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 2017

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 2017 (the "**Year**"), together with the comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**518,834**	201,297
Cost of sales and services		**(425,198)**	(149,966)
Gross profit		**93,636**	51,331
Other income, gains and losses	*5*	**14,824**	(2,875)
Gain on fair value change of investment properties		**142,066**	16,556
Gain on bargain purchase in acquisition of a subsidiary		**–**	309,966
Selling and distribution costs		**(8,804)**	(8,156)
Administrative expenses			
– equity-settled share-based payments		**(4,311)**	(7,339)
– other administrative expenses		**(78,619)**	(73,328)
		(82,930)	(80,667)
Finance costs	*6*	**(105,489)**	(119,167)
Profit before tax		**53,303**	166,988
Income tax expense	*7*	**(28,479)**	(7,928)
Profit for the year	*8*	**24,824**	159,060

* *For identification purpose only*

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

For the year ended 31 March 2017

	NOTE	**2017**	2016
		HK$'000	HK$'000
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**(125,625)**	(7,660)
Total comprehensive (expense) income for the year		**(100,801)**	151,400
Profit for the year attributable to:			
Owners of the Company		**1,337**	157,663
Non-controlling interests		**23,487**	1,397
		24,824	159,060
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(100,362)**	151,301
Non-controlling interests		**(439)**	99
		(100,801)	151,400
			(Restated)
Earnings per share	*9*		
– Basic		**HK0.42 cents**	HK139.76 cents
– Diluted		**HK0.42 cents**	HK139.47 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**23,497**	25,220
Investment properties		**2,806,186**	2,647,938
Intangible assets		**1,756**	3,946
Deposit paid for acquisition of investment properties		**–**	32,312
Deposit paid for prepaid lease payments for land		**28,220**	29,918
Amounts due from former subsidiaries		**13,607**	11,937
Deposits and prepayments		**1,777**	577
		2,875,043	2,751,848
Current assets			
Inventories		**2,843**	3,251
Accrued revenue		**–**	3,123
Trade receivables	*11*	**29,713**	6,433
Trade receivables from related companies		**–**	208
Loan receivables	*11*	**138,542**	77,381
Bills receivables		**45,308**	–
Other receivables, deposits and prepayments		**25,897**	20,996
Amounts due from former subsidiaries		**5,793**	5,793
Pledged bank deposits		**359,997**	235,206
Bank balances and cash		**95,988**	48,975
		704,081	401,366
Current liabilities			
Deferred revenue		**2,736**	2,057
Trade payables	*12*	**38,665**	13,664
Other payables and accruals		**57,074**	32,895
Loans from staff		**5,155**	11,838
Construction costs accruals		**25,368**	206,134
Receipts in advance		**44,792**	31,607
Deposits received from tenants		**15,577**	25,110
Amounts due to related companies		**203,912**	37,817
Amount due to a director		**1,000**	16,320
Amount due to ultimate holding company		**844**	–
Provision for warranty		**145**	219
Financing guarantee contracts	*14*	**2,977**	2,418
Tax payable		**6,028**	6,132
Bank and other borrowings		**414,561**	112,454
10.0% convertible bonds		**76,723**	–
Conversion option derivative embedded in convertible bonds		**121**	–
12.0% coupon bonds		**–**	430,506
8.0% coupon bonds		**–**	201,684
7.5% coupon bonds		**206,688**	–
Obligations under finance leases		**783**	798
		1,103,149	1,131,653

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2017

	NOTE	2017 HK$'000	2016 HK$'000
Net current liabilities		**(399,068)**	(730,287)
Total assets less current liabilities		**2,475,975**	2,021,561
Non-current liabilities			
10.0% convertible bonds		**–**	66,683
Conversion option derivative embedded in convertible bonds		**–**	7,891
12.0% coupon bonds		**–**	128,380
7.5% coupon bonds		**–**	198,546
Deferred tax liabilities		**215,193**	200,917
Receipts in advance		**25,515**	32,169
Bank and other borrowings		**662,285**	267,247
Amounts due to former subsidiaries		**7,337**	6,437
Obligations under finance leases		**698**	1,481
		911,028	909,751
		1,564,947	1,111,810
Capital and reserves			
Share capital	*13*	**209,376**	34,896
Reserves		**941,955**	662,859
Equity attributable to owners of the Company		**1,151,331**	697,755
Non-controlling interests		**413,616**	414,055
		1,564,947	1,111,810

Notes:

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

The application of the amendments to 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.

New or amendments to HKFRSs and interpretations in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2017.
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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 and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that, as of 31 March 2017, the Group's current liabilities exceeded its current assets by approximately HK$399,068,000.

The directors of the Company closely monitor the liquidity of the Group. Taken into account of:

(i) the availability of the Group's credit facilities of approximately HK$1,010,522,000 as at 31 March 2017, of which HK$977,251,000 has been drawn down; and

(ii) loan facilities from Mr. Li Weibin ("**Mr. Li**") (chairman of the Company) and a company controlled by Mr. Li totaling approximately HK$626,400,000 pursuant to the loan agreements entered into between the Company and these parties on 16 June 2016 and 1 September 2016 respectively and the supplementary agreements on 3 March 2017.

The directors of the Company consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future. On this basis, the consolidated financial statements have been prepared on a going concern basis.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue from interior decoration work	**2,098**	16,538
Revenue from international trading	**405,350**	113,388
Revenue from financing guarantee services	**18,275**	20,231
Revenue from logistics services	**980**	687
Revenue from property investment	**77,564**	44,888
Interest income from money lending	**14,567**	5,565
	518,834	201,297

4. SEGMENT INFORMATION

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

The Group's operating and reportable segments under HKFRS 8 are (i) interior decoration work, (ii) international trading, (iii) financing guarantee services, (iv) logistics services and (v) property investment.

Money lending business is not reviewed by the CODM and therefore it is not a reporting segment. Revenue from money lending is presented as unallocated revenue.

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.

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

Segment revenue and results

The following is an analysis of the Group's revenue and results in Hong Kong, Macau and the People's Republic of China (the "**PRC**" or "**China**") by operating and reportable segments:

	Year ended 31 March 2017		Year ended 31 March 2016	
	Segment revenue *HK$'000*	**Segment profit (loss) for the year** *HK$'000*	Segment revenue *HK$'000*	Segment profit (loss) for the year *HK$'000*
Interior decoration work	**2,098**	**(8,204)**	16,538	(10,261)
International trading	**405,350**	**2,369**	113,388	(7,947)
Financing guarantee services	**18,275**	**12,015**	20,231	13,910
Logistics services	**980**	**(2,928)**	687	(3,762)
Property investment	**77,564**	**109,563**	44,888	329,151
Revenue and result for reportable segment	**504,267**	**112,815**	195,732	321,091
Unallocated revenue	**14,567**		5,565	
Total	**518,834**		201,297	
Unallocated income, gains and losses		**21,364**		(2,091)
Equity-settled share-based payments		**(3,116)**		(5,333)
Unallocated gain on fair value change of investment properties		**67,310**		15,340
Gain on fair value change of the derivative components of convertible bonds		**7,753**		4,324
Unallocated corporate expenses		**(48,234)**		(47,176)
Finance costs		**(104,589)**		(119,167)
Profit before tax		**53,303**		166,988

4. SEGMENT INFORMATION (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned/suffered by each segment without allocation of central administration costs, equity-settled share-based payments in relation to central administrative staff, gain on fair value change of investment properties (except for gain on fair value change of certain investment properties and gain on bargain purchase on acquisition of a subsidiary under property investment operation), other income, gains and losses (except for reversal of bad and doubtful debts, imputed interest income/expense and adjustments on the carrying amount of amounts due from former subsidiaries and amounts due to former subsidiaries), directors' emoluments 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

	2017	2016
	HK$'000	*HK$'000*
Other income		
Interest income	**5,213**	12,407
Imputed interest income from amounts due from former subsidiaries	**1,670**	2,172
	6,883	14,579
Other gains and losses		
Adjustment on carrying amount of amounts due from former subsidiaries	**–**	(5,747)
Adjustment on carrying amount of amounts due to former subsidiaries	**–**	3,099
Loss on disposal of property, plant and equipment	**(8)**	(1)
Net foreign exchange gain (loss)	**220**	(20,802)
Reversal of bad and doubtful debts, net	**273**	456
Gain on fair value change of derivative components of convertible bonds	**7,753**	4,324
Others	**(297)**	1,217
	7,941	(17,454)
	14,824	(2,875)

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**52,596**	18,389
Effective interest expense on 10.0% convertible bonds	**17,722**	4,029
Effective interest expense on 7.5% convertible bonds	**–**	23,613
Effective interest expense on 8.0% coupon bonds	**14,549**	24,063
Effective interest expense on 7.5% coupon bonds	**23,194**	14,546
Effective interest expense on 12.0% coupon bonds	**30,840**	38,935
Imputed interest expense from amounts due from former subsidiaries	**900**	–
Interest on finance leases	**142**	221
Total finance costs	**139,943**	123,796
Less: Amount capitalised in investment properties under construction	**(34,454)**	(4,629)
	105,489	119,167

Finance cost capitalised during the year ended 31 March 2017 arose on the general borrowing pool of approximately HK$28,035,000 (2016: HK$4,629,000) are calculated by applying a capitalisation rate of 9.44% (2016: 10.51%) per annum.

7. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**796**	49
PRC	**2,572**	7,719
Macau	**–**	74
	3,368	7,842
Under (over) provision in prior years:		
Hong Kong	**13**	2
PRC	**(1,159)**	–
	(1,146)	2
Deferred tax	**26,257**	84
	28,479	7,928

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

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

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both years.

8. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,850**	1,800
Depreciation of property, plant and equipment	**3,681**	3,231
Amortisation of intangible assets (included in administrative expenses)	**2,291**	2,255
Write down of inventories (included in cost of sales and services)	**–**	1,021
Provision for (reversal of provision for) warranty (included in cost of sales and services)	**326**	(102)
Staff costs (including directors' emoluments)		
Wages, salaries and other benefits	**38,080**	39,278
Retirement benefits scheme contributions	**811**	916
Equity-settled share-based payments	**4,311**	7,339
	43,202	47,533
Cost of inventories recognised as expenses	**393,674**	114,575
Operating lease rentals paid in respect of rented properties	**8,845**	8,974
Operating lease rentals paid in respect of office equipment	**11**	43
Gross rental income from investment properties less direct operating expenses of HK$5,270,000 (2016: HK$4,774,000)	**(17,341)**	(9,327)

9. EARNINGS PER SHARE

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

Earnings

	2017	2016
	HK$'000	*HK$'000*
Earnings for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**1,337**	157,663

Number of shares

		(Restated)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**317,924**	112,813
Effect of dilutive potential ordinary shares Share options	**–**	235
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**317,924**	113,048

9. EARNINGS PER SHARE (continued)

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the effect of rights issue on 19 October 2016 and the share consolidation on 27 March 2017. Details of the rights issue and share consolidation are set out in note 13.

The denominator for the purpose of calculating basic and diluted earnings per share in 2016 has been restated to reflect the effect of the rights issue and share consolidation during the year ended 31 March 2017.

During the year ended 31 March 2017, the computation of diluted earnings per share does not assume the conversion of the outstanding 10.0% convertible bonds and the exercise of share options as they would result in increase in earnings per share.

During the year ended 31 March 2016, the computation of diluted earnings per share did not assume the conversion of the outstanding 10.0% convertible bonds and conversion of outstanding 7.5% convertible bonds during the conversion period in the financial year ended 31 March 2016 as they would result in increase in earnings per share.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 Mach 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

11. TRADE RECEIVABLES AND LOAN RECEIVABLES

Trade receivables

	2017 ***HK$'000***	2016 *HK$'000*
Trade receivables	**31,112**	8,105
Less: Allowances for bad and doubtful debts	**(1,399)**	(1,672)
	29,713	6,433

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

	2017 ***HK$'000***	2016 *HK$'000*
0 – 30 days	**5,415**	2,519
31 – 90 days	**24,079**	3,607
> 90 days	**219**	307
	29,713	6,433

11. TRADE RECEIVABLES AND LOAN RECEIVABLES (continued)

Loan receivables

Loan receivables of HK$138,542,000 (2016: HK$77,381,000) represents the outstanding loan receivables from independent third parties which are unsecured and carry interest at fixed – rates ranged from 11.0% to 18.0% per annum (2016: Hong Kong Prime Interest Rate plus 4.0% per annum or fixed rate of 12% per annum). The weighted average effective interest rate of the loan receivable is 15.47% (2016: 10.48%) per annum. Amounts at both 31 March 2017 and 2016 are repayable within 12 months from the loan advance date.

12. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**27,841**	2,582
31 – 90 days	**–**	40
> 90 days	**10,824**	11,042
	38,665	13,664

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

13. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Ordinary shares:		
Authorised		
At 1 April 2015 of HK$0.0125 each	3,200,000,000	40,000
Increase in authorised share capital	1,800,000,000	22,500
At 31 March 2016 of HK$0.0125 each	5,000,000,000	62,500
Increase in authorised share capital *(Note i)*	15,000,000,000	187,500
Increase in authorised share capital *(Note ii)*	30,000,000,000	375,000
Share consolidation *(Note ii)*	(48,000,000,000)	–
At 31 March 2017 of HK$0.3125 each	2,000,000,000	625,000
Issued and fully paid		
At 1 April 2015 of HK$0.0125 each	2,283,666,869	28,546
Shares issued on conversion of 7.5% convertible bonds *(Note iii)*	110,000,000	1,375
Shares issued for acquisition of subsidiaries *(Note iv)*	398,009,950	4,975
At 31 March 2016 of HK$0.0125 each	2,791,676,819	34,896
Rights issue *(Note i)*	13,958,384,095	174,480
Share consolidation *(Note ii)*	(16,080,058,478)	–
At 31 March 2017 of HK$0.3125 each	670,002,436	209,376

Note i: Pursuant to the ordinary resolutions passed at the Special General Meeting of the Company held at 19 October 2016, the authorised share capital of the Company was increased to HK$250,000,000 divided into 20,000,000,000 ordinary shares by the creation of an additional 15,000,000,000 ordinary shares. Immediately following the increase in authorised share capital, the rights issue on the basis of five rights shares for every one share held was effected and a total of 13,958,384,095 ordinary shares were issued with an aggregate par value of HK$174,479,811.

13. SHARE CAPITAL (continued)

Note ii: Pursuant to the ordinary resolutions passed at the Special General Meeting of the Company held at 27 March 2017, the authorised share capital of the Company was increased to HK$625,000,000 divided into 50,000,000,000 ordinary shares by the creation of an additional 30,000,000,000 ordinary shares. Immediately following the increase in authorised share capital, the share consolidation on the basis of every 25 issued and unissued ordinary shares of HK$0.0125 each consolidated into 1 share of HK$0.3125 each was implemented. The structure of the Company's authorised share capital was changed from HK$625,000,000 divided into 50,000,000,000 ordinary shares, to HK$625,000,000 divided into 2,000,000,000 ordinary shares. The issued share capital of the Company was changed from HK$209,375,761 divided into 16,750,060,914 ordinary shares, to HK$209,375,761 divided into 670,002,436 ordinary shares.

Note iii: During the year ended 31 March 2016, 110,000,000 ordinary shares of the Company, with aggregate par value of approximately HK$1,375,000, were issued upon the partial conversion of 7.5% convertible bonds.

Note iv: During the year ended 31 March 2016, 398,009,950 ordinary shares of the Company, with aggregate par value of approximately HK$4,975,000, were issued for settlement of consideration for acquisition of a subsidiary.

14. CONTINGENT LIABILITIES

Corporate guarantee

	2017	2016
	HK$'000	*HK$'000*
Guarantee given to banks in respect of financing guarantee services provided to:		
– Independent third parties	**390,563**	303,603
– Related parties	**14,110**	25,131
	404,673	328,734

As at 31 March 2017, excluding the financing guarantee contracts of approximately HK$2,977,000 (2016: HK$2,418,000), the net outstanding guarantee given to banks in respect of financing guarantee services provided amounted to approximately HK$401,696,000 (2016: HK$326,316,000).

15. OPERATING LEASE COMMITMENTS

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

As lessee

	2017	2016
	HK$'000	*HK$'000*
Within one year	**6,929**	6,670
In the second to fifth year inclusive	**11,101**	1,224
	18,030	7,894

Operating lease payments represent rental payable by the Group for its office premises and equipment.

Leases are negotiated for a term ranging from one to three years and rentals are fixed for the lease period.

As lessor

	2017	2016
	HK$'000	*HK$'000*
Within one year	**5,530**	5,137

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

16. CAPITAL COMMITMENT

	2017	2016
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for in the consolidated financial statements in connection with the investment properties under construction	**77,986**	240,014

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the Year, the Group has made significant progress towards the transformation into a comprehensive financing solutions provider for small and medium-sized enterprise(s) ("**SME(s)**") in China, through its platform of property, supply chain finance, multi-licensed, alternative financial services and logistics.

Capital markets in China are still maturing, particularly in the less developed central and western regions, and there exists considerable commercial opportunities for licensed financial institutions providing financing solutions to the growing SME segment. SMEs in China have long faced challenges in obtaining bank financing due to inadequate credit reference systems, and the inability of SME borrowers to provide standard types of collateral. This, together with tighter credit conditions, influenced by tightening monetary policy in China, has further limited the financing options available to SMEs and increased their financing costs. As China continues to promote its "One Belt, One Road" initiative, SMEs in cities such as Xi'an and Hanzhong, where the Group has its operations, and the greater Shaanxi Province, are increasingly looking to benefit from the expected economic growth, thus increasing the demand for financing. The Group is well positioned to meet the demands of its SME clients through its comprehensive and integrated package of financial services, including financing guarantee, supply chain finance, and finance lease services. As part of the Group's growth we have continued to rapidly expand our business, in particular our supply chain finance services, which includes procurement financing and inventory financing, in both Hong Kong, Shenzhen and Xi'an City.

The Group's comprehensive financial services platform forms part of a broader finance-ecosystem business model together with our property and logistics businesses. This unique business model allows the Group to maximise cross-selling opportunities, whilst creating a high level of customer loyalty, and facilitates the more effective management of credit risk. For example, the Group offers financing guarantee services to SMEs supported by its inventory-as-collateral risk management system. Under financing guarantee business, SME clients pledge their inventory to the Group as collateral, in exchange the Group agrees to provide guarantee to the lending banks in favor of the SME clients for procuring them in obtaining the bank loan. As a credit risk mitigation measure, the Group will often take physical custody of pledged customer inventory and provide logistics services including warehousing, inventory management, transportation and delivery. Although these logistics services are ancillary to the Group's financial services and are not a material contributor to Group's revenue, the provision of logistics services is a critical part of the financial services credit risk management system. At the same time, many of the Group's target clients are tenants of the Group, allowing for a higher level of monitoring.

The Group's property operations currently consist of the Daminggong Construction Materials and Furniture Shopping Center (Dongsanhuan Branch)* (the "**Commercial Complex**") in Xi'an City, and two development projects: Chinlink • Worldport Integrated Logistics Park located in Hantai District, Hanzhong City of Shaanxi Province, the PRC ("**Chinlink • Worldport**"), and the parcel of land situated at the junction of Fengcheng Tenth Road and Wenjin Road, Weiyang District, Xi'an, Shaanxi Province, the PRC, and the construction in progress thereon (the "**Commercial Building**").

The Commercial Complex was acquired by the Group together with a parcel of land (with the Commercial Complex, collectively the "**Property**") with undeveloped construction area of about 119,000 square meters ("**Phase Two**"), through the acquisition of 100.0% of the equity interest in E-Innovation Limited ("**E-Innovation**") in 2015 (the "**Acquisition**"). The Commercial Complex comprises nine-floors (seven above-ground and two basements), and is situated in a prime location in Xi'an City. Because of its favorable location, the Commercial Complex enjoys an occupancy rate of above 90.0%, and the Group is able to be selective in accepting prime and anchor-grade tenants. The Commercial Complex generates steady cash flow from rental income and management fees, and the tenants become a pool of potential customers for cross-selling of the Group's financial services. The Property has further development potential with the construction of a mixed-use commercial and residential building in Phase Two. Detailed development planning of Phase Two is currently underway as the Group continues to assess the best way to optimise and increase financial returns from the Property.

Chinlink • Worldport is an integrated logistics park located within the greater Hanzhong Baohe Logistics Park which covering a total area of 3,800 mu and its phase one covers an area of 330 mu. Chinlink • Worldport is strategically located at the nexus of three major logistics regions: the Central (Wuhan-Zhengzhou), Northwest (Xi'an-Lanzhou-Urumqi), and Southwest (Chongqing-Chengdu-Nanning), and three major economic zones: Jianghan Economic Zone, Chengdu-Chongqing Economic Zone, and Guanzhong-Tianshui Economic Zone. Phase one of Chinlink • Worldport will include the Daminggong (Hanzhong) Building and Construction Materials Wholesale Center (the "**DMG (Hanzhong) Center**") which is expected to due for completion in late 2017, the Warehousing and Distribution Center, Qinba Chinese Herbal Medicine Trading Center, a custom import bonded warehouse and other facilities. Chinlink • Worldport will be a critical component of the comprehensive supply chain services, the Group offers to the SME clients while the Group will be able to extend its full range of financial services to tenants, including procurement financing and inventory financing.

For the Year, the Group's revenue was HK$518.8 million, representing an increase of 157.7% from HK$201.3 million for the year ended 31 March 2016 (the "**Previous Year**"). Gross Profit increased by 82.5% from HK$51.3 million in the Previous Year to HK$93.6 million during the Year. The significant increase in revenue and gross profit was mainly due to the expansion of the international trading business, and a full year contribution from the Commercial Complex recorded in the Year compared to only seven months contribution recorded in the Previous Year. The Group's revenue and gross profit increase is an indication of the success of the transformation of the business and the effective allocation of resources into financial services and property investment.

* *For identification purpose only*

Segmental Performance

International Trading

Since the introduction of supply chain finance services in June 2015, the segment continues to record significant growth. For the Year, the Group generated HK$405.4 million of revenue from international trading segment, representing a significant increase of 257.5% from HK$113.4 million in the Previous Year. The increase was mainly attributable to the high level of demand for procurement financing from electronic components customers in Hong Kong and commencement of financing of oil and grain trading activities in Xi'an. The Group will continue to explore growth opportunities in supply chain finance, targeting customer sectors with relatively stable demand and short trading cycles.

Financing Guarantee Services

For the Year, the Group generated HK$18.3 million of revenue from financing guarantee services, reflecting a decline of 9.4% from HK$20.2 million in the Previous Year. The decline in segment revenue was mainly attributable to the depreciation of RMB during the Year and the PRC Government's tax reforms. The financing guarantee business however remains a profitable business for the Group with a gross profit margin of about 97.0% in the Year. There are opportunities for the financing guarantee segment to expand its business further through collaboration with the Group's supply chain finance and finance leasing segments, assisting them in obtaining bank financing for their clients through the provision of financing guarantees. These joint financing services could enhance the Group's overall income from a single transaction against the same credit exposure. The financing guarantee segment is expected to provide relatively stable income to the Group whilst offering considerable potential synergies with the Group's other financial operations.

Logistics Services

For the Year, the Group generated HK$1.0 million of revenue from logistics services, reflecting a 42.9% increase from HK$0.7 million in the Previous Year. The increase was mainly due to the demand for warehousing and distribution services generated by international trading customers. The provision of logistics services allows the Group to monitor the physical flow of goods and observe customer's inventory levels and enables the Group to capture customer's trade and transaction data and subsequently identify new opportunities for the Group's financial services.

Property Investment

For the Year, the Group generated HK$77.6 million of revenue from property investment, reflecting an increase of 72.8% from HK$44.9 million in the Previous Year. The increase was mainly attributable to increased income from the Commercial Complex which contributed a full twelve-month of revenue during the Year versus just seven months of revenue in the Previous Year. The Commercial Complex not only generates stable rental income and management fees income for the Group but also broadens the potential customer base for the Group's other business segments.

Interior Decoration Work Business

For the Year, the Group generated HK$2.1 million of revenue from interior decoration work, reflecting a 87.3% decline from HK$16.5 million in the Previous Year. The decrease in revenue was mainly due to the strategic repositioning of the Group away from this segment as the Group sees limited opportunities for any new and large-scale projects.

FINANCIAL REVIEW

Profitability Analysis

Revenue of HK$518.8 million for the Year represented a significant increase of 157.7% as compared with HK$201.3 million in the Previous Year. Revenue contribution by segment comprised: property investment of HK$77.6 million (2016: HK$44.9 million), interior decoration work of HK$2.1 million (2016: HK$16.5 million), international trading of HK$405.4 million (2016: HK$113.4 million), financing guarantee services of HK$18.3 million (2016: HK$20.2 million), logistics services of HK$1.0 million (2016: HK$0.7 million) and other revenue of HK$14.6 million (2016: HK$5.6 million).

Gross profit of HK$93.6 million for the Year, represented a significant increase of 82.5% as compared with HK$51.3 million in the Previous Year, although the gross profit margin declined to 18.0% from 25.5% in the Previous Year. The increase in gross profit was mainly due to the higher contribution from property investments with a full year contribution from the Acquisition in the Year compared to only seven months contribution recorded in the Previous Year and significant increase in international trading business. The decrease in overall gross profit margin in the Year was due to the increased contribution of 78.1% (2016: 56.3%) to total Group revenue, from the international trading business with relatively low gross profit margin.

Other income, gains and losses recorded a gain of HK$14.8 million (2016: a loss of HK$2.9 million) for the Year, primarily from a gain on fair value change of derivative components of convertible bonds and interest income.

Gain on fair value change of investment properties of HK$142.1 million (2016: HK$16.6 million) for the Year was mainly attributable to the fair value changes of Chinlink • Worldport and the Property.

Gain on bargain purchase in acquisition of a subsidiary in the Previous Year amounted to HK$310.0 million, relating to the Acquisition, while no such gain was recognised in the Year.

Administrative expenses amounted to HK$82.9 million for the Year, representing an increase of HK$2.2 million as compared with HK$80.7 million in the Previous Year. The increase was mainly due to a full year of administrative expenses from the Acquisition recorded in the Year compared to only seven months' administrative expenses recorded in the Previous Year and partially set off by the reduction in equity-settled share-based payments as no new share options were granted in the Year.

Finance costs amounted to HK$105.5 million for the Year, representing a decrease of HK$13.7 million as compared with HK$119.2 million in the Previous Year.

Profit for the Year was HK$24.8 million (2016: HK$159.1 million) and profit attributable to owners of the Company during the Year was HK$1.3 million (2016: HK$157.7 million). The decrease in profit was mainly attributable to the absence of a gain on bargain purchase (negative goodwill) in the Year whereas a HK$310.0 million one-off gain was recognised in the Previous Year as a result of the Acquisition.

Liquidity and Financial Resources

As at 31 March 2017, bank balances, cash and pledged bank deposits, amounted to HK$456.0 million in total (2016: HK$284.2 million), representing an increase of HK$171.8 million from the Previous Year. The increase was mainly due to the deposit arrangement in relation to the Loan Facility (as defined below).

As at 31 March 2017, the Group's loans from staff amounted to HK$5.2 million (2016: HK$11.8 million). These are denominated in RMB and repayable within one year.

As at 31 March 2017, bank and other borrowings of the Group totaled HK$1,076.8 million (2016: HK$379.7 million), representing an increase of HK$697.1 million from the Previous Year. The increase was mainly due to the net effect (1) the drawdown of the Loan Facility (as defined below) amounting to HK$630.0 million during the Year; (2) the increase in bills payable and trust receipt loans of HK$185.2 million in relation to the international trading business; and (3) the decrease in bank loans from Bank of Xi'an of HK$93.1 million. Bank and other borrowings are mainly denominated in HK$ and RMB. HK$414.5 million is repayable within one year and HK$662.3 million is repayable within two to five years.

On 10 March 2016, Esteemed Zone Limited, a subsidiary of the Company, entered into a loan facility agreement with Industrial and Commercial Bank of China (Asia) Ltd. ("**ICBC**"), pursuant to which, ICBC agreed to provide a 3-year-term secured loan facility ("**Loan Facility**") of HK$630.0 million in two tranches. The Loan Facility was secured by the Commercial Complex and was drawn down during the Year and was used as to: (i) approximately HK$385.0 million for partial repayment of the short-term 12.0% coupon bonds; (ii) approximately HK$90.0 million for repayment of the bridging loan for refinancing a loan from a PRC bank; (iii) approximately HK$140.0 million was placed as pledged bank deposit for international trading business; and (iv) approximately HK$15.0 million as the direct costs for obtaining the Loan Facility and others as intended.

During the Year, the short-term 12.0% coupon bonds, long-term 12.0% coupon bonds and 8% coupon bonds were fully repaid.

As at 31 March 2017, the 7.5% coupon bonds with a total carrying amount of HK$206.7 million (31 March 2016: HK$198.5 million) were repayable within one year, denominated in HK$, and interest bearing at 7.5% per annum.

As at 31 March 2017, the carrying value of the liability component and conversion option derivative portion of the 10.0% convertible bonds were valued at HK$76.7 million and HK$0.1 million respectively. The 10.0% convertible bonds are due 18 months from the issue date of 30 December 2015 and interest bearing at 10.0% per annum, and convertible into shares of the Company at the adjusted conversion price of HK$6.75 per conversion share as at 31 March 2017. Subject to the completion of Possible Acquisition (as defined below) on 22 May 2017, the conversion price was further adjusted to HK$6.41 per conversion share.

As at 31 March 2017, the Group recorded net current liabilities of HK$399.1 million (31 March 2016: HK$730.3 million) and the current ratio of the Group, calculated as the Group's current assets over its current liabilities, was 0.64 (31 March 2016: 0.35). The improvement in the current ratio was mainly attributable to the Rights Issue (as defined below) and obtainment of the Loan Facility during the Year. The Group will explore alternatives to diversify its funding base so as to enhance the financial flexibility and liquidity in future periods.

On 29 March 2016, the Group entered into a placing agreement with a placing agent to issue convertible bonds under general mandate with principal amount of approximately HK$300.0 million in two tranches. The placing agreement (as supplemented) lapsed on 22 April 2016. Details of which were set out in the announcements of the Company dated 29 March 2016, 8 April 2016 and 22 April 2016 respectively. On 16 June 2016, the Company and the placing agent entered into an engagement letter to continue the proposed placement. As at the date of this announcement, the transaction has not yet been materialised.

Capital Structure

During the Year, the Company conducted a series of capital restructuring and capital injection transactions, which included (i) an increase in authorised share capital; (ii) a rights issue; and (iii) a share consolidation.

Increase in Authorised Share Capital

On 7 September 2016, the Board proposed to increase the authorised share capital of the Company from HK$62.5 million, divided into 5.0 billion shares of the Company with nominal value of HK$0.0125 each (the "**Shares**", each a "**Share**"), to HK$250.0 million divided into 20.0 billion Shares by the creation of an additional 15.0 billion Shares (the "**First Increase in Authorised Share Capital**"), which shall rank *pari passu* in all respects with the existing Shares. The First Increase in Authorised Share Capital was approved by the shareholders of the Company (the "**Shareholders**") at the special general meeting held on 19 October 2016.

Details of the First Increase in Authorised Share Capital are set out in the announcements of the Company dated 7 September 2016, 20 September 2016, 26 September 2016, 30 September 2016 and 19 October 2016 and in the Company's circular dated 3 October 2016.

After the First Increase in Authorised Share Capital became effective, on 8 February 2017, the Company proposed to further increase the authorised share capital (the "**Second Increase in Authorised Share Capital**") and implement a share consolidation (the "**Share Consolidation**"). The Second Increase in Authorised Share Capital was proposed to increase the authorised share capital of the Company from HK$250.0 million, divided into 20.0 billion Shares, to HK$625.0 million, divided into 50.0 billion Shares, by the creation of an additional 30.0 billion Shares which shall rank *pari passu* in all respects with the existing shares of the Company. The Share Consolidation was on the basis that every 25 issued and unissued Shares of HK$0.0125 each be consolidated into 1 consolidated share of HK$0.3125 (the "**Consolidated Share(s)**") and the authorised share capital of the Company be changed from HK$625.0 million divided into 50.0 billion Shares to HK$625.0 million divided into 2.0 billion Consolidated Shares upon the approval of the Share Consolidation. The Second Increase in Authorised Share Capital and the Share Consolidation were approved by the Shareholders at the special general meeting held on 27 March 2017. The Share Consolidation took effect on 28 March 2017.

Details of the Share Consolidation and the Second Increase in Authorised Share Capital were set out in the announcements of the Company dated 7 February 2017, 7 March 2017, 8 March 2017 and 27 March 2017, and the Company's circular dated 9 March 2017, respectively.

Rights Issue and Issued Share Capital

On 7 September 2016, the Company announced its proposal to raise funds by way of a rights issue of five rights shares for every one Share held by the qualifying shareholders at the subscription price of HK$0.04 per rights share (the "**Rights Issue**"). The Rights Issue was subject to the First Increase in Authorised Share Capital becoming effective. It was considered that (i) the Rights Issue would reduce the total debt of the Group, and hence lower finance costs; (ii) the Rights Issue would simplify the capital structure of the Group, providing greater flexibility for future funding initiatives; and (iii) up to the date of the announcement of 7 September 2016, the funding proposals received from certain other financial institutions for amounts of HK$200.0 million to HK$300.0 million were inadequate when compared to the scale of the funding available from the Rights Issue. The subscription price of HK$0.04 per rights share represented (i) a discount of approximately 76.19% to the closing price of HK$0.168 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 September 2016; (ii) a discount of approximately 34.43% to the theoretical ex-rights price of approximately HK$0.061 per Share based on the closing price of HK$0.168 per Share as quoted on the Stock Exchange on 7 September 2016; (iii) a discount of approximately 75.61% to the average closing price of approximately HK$0.164 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 7 September 2016; (iv) a discount of 66.10% to the closing price of HK$0.118 per Share as quoted on the Stock Exchange on 30 September 2016, being the latest practicable date prior to the printing of the circular of the Rights Issue dated 3 October 2016; and (v) a discount of 37.50% to the closing price of HK$0.064 per Share as quoted on the Stock Exchange on 27 October 2016, being the latest practicable date prior to the printing of the prospectus of the Rights Issue dated 31 October 2016.

The Rights Issue was fully-underwritten by Emperor Securities Limited (the "**Underwriter**") pursuant to the underwriting agreement dated 7 September 2016 (as supplemented on 30 September 2016), entered into by and between the Underwriter, the Company, Mr. Li Weibin ("**Mr. Li**"), the chairman and managing director of the Company and Wealth Keeper International Limited. The Rights Issue was approved by the Shareholders at the special general meeting held on 19 October 2016 and completed on 18 November 2016 with a total of 13,958,384,095 new Shares, with an aggregate nominal value of approximately HK$174.5 million issued on 21 November 2016, on the basis of 2,791,676,819 Shares in issue on 28 October 2016, being the record date of the Rights Issue. The gross proceeds and net proceeds from the Rights Issue amounted to approximately HK$558.3 million and HK$550.0 million respectively and were used for the repayment of: (i) approximately HK$68.0 million, for the principal and interest of the 12% coupon bonds due on 30 November 2016; (ii) approximately HK$232.0 million, for the revolving shareholder's loan from Mr. Li to the Company; (iii) approximately HK$135.0 million, for the debts incurred for re-financing the principal and interest of the 8% coupon bonds due in October 2016; and (iv) approximately HK$115.0 million, for the principal and interest of the 12% coupon bonds due in 2020. The net price per rights share after deducting the related expenses of the Rights Issue was approximately HK$0.039.

Details of the Rights Issue are set out in the announcements of the Company dated 7 September 2016, 20 September 2016, 26 September 2016, 30 September 2016, 19 October 2016, 21 October 2016 and 18 November 2016, the Company's circular dated 3 October 2016 and the Company's prospectus dated 31 October 2016 respectively.

As at 1 April 2016, the issued share capital of the Company amounted to HK$34.9 million divided into 2,791,676,819 Shares. After completion of the Rights Issue on 18 November 2016, the issued share capital was increased to HK$209.4 million (divided into 16,750,060,914 Shares) by the creation of an additional 13,958,384,095 new Shares with an aggregate nominal value of approximately HK$174.5 million. Upon completion of the Share Consolidation on 28 March 2017, the issued share capital of the Company changed to HK$209.4 million divided into 670,002,436 Consolidated Shares.

Save as disclosed above, there was no change in the share capital structure of the Company during the Year.

Material Acquisition

On 2 February 2017, the Company, Glorious Harvest Limited (a wholly-owned subsidiary of the Company) (the "**Purchaser**"), Bestwin International Investment Limited (a company wholly-owned by Mr. Li) (the "**Vendor**") and Mr. Li (as guarantor to the Vendor) entered into the acquisition agreement (the "**Acquisition Agreement**") in relation to the proposed acquisition of the entire issued share capital ("**Sale Share**") of Zhong Hui Global Limited (the "**Target**") (a company wholly-owned by the Vendor) and its subsidiaries (collectively the "**Target Group**") at a consideration of HK$96.0 million. Simultaneously, the Company, the Purchaser and Mr. Li entered into the loan purchase and financing agreement (the "**Loan Purchase and Financing Agreement**") in relation to the proposed acquisition of all obligations, liabilities and debts (the "**Sale Loan**") owing or incurred by the Target Group to Mr. Li and his affiliated companies at a consideration of HK$216.0 million and the possible provision of financing (the "**Possible Financing**") by Mr. Li to the Group of HK$58.0 million. The Acquisition Agreement and the Loan Purchase and Financing Agreement are inter-conditional and shall complete contemporaneously.

The Target Group owned a parcel of land situated in Xi'an City, Shaanxi Province, the PRC, with construction in progress of the Commercial Building with total gross floor area of approximately 55,491 square meters.

In return for the acquisition of Sale Share, the acquisition of Sale Loan (together, the "**Possible Acquisition**") and Possible Financing, the Company will issue convertible bonds (the "**Convertible Bonds**") with principal amounts of HK$96.0 million, HK$216 million and HK$58.0 million respectively. The Convertible Bonds will bear interest at 3.0% per annum and will mature on the day falling on the second anniversary of the date of issue of the relevant bonds. The initial conversion price of the Convertible Bonds is HK$0.565 per conversion share (after Share Consolidation).

The Vendor is wholly owned by Mr. Li and accordingly is a connected person of the Company. The Possible Acquisition and the issue of Convertible Bonds therefore constitute connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Possible Acquisition was completed on 22 May 2017. For details, please refer to the announcements of the Company dated 7 February 2017, 7 March 2017, 13 March 2017, 28 March 2017 and 28 April 2017, and the Company's circular dated 31 March 2017 respectively.

On 11 June 2017, the Company, Trillion Up Limited (a direct wholly-owned subsidiary of the Company) ("**Trillion Up**"), Instant Karma Global Holdings Limited ("**IK Global**") and two independent third parties (the "**MCM Founders**") entered into the an agreement (the "**Agreement**"), pursuant to which (i) IK Global has conditionally agreed to subscribe for new shares ("**Deemed Disposal**") in Alpha Yield Limited (a direct wholly-owned subsidiary of Trillion Up) ("**Alpha Yield**"), the consideration of which shall be satisfied by the transfer of the entire issued share capital of MCM Holdings Limited ("**MCM Holdings**") by IK Global to Alpha Yield (the "**MCM Acquisition**"); and (ii) Trillion Up has conditionally agreed to subscribe for additional new shares in Alpha Yield in the amount of US$4.0 million in cash (the "**Subscription**", together with the MCM Acquisition and Deemed Disposal, collectively the "**Transactions**").

Upon completion of the Transactions (the "**Completion**"), the entire issued share capital of Alpha Yield shall be held as to 51.0% by Trillion Up and 49.0% by IK Global.

Pursuant to the Agreement, the Group shall also provide a shareholder's loan of US$2.4 million to the MCM Holdings after Completion which shall be used as general working capital of the MCM Holdings and its subsidiaries (collectively, the "**MCM Group**").

In addition, the MCM Founders shall have the right to exercise a put option during the period of four years from the date of Completion to require the Company to purchase the shares in Alpha Yield held by IK Global at a consideration based on the value of the Alpha Yield and its subsidiaries (collectively, the "**Alpha Yield Group**") as a whole of US$50.0 million.

The Transactions and grant of the put option together constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Completion is conditional upon fulfillment of the conditions precedent stated in the Agreement and as at the date of this announcement, the Transactions have not yet completed.

For details, please refer to the announcements of the Company dated 12 June 2017 and 14 June 2017.

Gearing Ratio

The Group's gearing ratio as at 31 March 2017 was 0.56 (2016: 0.65) which was calculated based on the Group's total liabilities of HK$2,014.2 million (2016: HK$2,041.4 million) and the Group's total assets of HK$3,579.1 million (2016: HK$3,153.2 million). The improvement in the gearing ratio was mainly due to the fair value change of investment properties and the addition of assets facilitated by the Rights Issue.

Foreign Currency Exposure

The Group's revenue and expenses are mainly denominated in HK$, RMB and United States dollars ("**US$**"). Pledged bank deposits were denominated in RMB and HK$. Other bank deposits are dominated in HK$, RMB or US$. Other monetary assets and liabilities are mainly denominated in HK$, RMB and US$. During the Year, the RMB to HK$ exchange rate weakened slightly whilst the MOP to HK$ was stable. As the HK$ is pegged to the US$, the Directors consider the foreign currency risk of the Group to be relatively low.

Contingent Liabilities and Charge on Assets

Save as disclosed in note 14 on page 14 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2017, the Group had pledged bank deposits of HK$360.0 million to certain banks as security in return for the banks' provision of loans to the Group's financing guarantee services customers, and to support the Group's international trading business. In addition, the Group pledged assets with carrying values of HK$1.9 million and HK$2,678.5 million to secure obligations under finance leases and banking facilities, respectively.

Capital Commitments

As at 31 March 2017, the Group had capital commitments contracted but not provided for in respect of the development of Chinlink • Worldport. Details of the commitment are set out in note 16 on page 15 of this announcement.

The Group will fund the capital commitments through cash generated from operations, bank and other borrowings and borrowings from the controlling shareholders of the Company.

Events after the reporting period

Deemed Disposal Transactions

On 1 March 2017, Chinlink Alpha Limited ("**Chinlink Alpha**"), an indirect wholly-owned subsidiary of the Company and 漢中市漢台區漢江產業園建設投資開發有限公司 (Hanzhong City Hantai District Hanjiang Industrial Park Construction Investment Development Company Limited*) ("**Hanjiang**") entered into a non-legally binding letter of intent (the "**LOI I**") in relation to the possible capital injection into Shaanxi Chinlink Financial Guarantee Limited* (the "**Financial Guarantee Company**"), a direct wholly-owned subsidiary of Chinlink Alpha. The proposed gross investment to be contributed by Hanjiang to the Financial Guarantee Company will be approximately RMB100.0 million and the Financial Guarantee Company will issue new shares to Hanjiang.

On 16 March 2017, Chinlink Alpha and Zhong Jinlv Investment Holding Company Limited ("**Zhong Jinlv**"), entered into another non-legally binding letter of intent (the "**LOI II**") in relation to the possible capital injection into Chinlink Finance Lease Company Limited (the "**Finance Lease Company**"), a direct wholly-owned subsidiary of Chinlink Alpha. The proposed gross investment amount to be contributed by Zhong Jinlv to the Finance Lease Company will be approximately RMB120.0 million and in the form of equity interest.

For the Year, the parties to the LOI I and LOI II are still in negotiating for the possible transactions. Details of the LOI I and LOI II are set out in the announcements of the Company dated 1 March 2017 and 16 March 2017 respectively.

On 26 April 2017, Chinlink Alpha, Hanjiang, and the Financial Guarantee Company entered into the financial guarantee cooperation agreement in relation to Hanjian has agreed to invest RMB100.0 million to the Financial Guarantee Company and the Financial Guarantee Company has agreed to increase its registered capital by the same amount. As a result, the Financial Guarantee Company will be held as to approximately 67.0% by Chinlink Alpha and approximately 33.0% by Hanjiang.

On the same day, Chinlink Alpha, Zhong Jinlv and the Finance Lease Company entered into the finance lease cooperation agreement in relation to Zhong Jinlv has agreed to invest RMB120.0 million to the Finance Lease Company and the Finance Lease Company has agreed to increase its registered capital by the same amount. As a result, the Finance Lease Company will be held as to approximately 63.0% by Chinlink Alpha and approximately 37.0% by Zhong Jinlv.

As at the date of this announcement, the above transactions have not yet completed. Details of the above transactions are set out in the announcement of the Company dated 26 April 2017.

Save as disclosed above and excepted the section headed "Material Acquisition" above, the Group did not have any significant events after the reporting period.

* *For identification purpose only*

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: 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 shareholders to meet its funding needs. In addition, the Group continuously monitors its compliance with loan covenants.

Compliance Risk

The Group recognizes 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 2017, the Group employed 37 employees in Hong Kong and 290 employees in China (31 March 2016: 36 employees in Hong Kong and 313 employees in China). Employees are remunerated based on their performance and relevant working experience, taking into account of the prevailing market conditions. Discretionary performance bonuses 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 its customers and suppliers. The maintenance of good relationships with customers and suppliers is fundamental to the Group's operational performance and ongoing financial success.

Prospects

Under the "One Belt, One Road" initiative, Xi'an is expected to thrive given its position as an international financial center at the starting point of the Silk Road. On 1 April 2017, the China (Shaanxi) Pilot Free Trade Zone was formally launched, becoming the first free trade zone in Northwest China, further accelerating the pace of development in Xi'an. The Group has been committed to doing business in Xi'an for many years and has a unique positioning, offering diverse funding services to SMEs through an integrated financial services, logistics and property platform. The Group expects to continue to benefit from the transformation of Xi'an due to its early mover advantage, its local market knowledge, and its extensive business networks.

To build on this enormous regional opportunity, in April 2017, the Group officially signed an agreement with Hanzhong City Hantai District Hanjiang Industrial Park Construction Investment Development Company Limited, whose major shareholder is Hantai District Bureau of Finance of Hanzhong Municipality, Shaanxi Province, China, in relation to a capital injection of approximately RMB100.0 million into Shaanxi Chinlink Financial Guarantee Limited, an indirect wholly-owned subsidiary of the Company. Hanzhong City is a fast growing city in Shaanxi Province and as such the Group could benefit from further cooperation between the two major industrial parks, Hanzhong Baohe Logistics Park and Hanjiang Industrial Park, located in Hantai District of Hanzhong City, and the provision of financing services to the tenants of both parks.

Looking forward, the Group expects to launch its finance leasing business in Q3 of 2017/2018, with a focus on tourism, medical equipment, and aircraft. The Group has signed an agreement with Zhong Jinlv Investment Holding Company Limited, a wholly-owned subsidiary of the Shaanxi Tourism Group Company Limited, for a capital injection into Chinlink Finance Lease Company Limited, an indirect wholly-owned subsidiary of the Company, of RMB120.0 million. With this, the Group will be able to fast-track the growth of the business and capitalise on the financial and political advantages brought by state-owned capital.

After the completion of the MCM Acquisition, subject to approvals from the Securities and Futures Commission in Hong Kong, Chinlink will become a substantial shareholders of MCM Group. The Group expects to benefit from the cooperation abovementioned by using the financial services licenses held by MCM Asia Limited to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), as well as Type 9 (asset management)[1], regulated activities under Securities and Futures Ordinance in Hong Kong. The Group will also consider applying for or acquiring other necessary licenses to carry out additional regulated activities under the Securities and Futures Ordinance, as well as to explore an application for similar permissions to conduct similar activities within the Free Trade Zone of Shaanxi Province of the PRC. The cooperation leverages the financial services expertise of the MCM Group with the local presence and strong network of the Group to create a dynamic financial services group that bridges the needs and opportunities of Shaanxi Province, provided by the "One Belt, One Road" initiative and the establishment of the Free Trade Zone, with the international contacts and clients of MCM Group to provide access to PRC opportunities in capital markets. It will expand the Group's international presence and access, along with the sourcing of investment projects for investors in the region and across the PRC. Once approved by the Securities and Futures Commission, the Alpha Yield Group will provide advisory services, execution capabilities and research services to its domestic and international clientele, and position itself as a key participant in the "One Belt, One Road" initiative for international investors to invest in related enterprises. The Alpha Yield Group will also build wealth and asset management capabilities across Hong Kong and the PRC. The transactions are in line with the Group's long term development plan and provide an opportunity for the Group to explore new business opportunities.

Furthermore, the Group is optimistic about the prospects for its property investment segment. Specifically, the launch of DMG (Hanzhong) Center will accelerate the development of Chinlink • Worldport into a significant regional trade and logistics hub. The Group believes Chinlink • Worldport will provide support for the Group's expansion in financial services, with a strong base of cash flow generated from rental income and management fees, as well as the significant opportunities to extend its financing solutions including financing guarantee, supply chain finance, and finance leasing services to the captive tenant base. In May 2017, the Group acquired the Commercial Building located in Xi'an City, and is currently under construction. On completion, which is expected in the Q2 of 2018, the approximate 55,491 square meter gross floor area office complex will be leased. In the future, the Group will continue to develop its integrated finance-ecosystem business model in order to strengthen its competitive advantages and improve the sustainability of its business.

[1] An application has been submitted to the Securities and Futures Commission for approval by MCM Investment Partners Limited, a subsidiary of MCM Holdings.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the year ended 31 March 2017, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2017.

REVIEW OF FINANCIAL STATEMENTS

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors namely, Ms. Lai Ka Fung, May (Chairman), Dr. Ho Chung Tai, Raymond and Ms. Chan Sim Ling, Irene. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2017 and discussed the risk management and internal control and financial reporting matters.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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.

APPRECIATION

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

PUBLICATION OF ANNUAL REPORT

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

The 2016/2017 Annual Report of the Company containing all information required by the Listing Rules will be dispatched to the shareholders of the Company as well as made available on the aforesaid websites in due course.

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

Hong Kong, 14 June 2017

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