the Board passed a resolution to establish the Nomination and Remuneration Committee in place of the Remuneration Committee. Three independent non-executive Directors, namely Mr. Lau Chi Kit, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene and an executive Director, Mr. Siu Wai Yip were appointed members of the Nomination & Remuneration Committee with effect from 18 February 2012.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they complied with the required standards as set out in the Model Code during the year ended 31 March 2012.

## PUBLIC FLOAT

The Company's public float was less than the threshold required under Rule 8.08 of the Listing Rules from 9 February 2012 to 27 February 2012 due to the unconditional voluntary cash offer, details of which are referred to in the joint announcements of the Company and Wealth Keeper International Limited dated 27 January 2012 and 17 February 2012. From 28 February 2012, the Company has restored its public float to over 25% in compliance with Rule 8.08 of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors namely Mr. Lau Chi Kit, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2012 and discussed the internal control and financial reporting matters.

## APPRECIATION

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

## PUBLICATION OF ANNUAL REPORT

This announcement is published on the website of the Stock Exchange and the Company (http://www.chinlinkint.com).

The 2011/2012 Annual Report of the Company will be dispatched to the shareholders of the Company as well as made available on the aforesaid website in due course.

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

Hong Kong, 26 June 2012

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Weibin, Mr. Siu Wai Yip and Ms. Lam Suk Ling, Shirley; a non-executive Director, namely Ms. Fung Sau Mui; and three independent non-executive Directors, namely Mr. Lau Chi Kit, Ms. Lai Ka Fung, May and Ms. Chan Sim Ling, Irene.*