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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Chinlink International Holdings Limited (the "**Company**" or "**Chinlink**") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2020 (the "**Period**"), together with the comparative figures as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations:			
Revenue	*3A*		
Goods and services		**89,748**	307,778
Rental		**17,181**	19,675
Interest			
– Other interest revenue		**9,056**	10,426
Total revenue		**115,985**	337,879
Cost of sales		**(41,402)**	(250,682)
Gross profit		**74,583**	87,197

* *For identification purpose only*

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

For the six months ended 30 September 2020

	Notes	**Six months ended 30 September 2020 HK$'000 (unaudited)**	Six months ended 30 September 2019 *HK$'000* (unaudited)
Other income, gains and losses		**26,792**	5,882
Gain on disposal of a subsidiary		**5,200**	–
Gain on fair value change of investment properties		**32,036**	50,656
Gain on fair value change of put option derivative		**3,091**	–
Allowance under expected credit loss model, net of reversal		**102**	(357)
Impairment loss on goodwill		**–**	(6,892)
Share of profit of an associate		**3,841**	–
Selling and distribution costs		**(2,968)**	(3,711)
Administrative expenses		**(48,711)**	(58,393)
Finance costs	*4*	**(123,350)**	(112,546)
Loss before tax	*5*	**(29,384)**	(38,164)
Income tax expense	*6*	**(8,356)**	(18,960)
Loss for the period from continuing operations		**(37,740)**	(57,124)
Discontinued operation:			
Profit for the period from discontinued operation, net of income tax	*14*	**–**	8,451
Loss for the period		**(37,740)**	(48,673)
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**101,312**	(192,851)
Share of exchange differences of investment in an associate		**2,991**	–
Total comprehensive income (expense) for the period		**66,563**	(241,524)
Loss for the period attributable to owners of the Company:			
– from continuing operations		**(44,997)**	(57,314)
– from discontinued operation		**–**	5,144
		(44,997)	(52,170)

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

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Profit for the period attributable to non-controlling interests:			
– from continuing operations		**7,257**	190
– from discontinued operation		**–**	3,307
		7,257	3,497
		(37,740)	(48,673)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**52,719**	(233,171)
Non-controlling interests		**13,844**	(8,353)
		66,563	(241,524)
		HKcents	HKcents
Loss per share attributable to owners of the Company from continuing and discontinued operations			
– Basic	7	**(3.08)**	(3.57)
– Diluted	7	**(3.08)**	(3.57)
Loss per share attributable to owners of the Company from continuing operations			
– Basic	7	**(3.08)**	(3.92)
– Diluted	7	**(3.08)**	(3.92)
Earnings per share attributable to owners of the Company from discontinued operation			
– Basic	7	**–**	0.35
– Diluted	7	**–**	0.35

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Notes	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**174,918**	169,398
Right-of-use assets		**14,764**	20,250
Investment properties		**4,055,701**	3,859,215
Goodwill		**17,237**	17,237
Interest in an associate		**75,896**	69,064
Deposit paid for land auction		**10,220**	9,804
Financial assets at fair value through profit or loss		**24,980**	24,518
Deposit		**3,171**	3,158
		4,376,887	4,172,644
Current assets			
Trade receivables	*9*	**26,235**	34,011
Trade receivables from related company	*9*	**2,499**	161
Loan receivables	*9*	**148,152**	81,273
Factoring receivables	*9*	**102,088**	95,913
Other receivables, deposits and prepayments		**34,994**	32,801
Pledged bank deposits		**211,927**	248,938
Bank balances and cash		**30,214**	25,382
		556,109	518,479
Current liabilities			
Trade payables	*10*	**424**	12
Other payables and accruals		**100,097**	92,493
Put option derivative		**1,066**	4,064
Loans from staff		**27,322**	27,265
Construction costs accruals		**167,275**	154,522
Receipts in advance		**16,403**	17,479
Lease liabilities		**8,188**	9,961
Contract liabilities		**25,394**	26,950
Deposits received from tenants and customers		**24,939**	26,431
Amounts due to directors		**52,529**	18,494
Amounts due to former subsidiaries		**9,164**	9,164
Provision for warranty		**70**	70
Financial guarantee contracts		**1,115**	2,092
Tax payable		**7,268**	7,054
Bank and other borrowings	*11*	**974,056**	909,484
9.0% coupon bonds	*12*	**–**	105,375
6.5% coupon bonds	*12*	**221,182**	205,903
13.0% coupon bonds	*12*	**236,362**	251,866
Amounts due to related companies		**371,110**	–
		2,243,964	1,868,679

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2020

	Notes	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Net current liabilities		**(1,687,855)**	(1,350,200)
Total assets less current liabilities		**2,689,032**	2,822,444
Non-current liabilities			
Deferred tax liabilities		**326,765**	307,416
Receipts in advance		**402**	2,761
Contract liabilities		**2,485**	4,227
Lease liabilities		**6,923**	10,568
Bank and other borrowings	*11*	**524,498**	551,197
Amounts due to related companies		**–**	184,879
		861,073	1,061,048
		1,827,959	1,761,396
Capital and reserves			
Share capital	*13*	**456,753**	456,753
Reserves		**1,330,783**	1,278,064
Equity attributable to owners of the Company		**1,787,536**	1,734,817
Non-controlling interests		**40,423**	26,579
		1,827,959	1,761,396

1. BASIS OF PREPARATION

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

The presentation currency of the condensed consolidated financial statements is Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the facts that, the Group incurred a net loss from continuing operations of approximately HK$37,740,000 for the six months ended 30 September 2020 and, as of 30 September 2020, the Group had net current liabilities of approximately HK$1,687,855,000, while its bank balances and cash amounted to approximately HK$30,214,000 only as at 30 September 2020. In addition, the Group had outstanding bonds and borrowings of approximately HK$457,544,000 and HK$974,056,000 respectively which were due for repayment or renewal in the next twelve months after 30 September 2020. Further, the Group has defaulted in repayment of principal of bonds and interest and principal of borrowings amounting to approximately HK$34,875,000 and HK$129,328,000 respectively during the six months ended 30 September 2020 which outstanding amounts of bonds and borrowings of approximately HK$236,362,000 and HK$551,419,000 respectively as at 30 September 2020 remain outstanding.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following matters:

(i) subsequent to the end of the reporting period, the Group has obtained a consent from financial institutions for certain bonds and borrowings with outstanding amounts of approximately HK$236,362,000 and HK$357,893,000 respectively as at 30 September 2020 of which the repayment of interest were past due and in default as at 30 September 2020.

(ii) the Group has settled borrowings of approximately HK$12,557,000 subsequent to the reporting period;

(iii) the Company has actively negotiated with banks and financial institutions to secure the renewals of the Group's bonds and borrowings to meet its liabilities when fall due;

(iv) the Group has received a consent from Mr. Li Weibin ("**Mr. Li**"), the ultimate controlling shareholder and an executive Director of the Company, that he will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to him by the Group in the next twelve months from the date of approval for issue of these condensed consolidated financial statements subsequent to the end of the reporting period;

(v) the Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

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

(vii) the Group may consider possible fund raising activities including, but not limited to placing, rights issues or open offer and issuance of convertible bonds are to be attempted.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and a number of amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark

Early adoption of amendments to HKFRSs

The following amendments to HKFRSs, which is applicable to the Group but are not yet effective for the current year, have been early adopted in current year:

HKFRS 16 (Amendments)	COVID-19-Related Rent Concession

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 16 (Amendments) COVID-19-Related Rent Concession

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained earnings at 1 April 2020.

3A. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations:		
Types of goods and services:		
Revenue from international trading		
– grain and oil products	**–**	35
– electronic products	**–**	247,036
Revenue from property management services	**32,590**	37,492
Revenue from financial guarantee services	**9,737**	10,249
Revenue from financial advisory services		
– financial advisory services	**45,012**	9,386
– asset management services	**2,409**	3,575
Revenue from logistics services	**–**	5
Total revenue from contracts with customers	**89,748**	307,778
Add:		
Rental income under HKFRS 16	**17,181**	19,675
Interest income under HKFRS 9	**9,056**	10,426
Total revenue	**115,985**	337,879
Geographical markets:		
Hong Kong and Macau	**47,421**	259,997
The People's Republic of China (the "**PRC**" or "**China**")	**42,327**	47,781
Total	**89,748**	307,778
Timing of revenue recognition:		
A point in time	**45,012**	256,457
Over time	**44,736**	51,321
Total	**89,748**	307,778

3A. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the six months ended 30 September 2020 and 2019.

	For the six months ended 30 September 2020			
	Revenue disclosed in segment information *HK$'000* **(unaudited)**	**Adjustment of rental income** *HK$'000* **(unaudited)**	**Adjustment of interest income** *HK$'000* **(unaudited)**	**Revenue from contracts with customers** *HK$'000* **(unaudited)**
Segment				
International trading	**–**	**–**	**–**	**–**
Property investment	**49,771**	**(17,181)**	**–**	**32,590**
Financial guarantee services	**9,737**	**–**	**–**	**9,737**
Financial advisory services	**47,421**	**–**	**–**	**47,421**
Logistics services	**–**	**–**	**–**	**–**
Revenue for reportable segment	**106,929**	**(17,181)**	**–**	**89,748**
Unallocated revenue	**9,056**	**–**	**(9,056)**	**–**
Total	**115,985**	**(17,181)**	**(9,056)**	**89,748**

	For the six months ended 30 September 2019			
	Revenue disclosed in segment information *HK$'000* (unaudited)	Adjustment of rental income *HK$'000* (unaudited)	Adjustment of interest income *HK$'000* (unaudited)	Revenue from contracts with customers *HK$'000* (unaudited)
Segment				
International trading	247,071	–	–	247,071
Property investment	57,167	(19,675)	–	37,492
Financial guarantee services	10,249	–	–	10,249
Financial advisory services	12,961	–	–	12,961
Logistics services	5	–	–	5
Revenue for reportable segment	327,453	(19,675)	–	307,778
Unallocated revenue	10,426	–	(10,426)	–
Total	337,879	(19,675)	(10,426)	307,778

3B. SEGMENT INFORMATION

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

The Group's operating and reportable segments under HKFRS 8 "Operating segments" are as follows:

(i) International trading – trading of consumer goods and electronic products

(ii) Property investment – leasing of property and provision of property management services

(iii) Financial guarantee services – provision of corporate financial guarantee services and related consultancy services

(iv) Financial advisory services – provision of financial advisory and asset management services

(v) Logistics services – provision of logistics services

During the six month ended 30 September 2019, the operating segments of finance lease services were reclassified as discontinued operation. The discontinued operation have resulted in a change in the Group's structure and therefore its composition of reporting segments. Details of discontinued operation are described in note 14. The segment information report below does not include carrying amounts from the discontinued operation during the six months ended 30 September 2019.

The revenue streams and results from these segment are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

Money lending and factoring business are not separately reviewed by the CODM and therefore they are not separately presented.

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

3B. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Six months ended 30.9.2020		Six months ended 30.9.2019	
	Segment revenue	**Segment profit (loss) for the period**	Segment revenue	Segment profit (loss) for the period
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Segment				
International trading	**–**	**(1,310)**	247,071	5,324
Property investment	**49,771**	**57,355**	57,167	62,475
Financial guarantee services	**9,737**	**7,415**	10,249	8,321
Financial advisory services	**47,421**	**4,275**	12,961	(13,423)
Logistics services	**–**	**(380)**	5	(63)
Revenue and result for reportable segment	**106,929**	**67,355**	327,453	62,634
Unallocated revenue	**9,056**		10,426	
Total	**115,985**		337,879	
Unallocated revenue		**9,056**		10,426
Unallocated income, gains and losses		**26,792**		5,882
Unallocated allowance under expected credit loss model, net of reversal		**17**		–
Unallocated gain on fair value change of investment properties		**6,762**		26,994
Unallocated gain on fair value change in put option derivative		**3,091**		–
Share of profit of an associate		**3,841**		–
Unallocated corporate expenses		**(22,948)**		(31,554)
Finance costs		**(123,350)**		(112,546)
Loss before tax		**(29,384)**		(38,164)

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, unallocated allowance under expected credit loss model, net of reversal, gain on fair value change of investment properties (except for gain on fair value change of certain investment properties) and put option derivative, share of profit of an associate, other income, gains and losses, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

4. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations:		
Interest on bank and other borrowings	**84,397**	58,065
Effective interest expense on 9.0% coupon bonds	**3,625**	17,003
Effective interest expense on 6.5% coupon bonds	**10,029**	2,425
Effective interest expense on 12.0% coupon bonds	**–**	7,384
Effective interest expense on 13.0% coupon bonds	**15,367**	4,033
Imputed interest expense from amounts due to related companies	**9,459**	17,868
Imputed interest expense from obligation arising from put option	**–**	5,550
Interest on lease liabilities	**473**	218
Total finance costs	**123,350**	112,546

There was no finance cost capitalised arose on the general borrowing pool during the six months ended 30 September 2020 and 2019.

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting) the following items:

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations:		
Depreciation of property, plant and equipment	**2,743**	2,699
Depreciation of right-of-use assets	**5,488**	2,174
Interest income included in other income, gains and losses	**(2,547)**	(3,031)
Gain on non-substantial modification of financial liabilities measured at amortised cost included in other income, gains and losses	**–**	(2,592)
Net exchange (gain) losses, included in other income, gains and losses	**(3,105)**	2,257

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations:		
Current tax expense:		
Hong Kong	**–**	(415)
PRC	**(2,030)**	(5,035)
	(2,030)	(5,450)
Deferred tax	**(6,326)**	(13,510)
	(8,356)	(18,960)

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% except that the concessionary tax rate of 15% is applied to certain subsidiaries recognised as "Go-west" region development programme corporate 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.

7. LOSS PER SHARE

(a) Continuing and discontinued operations

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

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(44,997)**	(52,170)

7. **LOSS PER SHARE (Continued)**

Number of shares

	Six months ended 30 September	
	2020	2019
	'000	*'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,461,610**	1,461,610

(b) Continuing operations

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(44,997)**	(57,314)

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

(c) Discontinued operation

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**–**	5,144

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

During the six months ended 30 September 2020 and 2019, the computation of diluted earnings per share does not assume the exercise of the Company's share options as it would result in decrease in loss per share.

8. **DIVIDENDS**

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

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

Trade receivables

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

	30.9.2020	**31.3.2020**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**3,000**	13,717
31 – 90 days	**1,052**	3,641
> 90 days	**22,183**	16,653
	26,235	34,011

The Group's credit terms for its major customers of international trading are usually 7 days to 30 days. The credit terms granted by the Group to other trade debtors of international trading are normally 30 days.

Customers related to financial guarantee services are required to settle either on monthly instalments in arrear or upon signing of the financial guarantee services contracts or relevant consultancy services contracts.

The Group's credit terms for its customers related to logistics services and financial advisory services are normally 30 days to 90 days.

Trade receivables from related company

Trade receivables from related company of HK$2,499,000 (net the allowance for expected credit losses of HK$1,000) (31 March 2020: HK$161,000 (net the allowance for expected credit losses of HK$1,000) were aged within 30 days based on the invoice date at the end of the reporting period.

Loan receivables

Loan receivables of HK$148,152,000 (31 March 2020: HK$81,273,000) represent the outstanding loan principals and accrued interest from independent third parties which are unsecured and carry interest at fixed rates ranged from 7.0% to 18.0% per annum (31 March 2020: 11.0% to 18.0% per annum). The weighted average effective interest rate of the loan receivables is 10.83% (31 March 2020: 15.16%) per annum. Balances at both 30 September 2020 and 31 March 2020 are repayable within twelve months from the loan advance dates.

Factoring receivables

Factoring receivables of HK$102,088,000 (31 March 2020: HK$95,913,000) represent the outstanding loan principals and accrued interest from independent third parties which are secured by trade receivables of the counterparties and carry interest at fixed rates ranged from 5.0% to 8.0% per annum (31 March 2020: 5.0% to 8.0%). The weighted average effective interest rate of the factoring receivables is 6.30% (31 March 2020: 6.68%) per annum. Balances as at 30 September 2020 are repayable within twelve months from the loan advance dates.

10. TRADE PAYABLES

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

	30.9.2020	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**210**	–
31 – 90 days	**–**	–
> 90 days	**214**	12
	424	12

11. BANK AND OTHER BORROWINGS

	30.9.2020	31.3.2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank borrowings, secured	**633,363**	624,332
Bank borrowing, unsecured	**9,094**	–
Other borrowing, secured	**414,731**	401,887
Other borrowings, unsecured	**428,411**	424,501
Bank overdraft	**12,955**	9,961
	1,498,554	1,460,681
Carrying amount repayable*		
– Within one year	**569,231**	511,594
– More than one year, but not exceeding two years	**514,836**	540,929
– More than two years, but not exceeding five years	**9,662**	568
– More than five years	**–**	9,700
	1,093,729	1,062,791
Carrying amount of the bank and other borrowings that contains a repayable on demand clause (shown under current liabilities)		
– Within one year	**404,825**	60,528
– More than one year, but not exceeding two years	**–**	336,515
– More than two years, but not exceeding five years	**–**	847
	1,498,554	1,460,681
Less: Amount due within one year or contains a repayable on demand clause shown under current liabilities	**(974,056)**	(909,484)
Amount shown under non-current liabilities	**524,498**	551,197

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

The ranges of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's bank and other borrowings are as follows:

	30.9.2020 (unaudited)	31.3.2020 (audited)
Effective interest rate:		
Fixed-rate borrowings	**5.00% – 20.00%**	5.00%–20.00%
Variable-rate borrowings	**3.39% – 7.48%**	4.64%–7.48%

At 30 September 2020, the Group's variable-rate bank borrowings of HK$187,021,000 (31 March 2020: HK$188,127,000) carries interest rate at Hong Kong Interbank Offer Rate ("**HIBOR**") plus 2.5% or London Interbank Offer Rate ("**LIBOR**") plus 3.5% or based rate fixed by People's Bank of China ("**PBOC Rate**") plus a premium per annum (31 March 2020: HIBOR plus 2.5% or LIBOR plus 3.5% or based rate fixed by PBOC Rate plus a premium per annum).

At 30 September 2020, the Group's fixed-rate bank borrowings of HK$455,436,000 (31 March 2020: HK$436,205,000) carries at a fixed-rate ranged from 4.8% to 8.5% (31 March 2020: 8.5%) per annum.

At 30 September 2020, the Group's bank overdraft of approximately HK$12,955,000 (31 March 2020: HK$9,961,000) carries interest at Hong Kong Prime Interest Rate (31 March 2020: Hong Kong Prime Interest Rate) per annum.

At 30 September 2020, other borrowing from independent third parties of approximately HK$843,142,000 (31 March 2020: HK$826,388,000) carry interest at a fixed-rate of 5.0% to 20.0% (31 March 2020: 5.0% to 20.0%) per annum and are repayable at maturity dates ranged from 1 October 2020 to 31 December 2022 (31 March 2020: 1 April 2020 to 31 December 2022).

At 30 September 2020, the variable-rate bank borrowings of approximately HK$187,021,000 (31 March 2020: HK$188,127,000) are secured by the Group's property, plant and equipment with carrying value of HK$22,429,000 (31 March 2020: HK$35,942,000) and investment properties with fair value of HK$3,173,000,000 (31 March 2020: HK$2,986,151,000).

12. COUPON BONDS

9.0% Coupon bonds

Pursuant to the placing agreements dated 30 June 2017 and 27 July 2017 respectively, 9.0% coupon bonds with principal amount of HK$200,000,000, HK$100,000,000 and HK$50,000,000 (collectively referred as the "**9.0% Coupon Bonds**") were issued by the Company at par to the independent parties on 25 July 2017 (the "**Issue Date 1**"), 4 August 2017 (the "**Issue Date 2**") and 25 August 2017 (the "**Issue Date 3**") respectively.

The 9.0% Coupon Bonds are denominated in HK$ and carry interest at 9.0% per annum. Interest is payable annually in arrears.

The 9.0% Coupon Bonds will mature on the second anniversary of the Issue Date, which are 25 July 2019 (the "**Maturity Date 1**"), 4 August 2019 (the "**Maturity Date 2**") and 25 August 2019 (the "**Maturity Date 3**") respectively. The Company can redeem the 9.0% Coupon Bonds in whole or in part, at par together with all accrued and unpaid interest calculated at the rate of 9.0% per annum accrued thereon from Issue Date 1, Issue Date 2 and Issue Date 3 respectively and up to the date of redemption less any interest paid by the Company on it by giving not less than 10 business days' notice to the holder(s) of the 9.0% Coupon Bonds at any time from the Issue Date 1 to the Maturity Date 1 and Issue Date 2 to Maturity Date 2 and Issue Date 3 to Maturity Date 3, respectively.

Transaction costs relating to the 9.0% Coupon Bonds of HK$21,000,000 were included in the carrying amount of the 9.0% Coupon Bonds. The effective interest rate of the 9.0% Coupon Bonds is 11.90% per annum.

9.0% coupon bonds issued on 25 July 2017 with aggregate principal amount of HK$100,000,000, unsecured, repayable on 25 July 2020 (as amended by the deed of amendment dated 25 July 2019) and interest bearing at 9.0% per annum, was fully repaid during the Period.

13.0% Coupon bonds

The 13.0% Coupon Bonds with an aggregate principal amount of US$30,000,000 were issued on 16 August 2019 (the "**Issue Date 4**") pursuant to the Exchange Offer.

The 13.0% Coupon Bonds are denominated in US$ and carry interest at 13.0% per annum. Interest is repayable semi-annually in arrears.

The 13.0% Coupon Bonds will mature on 30 August 2021 (the "**Maturity Date 4**").

The effective interest rate of the 13.0% Coupon Bonds is 12.99% per annum.

No early redemption of the 13.0% Coupon Bonds is allowed by the Company except upon the occurrence of certain events or circumstances as set out in the bonds instrument.

The 13.0% Coupon Bonds are secured by equity interests of certain Group's wholly owned subsidiaries and guaranteed by certain shareholder.

During the six months ended 30 September 2020, interest charged on the 13.0% Coupon Bonds of HK$15,367,000 was recognised in profit or loss.

6.5% Coupon bonds

Pursuant to the placing agreement dated 30 July 2019, 6.5% coupon bonds with principal amount of HK$82,500,000, HK$24,000,000, HK$61,500,000 and HK$32,000,000 (collectively referred as the "**First 6.5% Coupon Bonds**") were issued by the Company at par to the independent parties on 7 August 2019 (the "**Issue Date 5**"), 8 August 2019 (the "**Issue Date 6**"), 19 August 2019 (the "**Issue Date 7**") and 6 September 2019 (the "**Issue Date 8**") respectively

The First 6.5% Coupon Bonds are denominated in HK$ and carry interest at 6.5% per annum. Interest is payable annually in arrears.

The First 6.5% Coupon Bonds will mature on the first anniversary of the issue dates, which are 7 August 2020 (the "**Maturity Date 5**"), 8 August 2020 (the "**Maturity Date 6**"), 19 August 2020 (the "**Maturity Date 7**"), and 6 September 2020 (the "**Maturity Date 8**") respectively. The Company can redeem the First 6.5% Coupon Bonds in whole or in part, at par together with all accrued and unpaid interest calculated at the rate of 6.5% per annum accrued thereon from Issue Date 5, Issue Date 6, Issue Date 7 and Issue Date 8 respectively and up to the date of redemption less any interest paid by the Company on it by giving not less than 10 business days' notice to the holder(s) of the First 6.5% Coupon Bonds at any time from the Issue Date 5 to the Maturity Date 5 and Issue Date 6 to Maturity Date 6 and Issue Date 7 to Maturity Date 7 and Issue Date 8 to Maturity Date 8, respectively.

As at 30 September 2020, the First 6.5% Coupon Bonds were matured, of which HK$41,500,000 were redeemed by the Company and the remaining principal of HK$158,500,000 were extended for one year pursuant to the deed of amendment dated 6 August 2020.

The First 6.5% Coupon Bonds are secured by equity interests of certain Group's wholly owned subsidiaries and guaranteed by certain shareholder.

Transaction costs relating to the First 6.5% Coupon Bonds of HK$6,080,000 are included in the carrying amount of the First 6.5% Coupon Bonds. The effective interest rate of the First 6.5% Coupon Bonds is 9.49% per annum.

On 23 July 2020, the Company entered into a placing agreement with a placing agent to issue 6.5% coupon bonds (the "**Second 6.5% Coupon Bonds**", with the First 6.5% Coupon Bonds, collectively the "**6.5% Coupon Bonds**") with principal amount of up to HK$100,000,000, under best effort basis. The Second 6.5% Coupon Bonds are secured by the equity interests of a subsidiary, repayable on the day falling on the first anniversary of the issue date, interest bearing at 6.5% per annum and guaranteed by Mr. Li. As at 4 August 2020 (the "**Issue Date 9**"), the first tranche of the Second 6.5% Coupon Bonds with principal of HK$66,500,000 million were issued and the proceeds were used for refinancing the existing borrowings.

The Second 6.5% Coupon Bonds will mature on the first anniversary of the issue dates, which are 4 August 2021.

Transaction costs relating to the Second 6.5% Coupon Bonds of HK$1,995,000 are included in the carrying amount of the 6.5% Coupon Bonds. The effective interest rate of the Second 6.5% Coupon Bonds is 9.49% per annum.

During the six months ended 30 September 2020, interest charged on the 6.5% Coupon Bonds of HK$10,029,000 was recognised in profit or loss.

13. SHARE CAPITAL

	Number of shares	Nominal value *HK$'000* (unaudited)
Ordinary shares of HK$0.3125 each:		
Authorised		
At 1 April 2019, 31 March 2020 and 30 September 2020	2,000,000,000	625,000
Issued and fully paid		
At 1 April 2019, 31 March 2020 and 30 September 2020	1,461,609,692	456,753

14. DISCONTINUED OPERATION

On 12 December 2019, Chinlink Mega Limited ("**Chinlink Mega**"), an indirect wholly-owned subsidiary of the Company, and Xi'an Qujiang entered into the disposal agreement, pursuant to which Chinlink Mega agreed to sell and Xi'an Qujiang agreed to acquire 37.5% of the equity interest in Chinlink Finance Lease Company Limited (the "**Finance Lease Company**") for a total cash consideration of about RMB93.2 million (equivalent to approximately HK$103.9 million).

Upon completion on 17 December 2019, Finance Lease Company cease to be a subsidiary of the Company and become an associate of the Company. Details of which were set out in the announcements of the Company dated 12 December 2019.

Analysis of the results of the discontinued operation is set out below:

	From 1 April 2019 to 30 September 2019
	HK$'000
Revenue	19,273
Cost of sales	–
Gross profit	19,273
Other income, gains and losses	6
Administrative expenses	
– other administrative expenses	(9,717)
Finance costs	(434)
Profit before tax	9,128
Income tax expenses	(677)
Profit for the period from discontinued operation	8,451
Other comprehensive expense	
Item that maybe subsequently reclassified to profit or loss:	
Exchange difference arising on translation of foreign operations	(17,536)
Total comprehensive expenses for the period	(9,085)
Profit attributable to:	
Owners of the Company	5,144
Non-controlling interest	3,307
	8,451
Total comprehensive expenses attributable to:	
Owners of the Company	(5,813)
Non-controlling interest	(3,272)
	(9,085)

Profit for the period from discontinued operation was arrived at after (crediting)/charging:

	From 1 April 2019 to 30 September 2019
	HK$'000
Depreciation of property, plant and equipment	117
Interest income included in other income, gains and losses	(6)

15. CONTINGENT LIABILITIES

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	**413,777**	477,971
– Related parties	**–**	5,453
	413,777	483,424

16. OPERATING LEASE COMMITMENTS

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

As lessor

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Within one year	**6,886**	4,088
In the second to fifth year inclusive	**1,108**	–
	7,994	4,088

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

17. CAPITAL COMMITMENTS

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in connection with the investment properties under construction	**46,989**	45,077

18. COMPARATIVE FIGURE

The comparative statement of profit or loss has been restated as if the operations during the prior period had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Period under review, the Group encountered a very challenging business environment. The Coronavirus Disease 2019 ("**COVID-19**") pandemic outbreak brought massive global economic slowdown, which caused a different degree of impact across the Group's business segments.

During the Period under review, the Group recorded total revenue from continuing operations of HK$116.0 million, representing a drop of 65.7% (restated) compared with the corresponding period last year (the "**Previous Period**"), mainly because of the temporary business suspension of the international trading business segment. Other than the impact of COVID-19, the Group's international trading business was also seriously affected by the unsettled trade and technology tensions between the United States of America (the "**US**") and the People's Republic of China. As a result, many factories in China, who are the primary customers of the Group, started to scale down their production and reduced their purchase. Ever since the last financial year, the Group has taken a very cautious approach and suspended the business temporarily. Therefore, the international trading business recorded no income during the Period.

The performance of the Group's alternative finance businesses in China which currently comprise of financial guarantee and factoring was mostly on track. Due to our consistent and stringent credit policy, the Group has not experienced any significant change in the overall portfolio quality despite the harsh business environment. On 17 December 2019, the Group disposed 37.5% equity interest (the "**Disposal**") of the Finance Lease Company. As a result, the Group now only holds a 25.0% equity interest of the Finance Lease Company. Therefore, the result of the Finance Lease Company was not consolidated in the Group's account for the Period.

However, the financial advisory services business operated under MCM Holdings Limited and its subsidiaries (collectively "**MCM Group**"), including financial advisory and asset management licensed under types 1, 2, 4 and 9, and regulated by the Securities and Futures Commission of Hong Kong, showed a significant improvement. The positive result was brought by trimming down the operating cost and leveraging the partnership to increase the success in private placements and capital raising activities.

During the Period, there was a new revenue source for the Group generated from leasing of its investment property, Chinlink International Centre ("**CIC**"), an office and commercial building located at the heart of Xi'an Economic and Technological Development Zone, the newest political, financial and business hub, in Xi'an, Shaanxi Province, the PRC. The COVID-19 had slightly deferred the move-in time of CIC's tenants. When China's business activities gradually resumed in the first quarter of 2020, CIC started to record rental and management fee income from April 2020 onwards. On the other hand, revenues generated by the Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the "**Commercial Complex**") dropped slightly because the tenancy renewal was disrupted by the prevailing COVID-19 at the beginning of 2020, and the average occupancy rate declined slightly but still maintained an average of 94.5% during the Period. The Group had engaged a subsidiary of Landsea Green Properties Co., Ltd. (HKSE Stock Code: 106), a famous real estate developer in China and well-known for its green building technologies and vertically integrated business capabilities, as the project development manager and sales and marketing agent for the phase two development of the Commercial Complex (the "**Phase Two Development**") in November 2019. The foundation works of the Phase Two Development, designated as a residential and retail complex of the total construction area of 128,000 square metres, have started earlier in 2020. The construction was interrupted for a few months because of the COVID-19 but gradually resumed in the second quarter of 2020. Part of the Phase Two Development targets for pre-sale from the first quarter of 2021.

The Chinlink • Worldport Integrated Logistics Park ("**Chinlink • Worldport**") in Hanzhong City of Shaanxi Province was still in trial operation and has not generated income during the Period. In May 2020, the bonded warehouse and the Hanzhong Customs office were officially opened at Chinlink • Worldport, enabling Chinlink • Worldport to provide comprehensive bonded warehouse and auxiliary logistics services. More importantly, HZ Tiannong Green Agriculture & Chinese Medicine Industries Limited* ("**Hanzhong Tiannong**"), a joint venture (of which the Group holds 66.0% equity interest) with the Hanzhong Municipal Government ("**Hanzhong Government**"), has been already in operation during the Period. Hanzhong Tiannong is a platform mandated by Hanzhong Government for the execution of the government's industry initiative and aims to promote the Chinese herbal medicine. Hanzhong City is a traditional farming base of a large variety of Chinese herbal medicines benefited from its advantages in the conservation of the natural environment and geological temperament. Unfortunately, the city remains as a primary producer, yet to establish a modern Chinese herbal medicine industry vertical to capitalise its natural resources. As Chinese medicine is getting more recognition not only in China but across the world, Hanzhong Government determined to implement a long-term strategy to upgrade the traditional Chinese medicine industry to world compatible standard and to maximise its economic benefits through downstream diversification. Hanzhong Government aims to build an ecosystem to integrate local industry resources with investment fund and venture capital, technology and innovation, and international partnerships. Hanzhong Green Agricultural Products & Chinese Herbal Medicine Exhibition & Exchange Centre (the "**Hanzhong Exhibition & Exchange Centre**") was opened in October 2019. It is an official venue to showcase Hanzhong's high quality agricultural and Chinese herbal medicine products. An online exchange portal for trading of Chinese medicine and green agriculture products was launched. By leveraging on its experience in international trading, the Group is also working on a programme to export Chinese medicine from Hanzhong City to Hong Kong and other overseas markets.

SEGMENTAL PERFORMANCE

International Trading Business

The Group's international trading business principally deals with electronic components for use in smartphone and data storage. Owing to the continuous trade and technology disputes between China and the US, and the ongoing global economic disturbances caused by the COVID-19, demand for such components has substantially shrunken. The Group has adopted a cautious approach to the trading of this product category by temporarily suspending this business segment. Hence no income was recorded from international trading during the Period.

Financial Guarantee Services Business

For the Period, the Group generated HK$9.7 million in revenue from the financial guarantee services. It showed a slight drop of 5.0% compared with the Previous Period. The total outstanding guarantee amount decreased to RMB366.0 million as of 30 September 2020 (Previous Period: RMB430.5 million), primarily because of unstable credit environment during the Period. Consistent with our high standard risk management practice, there was no bad debt provision during the Period.

Property Investment Business

The property investment business generated a total of HK$49.8 million revenue in the Period, which comprised of HK$3.5 million contribution by CIC and HK$46.3 million from the Commercial Complex. CIC started to generate rental income and management services income from its property investment, which is a new revenue source for the Group from the second quarter of 2020. Approximately 85.0% of the lettable area has entered into tenancy agreement as of 30 September 2020. Despite of the new revenue source, the property investment business collectively showed a drop of 12.9% in revenue compared with the Previous Period. During the early part of 2020, cities in China were in the lockdown because of the COVID-19 pandemic. All the shops in the Commercial Complex were closed for business for more than two months under government instruction. The Group also executed a series of concessionary measures including short term rental allowance and flexible rent-free programme for tenancy renewal to retain the tenants. Nevertheless, the average occupancy rate of the Commercial Complex was 94.5% during the Period, a slight 1.6% drop corresponds with the Previous Period.

Financial Advisory Services Business

For the Period, MCM Group recorded revenue of HK$47.4 million in the form of commission and management fees across its core activities of financial advisory and asset management, representing an over 250% growth against the income of the Previous Period. After a challenging start of year 2020 due to the global impact of COVID-19 and geopolitical turmoil that led to a difficult period through June 2020, the Group was well-positioned to capture the positive cycle that has since ensued in capital markets in Hong Kong and China. Benefiting most from the restructuring done last year, with a focus on private transactions and increased penetration towards regional opportunities, MCM Group has made significant staff reshuffling to sharpen the productivity and has leveraged the strong corporate and investor relationships to significantly increase its success in private placements and capital raising activities. This business segment achieved satisfactory results for the Period.

In MCM Investment Partners Limited ("**MCMIP**"), the asset management arm of MCM Group, its assets under management averaged around US$60.0 million, with growth in several of its existing co-investment private venture funds. Some of its latest stage investments are expected to benefit from potential listings in the coming quarters, and its earlier venture investments have weathered the challenges of COVID-19 well, with great prospects for their growth as the economy recovers. MCMIP has also launched a fund focused on the metals and mining sector, in partnership with Emerging Markets Capital ("**EMC**"), a Hong Kong based private investment boutique with unparalleled experience in this dynamic sector. The MCM Metal Ventures Fund is expected to have a first closing by the end of 2020, and begin investments soon thereafter. Finally, MCMIP is finalising details of its first co-general partnership in China. This RMB-denominated fund will bring together one of the most recognised names in technology investments in China, with MCM Group's strong international and cross-border expertise, and establish a strong reputation for the firm in this exciting arena. Further partnership funds are now in discussion, both onshore and offshore, to further leverage our strong network and expertise.

Logistics Services Business

As the logistics service business only plays a supporting function to the Group's international trading business, which was temporarily suspended during the Period, the segment did not record any revenue.

Discontinued Operation – Finance Lease Services Business

After the Disposal, the income of the Finance Lease Company was not consolidated to the Group accounts for the Period.

FINANCIAL REVIEW

Profitability Analysis

Upon completion of the Disposal in December 2019, the financial results of the Finance Lease Company in the Previous Period were reclassified to discontinued operation and the financial statements for the Previous Period were restated. For the Period, the Group's revenue from continuing operations was HK$116.0 million, reflecting a significant decrease of 65.7% from HK$337.9 million (restated) in the Previous Period. Revenue contribution by segments comprised of: property investment of HK$49.8 million (Previous Period: HK$57.2 million), financial advisory services of HK$47.4 million (Previous Period: HK$13.0 million), financial guarantee services of HK$9.7 million (Previous Period: HK$10.2 million), other revenue of HK$9.1 million (Previous Period: HK$10.4 million). No revenue was recorded from international trading business (Previous Period: HK$247.1 million) and logistics services (Previous Period: HK$5,000) for the Period.

Gross profit for the Period decreased to HK$74.6 million, down 14.4% from HK$87.2 million (restated) in the Previous Period. Gross profit margin increased significantly to 64.3% from 25.8% (restated) in the Previous Period.

The decrease in both overall revenue and gross profit from continuing operations was mainly due to zero revenue from international trading business. Conversely, as international trading business had a low gross profit margin, the temporary suspension of international trading business led to an increase in overall gross profit margin.

Other income, gains and losses recorded a gain of HK$26.8 million (Previous Period: HK$5.9 million (restated)) for the Period, mainly attributable to (i) adjustment on the carrying amount of bank and other borrowings (ii) exchange gain arising from the appreciation of Renminbi ("**RMB**") against Hong Kong dollars during the Period; (iii) interest income from bank deposits; and (iv) government subsidy under Employment Support Scheme etc. During Previous Period, it comprised of (i) gain on non-substantial modification of financial liabilities measured at amortised cost; (ii) interest income from bank deposits; (iii) gain on disposal of financial assets at fair value through profit or loss, but partially offset by the exchange loss arising from the depreciation of RMB against HK$ during Previous Period etc.

During the Period, the Group disposed a subsidiary which was engaged in property holding business in Hong Kong, and a gain from the disposal in the amount of HK$5.2 million was recorded (Previous Period: Nil).

The Group's investment properties in Xi'an City and Hanzhong City of the Shaanxi Province, the PRC still recorded a gain on fair value change of HK$32.0 million during the Period (Previous Period: HK$50.7 million) even under the impact of the COVID-19 pandemic, mainly attributable to the continuing improvement of the real estate market in Xian City and Hanzhong City of the PRC. The investment properties which mainly underwent a fair value assessment included the Commercial Complex, the CIC and the Chinlink • Worldport.

After the Disposal, the Group just owned 25% equity interests in the Finance Lease Company. The respective results of the Finance Lease Company before and after the Disposal were classified as discontinued operation of the Group and share of results of an associate. During the Period, share of profit of an associate amounted to HK$3.8 million (Previous Period: Nil). In the Previous Period, the Group recorded profit from discontinued operation amounted to HK$8.5 million.

Administrative expenses from continuing operations amounted to HK$48.7 million for the Period, representing a decrease of HK$9.7 million when comparing with HK$58.4 million (restated) in Previous Period. The decrease was mainly due to reduction in staff costs through appropriate reshuffling and travelling expenses; and the decrease in legal and professional fees incurred in relation to the financing activities of the Group during the Period.

Finance costs from continuing operations amounted to HK$123.4 million for the Period, representing an increase of HK$10.9 million as compared with HK$112.5 million (restated) in the Previous Period. The increase was mainly due to (i) interest incurred for a two-year credit facility of US$48.7 million obtained in August 2019; and (ii) interest incurred for the 13.0% coupon bonds of US$30.0 million issued under an exchange offer which was completed in August 2019.

In respect of goodwill arising from the acquisition of MCM Group, a significant improvement in financial results was recorded by MCM Group during the Period and therefore no further impairment on goodwill was made (Previous Period: HK$6.9 million was made). Due to the uncertain investment outlook of the global capital market, impacted by US-China trade tensions and the adverse impact of COVID-19 pandemic, the Group will closely monitor the development and prospect of this business segment.

For the Period, the Group recorded a loss of HK$37.7 million (Previous Period: HK$48.7 million) mainly due to the temporary suspension of international trading business and an increase in finance costs.

Liquidity and Financial Resources

As at 30 September 2020, the bank balances and cash and pledged bank deposits amounted to HK$242.1 million in total (31 March 2020: HK$274.3 million), representing a decrease of HK$32.2 million from that of 31 March 2020. The decrease was mainly due to (i) the repayment of 9.0% coupon bonds; (ii) partial redemption of the First 6.5% Coupon Bonds; and (iii) working capital used but partial offset by the fund raising from the issue of the Second 6.5% Coupon Bonds and advance from related companies and a director.

As at 30 September 2020, the bank and other borrowings of the Group which were mainly denominated in HK$, RMB and United States dollars ("**US$**") amounted to HK$1,498.6 million (31 March 2020: HK$1,460.7 million), representing an increase of HK$37.9 million from that of 31 March 2020, of which HK$974.1 million and HK$524.5 million were repayable within one year and two to five years respectively. The increase was mainly due to appreciation of RMB and accrual of finance costs incurred for the Period.

Details of the major financing activities completed during the Period (some of which imposed specific performance obligations on the controlling shareholder of the Company which were subject to announcement disclosure under Rule 13.18 of the Listing Rules and requirements of disclosure in this announcement under Rule 13.21 of the Listing Rules) were as follows:

9.0% Coupon Bonds

9.0% coupon bonds issued on 25 July 2017 with aggregate principal amount of HK$100.0 million, unsecured, repayable on 25 July 2020 (as amended by the deed of amendment dated 25 July 2019) and interest bearing at 9.0% per annum, was fully repaid during the Period. Pursuant to the terms of the instrument of the 9.0% Coupon Bonds, Mr. Li and his associates shall not cease to own, directly or indirectly, at least 51% of the beneficial interest in the Company carrying at least 51% of the voting right, failing which the 9.0% Coupon Bonds shall be immediately redeemable.

6.5% Coupon Bonds

The First 6.5% Coupon Bonds with aggregate principal amount of HK$200.0 million were issued in four tranches on 7 August 2019, 8 August 2019, 19 August 2019 and 6 September 2019. The First 6.5% Coupon Bonds are secured by the equity interests of certain subsidiaries, repayable on the day falling on the first anniversary of the issue dates, interest bearing at 6.5% per annum and guaranteed by Mr. Li. As at 30 September 2020, the First 6.5% Coupon Bonds were matured, of which HK$41.5 million were redeemed by the Company and the remaining principal of HK$158.5 million were extended for one year pursuant to the deed of amendment dated 6 August 2020.

On 23 July 2020, the Company entered into a placing agreement with a placing agent to issue the Second 6.5% Coupon Bonds with principal amount of up to HK$100.0 million, under best effort basis. The Second 6.5% Coupon Bonds are secured by the equity interests of a subsidiary, repayable on the day falling on the first anniversary of the issue date, interest bearing at 6.5% per annum and guaranteed by Mr. Li. As at 30 September 2020, the first tranche of the Second 6.5% Coupon Bonds with principal of HK$66.5 million were issued and the proceeds were used for refinancing the existing borrowings. Details of the Second 6.5% Coupon Bonds are set out in the announcements of the Company dated 23 July 2020, 4 August 2020, 25 September 2020 and 24 November 2020. It is a condition of the 6.5% Coupon Bonds that Mr. Li and his associates shall not cease to own, directly or indirectly, at least 51% of the beneficial interest in the Company carrying at least 51% of the voting right, failing which the 6.5% Coupon Bonds shall be immediately redeemable.

As at 30 September 2020, the Group had net current liabilities of HK$1,687.9 million (31 March 2020: HK$1,350.2 million) and the current ratio of the Group calculated as the Group's current assets over its current liabilities was 0.25 (31 March 2020: 0.28). The setback in the current ratio was mainly due to reclassification of amounts due to related companies which were non-current liabilities as at 31 March 2020 as current liabilities as they will be due within twelve months after 30 September 2020.

Share Capital

As at 30 September 2020, the authorised share capital and issued share capital of the Company were HK$625.0 million and HK$456.8 million respectively (31 March 2020: HK$625.0 million and HK$456.8 million respectively). There were no changes in the authorised share capital and issued share capital of the Company during the Period.

Gearing Ratio

The Group's gearing ratio as at 30 September 2020 was 0.63 (31 March 2020: 0.62) which was based on the Group's total liabilities of HK$3,105.0 million (31 March 2020: HK$2,929.7 million) and the Group's total assets of HK$4,933.0 million (31 March 2020: HK$4,691.1 million).

Foreign Currency Exposure

The Group's revenue and expenses were mainly denominated in HK$, RMB and US$. The pledged bank deposits were denominated in RMB, US$ and HK$. Other bank deposits were dominated in HK$, RMB, Macau Pataca ("**MOP**") or US$. Other monetary assets and liabilities were mainly denominated in HK$, RMB and US$. During the Period, the exchange rate of RMB to HK$ appreciated slightly and MOP to HK$ was stable. As HK$ is pegged to US$, the Directors considered that the foreign currency risk of the Group was relatively low.

Contingent Liabilities and Charge on Assets

Save as disclosed in note 15 to the condensed consolidated financial statements, the Group did not have any significant contingent liabilities.

As at 30 September 2020, the Group had pledged (i) bank deposits of HK$211.9 million to certain banks as securities in return for the banks' provision of loans to the Group's financial guarantee services customers; (ii) leasehold land and building with carrying value of HK$22.4 million to secure obligations under finance leases and banking facilities; and (iii) certain investment properties with fair value of HK$3,173.0 million and equity interest of certain subsidiaries to secure obligation under the certain bank and other borrowings, the 6.5% Coupon Bonds and 13.0% Coupon Bonds.

Capital Commitments

As at 30 September 2020, the Group had capital commitments contracted but not provided for amounting to HK$47.0 million in respect of the development of Chinlink • Worldport and CIC. Details of the commitments are set out in note 17 to the condensed consolidated financial statements. The Group will fund the capital commitments through cash generated from operations, bank and other borrowings and borrowings from the controlling shareholders of the Company.

Events after the reporting period

The Group has no significant events after the Period.

INTERIM DIVIDEND

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

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 30 September 2020, the Group had 41 employees in Hong Kong, 227 employees in China and 2 employees in the United Kingdom (31 March 2020: 44 employees in Hong Kong, 246 employees in China and 1 employee in the United Kingdom).

Employees are remunerated based on their performance and relevant working experiences, taking into account the prevailing market conditions. Discretionary performance bonus may be awarded to employees with reference to the financial performance of the Group. Other employee benefits include contributions to mandatory provident funds, medical insurance and professional development and training.

The Group is dedicated to fostering close working relationships with customers and suppliers. The maintenance of good relationships with customers and suppliers is fundamental to the Group's operational performance and ongoing financial success.

PROSPECTS

At this time the world is still struggling to contain the surging waves of the COVID-19 pandemic, with most of the developed economies suffering regression and negative gross domestic product ("**GDP**") growth for 2020, and likely in the next two to three years beyond, according to the World Bank forecast. However, China is on track for an early recovery, heading to achieve a slight GDP increase in 2020 and a higher growth in 2021 of 6.0% as predicted by the World Bank. It will be the only major economy in the world to achieve positive GDP growth in 2020 and 2021, according to the International Monetary Fund ("**IMF**"). China's success in controlling the virus is the main reason for the growth rebound. It is attributed to the stringent lockdowns and social distancing measures implemented during the infection period, supported by extensive virus testing and monitoring of individual social activities. China's manufacturing activity base is almost fully recouped from the second quarter this year. It even experienced a surge in export for three successive months to August 2020 and a higher trade surplus with the US in August 2020 than the Previous Period, notwithstanding still slow demand in those major overseas markets. Irrespective of the current global abnormality, the world is still reliant on China's strong industrial base and comprehensive supply chains to support global consumption demand, particularly in the critical supplies of healthcare products, such as personal protective equipment. Consumer spending in China is also gearing up, as lockdown eases and consumers start to venture out homes, empowering the country to a V-shape recovery post COVID-19 pandemic.

Apart from the COVID-19 damages to the social and economic livelihood, the world is facing uncertain geopolitical environment marked by ongoing tension between China and US, initially on trade but expanded to technology, politics, culture and ideology frontiers. Moreover, the COVID-19 has highlighted the risks and vulnerabilities inherent in globalised deep trade integration, spurring countries to reduce their reliance on other economies. The changing environment indicated it would be unsustainable for China to continue relying on overseas demand to keep its growth engine.

However, given China's economic resilience and vast population, it will continue its growing trend irrespective of the changing environment. In October 2020, China mapped out its 14th Five-Year Plan as a blueprint for its social and economic development for the next five years to 2025. The 14th Five-Year Plan is characterised by the strong emphasis on high-quality, green and sustainable growth, opening-up and self-innovation. A new directive from this latest program is the Dual Circulation strategy. Instead of concentration on export-oriented growth, the External Circulation, China turns to greater focus on domestic demand, the Internal Circulation, and self-innovation to fuel growth, as the international trade environment becoming less predictable, heading to be more protective and de-globalisation. Furthermore, it will push for more technological self-reliance to counter possible future containment led by the US-led Western countries. The priority on Internal Circulation highlights the importance of structural reform that need to be implemented in the coming years, including further deregulation, reducing the market barrier for domestic and foreign investment, more profound reform of state-owned enterprises, encouraging the free flow of talents and labours, continuing urbanisation, as well as further widening the access to the capital market by the foreign investors.

Chinlink's prospects will be dependent on how successful we are in capturing the opportunity arisen from China's new development strategy amid the evolving global and domestic micro and macro environment. During the last two years, Chinlink has solidified itself as a global innovative resource integrator aims to support the fast-growing companies of China with indigenous technology and business models. This is to be achieved through an ecosystem powered by capital, technology, innovation and entrepreneurship. Our positioning aligns closely with the Chinese government's strategy under the 14th Five-Year Plan and the Dual Circulation development plan.

By working with various provincial and municipal governments in China, and collaborating with global financial, academic and scientific research institutions and strategic partners, Chinlink is helping the transformation of the local industry landscape. The Group has made considerable progress over the past year in this respect.

The Hanzhong traditional Chinese medicine project is a good illustration. Under the joint venture with Hanzhong Government, Chinlink actively participates in the modernisation of Hanzhong's legendary Chinese medicine industry along a vertical and sustainable model. As reported on the above-mentioned Business Review section, Hanzhong Exhibition & Exchange Centre to showcase Hanzhong green agriculture produces and Chinese herbal medicine is opened, an online B2B wholesale trade platform is in operation, the Japanese GAP Research Institute was invited to introduce best agricultural practices to the local Chinese herbal manufactures as a further step towards internationally recognised certification. Chinlink is also in the process of organising export of Chinese medicine to Hong Kong and other overseas markets.

Chinlink is also actively advising the Yulin Municipal Government on green and clean energy project investment. Located at the northern border of Shaanxi Province, Yulin is best known as the "Kuwait of China". It possesses the largest concentration of energy and critical mineral resources in China, with rich reserves in coal, oil and natural gas, and rock salt. Through the Group's asset management subsidiary registered in Xi'an, we initiate a clean energy fund to invest in hydrogen projects in Yulin. Investors in the fund included the State Power Investment Corporation ("**SPIC**"), a state-owned enterprise specialised in power and energy project investments, Yulin municipal industry venture fund and large enterprises in the energy field. The Group will be the co-general partner with SPIC. Hydrogen is a clean, emission-free and renewable energy with wide commercial applications. The fund will invest in the development, commercialisation and manufacturing of hydrogen fuel cell for use in commercial and passenger vehicles. This project highlighted Yulin government's commitment to diversifying from fossil fuel to green energy, and Chinlink's expertise in fund raising, asset management and industry networks. The Group will continue to explore other opportunities in the green and renewable energy field, including hydrogen fuel, by leveraging the Group's cordial relationship with the Yulin Municipal Government.

To carry out the Group's innovation and finance ecosystem business model, the Group has installed a robust financial platform, the MCM Group, to access both domestic and global capital networks. Since MCM Group became a subsidiary of Chinlink three years ago, it has recorded the best six-month performance during the Period. The strategy for MCM Group has continued to be around building further partnerships in China and abroad, and to assist Chinlink's strategic campaigns with the government partnerships. Under the China's 14th Five-Year Plan to 2025, MCM Group stands to benefit from the increasing financial opening and integration of Chinese capital markets with the west, where the role of Hong Kong as international financial centre will be further cemented. After two challenging years marked by US-China trade tensions, decreasing cross-border capital flows, political instability in Hong Kong and COVID-19, the Group has continued to make the needed adjustments to pivot further towards areas of expansion, as described above. MCM Group will continue to build its activities in Latin America through its local joint venture, MCM Latam Holdings Limited, benefiting from increasing interest in Asian investment, as well as emerging opportunities in the region for Asian capital. MCM Group has also benefited from our strong network in Europe and other parts of Asia as MCM Group pursues various acquisition mandates in multiple sectors, and hope to focus onto the US will rekindle soon.

Our innovation partner from Silicon Valley of US has undergone a rebrand from GSVlabs to OneValley in this September. Under the new branding, OneValley will carry the mission to build the world's first global entrepreneurship and innovation platform. Being OneValley's strategic investor and partner from China, Chinlink will continue the effort to bring the Silicon Valley innovation and acceleration experience to China. This is of particular significance as China is leading a development model relying on technology and innovation under the 14th Five-Year Plan. However, the progress of our first artificial intelligence ("**AI**") acceleration centre in Xi'an, jointly established under the joint venture between Chinlink, MCM Group and One-Valley, was delayed because of the waves of COVID-19 outbreak in the US and the lockdown for regular business. It is our mutual intention to resume the programme as the situation allows.

Moreover, we have made a breakthrough in the Group's innovation partnership line up. In this early November, we became the partner of JD Cloud, a subsidiary of JD Group, a leading technology driven e-commerce company in China, to operate the JD Cloud AI innovation centre in Xi'an, to focus on AI, big data, machine learning and IoT verticals. We aim at bidding for more JD Cloud centres on other parts of China and co-operate with JD Group across the technology, innovation, entrepreneurship and venture capital arena in partnership with MCM Group and OneValley.

Despite the impact of COVID-19, our Commercial Complex still recorded a valuation gain in the Period. CIC, the Group's new flagship office building and its adjacent commercial extension, is completed and ready for occupancy. CIC has already recorded income during the Period. Approximately 85.0% of the lettable area has entered into tenancy agreement as of 30 September 2020. CIC will enjoy full occupancy hopefully by 2021/22. Given CIC's excellent location and high-quality finishing, the value of the property may have a substantial increase in the next few years.

Despite the temporary disruption on the construction work of the Phase Two Development during the early COVID-19 pandemic surge, the Group targets to launch pre-sale of the residential units around January 2021. We anticipate the pre-sale will considerably improve the Group's liquidity from next year onwards. We will retain the commercial and retail space of the Phase Two Development for leasing as long-term investment. The Group is formatting a plan to integrate the new retail space with the existing Commercial Complex into a new life-style retail experience space, catering for the changes in consumer behaviour after the COVID-19 pandemic. We believe this is an important strategy to enhance the return and long-term value of the investment properties.

It is beyond doubt that the world is encountering the most serve economic and social challenges in recent history because of the COVID-19 pandemic. It is further complicated by the geopolitical tensions between China and the US. The Group, as a whole, is not immune. However, with the gradual recovery of the national economy and China's new development policies emphasising on innovation, technology and entrepreneurship, and further opening of the capital market, it provides an enormous opportunity for the Group to advance its business model and enjoy the fair share of financial benefits in the coming years.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Code provision 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 officer under the CG Code). The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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

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

APPRECIATION

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

PUBLICATION OF INTERIM REPORT

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

The interim report of the Company for the Period containing all information required by the Listing Rules will be dispatched to the shareholders of the Company as well as made available on the aforesaid websites in due course.

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

Hong Kong, 30 November 2020

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