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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 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Chinlink International Holdings Limited (the “**Company**” or “**Chinlink**”) hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with the unaudited comparative figures for the corresponding period in 2023 (the “**Previous Period**”), as follows:–

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

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A		
Services		31,362	31,870
Rental		11,320	12,375
Interest			
– Other interest revenue		<u>1,743</u>	<u>2,967</u>
Total revenue		44,425	47,212
Cost of sales		<u>(14,908)</u>	<u>(14,967)</u>
Gross profit		29,517	32,245

* *For identification purpose only*

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

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other income, gains and losses		(22,609)	61,257
Loss on fair value change of investment properties		(140,978)	(82,377)
Allowance under expected credit loss model, net of reversal		(11,359)	(10,875)
Selling and distribution costs		(3,399)	(5,002)
Administrative expenses		(24,533)	(27,440)
Finance costs	4	<u>(81,484)</u>	<u>(88,492)</u>
Loss before tax		(254,845)	(120,684)
Income tax credit	6	<u>24,267</u>	<u>13,234</u>
Loss for the period	5	<u>(230,578)</u>	<u>(107,450)</u>
Other comprehensive income/(expense)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		56,804	(143,262)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on equity investments at fair value through other comprehensive income, net of tax		<u>(8,760)</u>	<u>687</u>
Other comprehensive income/(expense) for the period, net of income tax		<u>48,044</u>	<u>(142,575)</u>
Total comprehensive expense for the period		<u>(182,534)</u>	<u>(250,025)</u>

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

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
– Owners of the company		(228,946)	(105,743)
– Non-controlling interests		<u>(1,632)</u>	<u>(1,707)</u>
		<u>(230,578)</u>	<u>(107,450)</u>
Total comprehensive expense for the period attributable to:			
– Owners of the company		(181,027)	(247,821)
– Non-controlling interests		<u>(1,507)</u>	<u>(2,204)</u>
		<u>(182,534)</u>	<u>(250,025)</u>
LOSS PER SHARE			
Loss per share attributable to owners of the Company for the period:			
– Basic	7	(19.58)	(9.04)
– Diluted		<u>(19.58)</u>	<u>(9.04)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Notes	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		100,390	101,919
Right-of-use assets		15,681	18,044
Investment properties		2,583,937	2,640,470
Equity investment at fair value through other comprehensive income		60,845	69,605
Deposit paid for land auction		894	866
Financial assets at fair value through profit or loss		–	–
Deposits		1,690	1,679
		<u>2,763,437</u>	<u>2,832,583</u>
Current assets			
Properties under development for sale		620,653	598,514
Trade receivables	9	286	701
Trade receivables from related companies	9	1,212	1,173
Loan receivables	9	2,123	11,822
Factoring receivables	9	23,998	52,002
Other receivables, deposits and prepayments		27,547	26,509
Pledged bank deposits		52,892	56,846
Bank balances and cash		7,592	7,606
		<u>736,303</u>	<u>755,173</u>
Current liabilities			
Trade payables	10	688	666
Other payables and accruals		138,751	175,763
Loans from staff		1,305	2,125
Construction costs accruals		333,773	323,573
Receipts in advance		10,424	9,348
Lease liabilities		5,504	5,155
Contract liabilities		127,785	123,415
Deposits received from tenants and customers		20,626	24,060
Deferred income		10,427	17,547
Financial guarantee contracts		229	804
Tax payable		5,298	4,099
Bank and other borrowings	11	1,409,223	1,256,286
6.5% coupon bonds		107,194	102,375
13.0% coupon bonds		170,801	163,988
		<u>2,342,028</u>	<u>2,209,204</u>
Net current liabilities		<u>(1,605,725)</u>	<u>(1,454,031)</u>
Total assets less current liabilities		<u>1,157,712</u>	<u>1,378,552</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION **(CONTINUED)**

At 30 September 2024

	<i>Notes</i>	30.9.2024 <i>HK\$'000</i> (unaudited)	31.3.2024 <i>HK\$'000</i> (audited)
Non-current liabilities			
Deferred income		133	1,464
Amounts due to directors		47,501	45,210
Lease liabilities		11,770	14,270
Bank and other borrowings	<i>11</i>	138,684	176,552
Amounts due to related companies		110,391	90,474
Deferred tax liabilities		205,244	224,059
		513,723	552,029
		643,989	826,523
Capital and reserves			
Share capital	<i>12</i>	11,693	11,693
Reserves		628,829	809,856
Equity attributable to owners of the Company		640,522	821,549
Non-controlling interests		3,467	4,974
		643,989	826,523

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) 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 presentation currency of the unaudited condensed consolidated financial statements is Hong Kong Dollar (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

Going concern basis

For the period ended 30 September 2024, the Group incurred a net loss for the period of approximately HK\$230,578,000. As of 30 September 2024, the Group had net current liabilities of approximately HK\$1,605,725,000, while its bank balances and cash amounted to approximately HK\$7,592,000 only as at 30 September 2024. In addition, the Group had outstanding borrowings and bonds of approximately HK\$1,409,223,000 and HK\$277,995,000 respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 30 September 2024. The Group has defaulted in repayment of principals and interest of borrowings and bonds of approximately HK\$358,606,000 and HK\$114,401,000 respectively during six months ended 30 September 2024, as a result the carrying amounts of the defaulted borrowings and bonds of approximately HK\$1,249,057,000 and HK\$277,995,000 respectively as at 30 September 2024 were repayable on demand and the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings and bonds of approximately HK\$1,249,057,000 and HK\$277,995,000 respectively as at 30 September 2024. Further details are set out in Note 11 of this announcement. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

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

- (i) the Group is seeking to accelerate the construction progress and thereby the preselling of the service apartments of the Phase Two Development (as defined below). The proceeds arising therefrom will be used for settling the construction fees, repayment of existing loan facilities and general working capital;

- (ii) the Company has actively negotiated with banks and financial institutions to secure the renewals of the Group's bonds and borrowings to meet its liabilities when they fall due;
 - (a) the Group has requested extending the repayment of the defaulted principals and interests of the bank and other borrowings of approximately HK\$93,364,000 and HK\$86,115,000 respectively. The directors of the Company are confident in further extending the repayment of the principals of the bank and other borrowings taking into consideration the long-term relationship with the lenders. However, the extensions were subject to final approval by the lenders as of the date of these unaudited condensed consolidated financial statements.
 - (b) the Group has been actively negotiating with the financial institution for the rescheduled repayment plan of the defaulted 13.0% coupon bonds with outstanding amounts of approximately HK\$170,801,000, the directors of the Company are confident that the rescheduled repayment plan will be agreed with the financial institution.
 - (c) the Group has partially settled defaulted interests approximately HK\$1,000,000 of the 6.5% coupon bonds subsequent to the unaudited condensed consolidated financial statements. As at 30 September 2024, the remains outstanding amount of approximately HK\$107,194,000 of the 6.5% coupon bonds.
 - (d) on 27 November 2024, the Group entered a settlement deed with a financial institution for borrowing with outstanding amounts of approximately HK\$11,763,000 as of 30 September 2024. According to the settlement deed, the Group agreed to repay accrued interest and principal in a total of approximately HK\$7,960,000 in four tranches on or before 30 May 2025. Upon the Group's fulfilment of the conditions, the Group will obtain a discount for repayment of the remaining balance in the last instalment.
 - (e) on 27 November 2024, the Group entered a settlement agreement with a financial institution for borrowing with outstanding amounts of approximately HK\$3,769,000 as of 30 September 2024. According to the settlement agreement, the Group agreed to repay accrued interest and principal in a total of approximately HK\$2,640,000 in four tranches on or before 30 May 2025. Upon the Group's fulfilment of the conditions, the Group will obtain a discount for repayment of the remaining balance in the last instalment.
- (iii) the Group has received written confirmation dated 29 November 2024 from Mr. Li, the ultimate controlling shareholder, that he will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to him by the Group in the next twelve months from the date of approval for issue of these unaudited condensed consolidated financial statements;
- (iv) the Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flows from its operations;
- (v) the Group may consider to dispose non-core business and/or financial assets if required; and
- (vi) the Group is currently soliciting different sources of funds, including additional banking facilities to further support the Group's funding needs should the aforesaid operating cash inflows turned out to be less than forecasted.

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

2. **PRINCIPAL ACCOUNTING POLICIES**

The unaudited 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRS, issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Company’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of 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 unaudited condensed consolidated financial statements.

3A. REVENUE

Disaggregation of revenue from contract with customers

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Types of services:		
Revenue from property management services	30,947	30,753
Revenue from financial guarantee services and other financing services	<u>415</u>	<u>1,117</u>
Total revenue from contracts with customers	<u>31,362</u>	<u>31,870</u>
Add:		
Rental income under HKFRS 16	11,320	12,375
Interest income under HKFRS 9	<u>1,743</u>	<u>2,967</u>
Total revenue	<u>44,425</u>	<u>47,212</u>
Geographical markets:		
PRC	<u>31,362</u>	<u>31,870</u>
Total	<u>31,362</u>	<u>31,870</u>
Timing of revenue recognition:		
Over time	<u>31,362</u>	<u>31,870</u>
Total	<u>31,362</u>	<u>31,870</u>

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 2024 and 2023.

For the six months ended 30 September 2024				
Segment	Revenue disclosed in segment information <i>HK\$'000</i> (unaudited)	Adjustment of rental income <i>HK\$'000</i> (unaudited)	Adjustment of interest income <i>HK\$'000</i> (unaudited)	Revenue from contracts with customers <i>HK\$'000</i> (unaudited)
Property investment	42,267	(11,320)	–	30,947
Financial guarantee services and other financing services	<u>2,158</u>	<u>–</u>	<u>(1,743)</u>	<u>415</u>
Revenue for reportable segment	<u>44,425</u>	<u>(11,320)</u>	<u>(1,743)</u>	<u>31,362</u>
For the six months ended 30 September 2023				
Segment	Revenue disclosed in segment information <i>HK\$'000</i> (unaudited)	Adjustment of rental income <i>HK\$'000</i> (unaudited)	Adjustment of interest income <i>HK\$'000</i> (unaudited)	Revenue from contracts with customers <i>HK\$'000</i> (unaudited)
Property investment	43,128	(12,375)	–	30,753
Financial guarantee services and other financing services	<u>4,084</u>	<u>–</u>	<u>(2,967)</u>	<u>1,117</u>
Revenue for reportable segment	<u>47,212</u>	<u>(12,375)</u>	<u>(2,967)</u>	<u>31,870</u>

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) Property investment – leasing of property and provision of property management services
- (ii) Financial guarantee services and other financing services – provision of corporate financial guarantee services, related consultancy services and other financing services

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

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

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

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

	Six months ended 30 September 2024		Six months ended 30 September 2023	
	Segment revenue <i>HK\$'000</i> (unaudited)	Segment profit/(loss) for the period <i>HK\$'000</i> (unaudited)	Segment revenue <i>HK\$'000</i> (unaudited)	Segment profit/(loss) for the period <i>HK\$'000</i> (unaudited)
Property investment	42,267	(127,976)	43,128	(68,789)
Financial guarantee services and other financing services	<u>2,158</u>	<u>(11,843)</u>	<u>4,084</u>	<u>(10,052)</u>
Revenue and result for reportable segment	<u><u>44,425</u></u>	<u><u>(139,819)</u></u>	<u><u>47,212</u></u>	<u><u>(78,841)</u></u>

	Six months ended 30 September 2024	Six months ended 30 September 2023
	Segment profit/(loss) for the period	Segment profit/(loss) for the period
	revenue	revenue
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Unallocated income, gains and losses	(22,609)	61,257
Unallocated allowance under expected credit loss model, net of reversal	(1)	36
Unallocated corporate expenses	(10,932)	(14,644)
Finance costs	<u>(81,484)</u>	<u>(88,492)</u>
Loss before tax	<u>(254,845)</u>	<u>(120,684)</u>

Segment profit/(loss) represents the profit earned by/ loss from each segment without allocation of unallocated income, gains and losses, unallocated allowance under expected credit loss model, net of reversal, unallocated corporate expenses 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 2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	54,690	65,595
Interest expense on loan from staff	138	192
Interest expense on amount due to a director	1,661	1,218
Effective interest expense on 6.5% coupon bonds	4,820	4,931
Effective interest expense on 13.0% coupon bonds	10,236	11,140
Imputed interest expense from amount due to a director	815	723
Imputed interest expense from amounts due to related companies	8,207	3,532
Interest on lease liabilities	<u>917</u>	<u>1,161</u>
Total finance costs	<u>81,484</u>	<u>88,492</u>

There was no finance cost capitalised arisen on the general borrowing pool during the six months ended 30 September 2024 and 2023.

5. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	4,665	4,668
Depreciation of right-of-use assets	2,703	2,709
Interest income included in other income, gains and losses	(141)	(383)
Net exchange loss/(gain) included in other income, gains and losses	<u>31,765</u>	<u>(52,461)</u>

6. INCOME TAX CREDIT

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax expense:		
Hong Kong	—	—
PRC	<u>(1,242)</u>	<u>(602)</u>
	(1,242)	(602)
Deferred tax	<u>25,509</u>	<u>13,836</u>
	<u>24,267</u>	<u>13,234</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 of the qualifying group entity 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

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

Loss

	Six months ended 30 September	
	2024	2023
	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	<u>(228,946)</u>	<u>(105,743)</u>

Number of shares

	Six months ended 30 September	
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,169,288</u>	<u>1,169,288</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 September 2024 and 2023 is determined by reference to the number of shares in issue during the periods.

During the six months ended 30 September 2024 and 2023, the computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price of shares for both periods.

8. DIVIDEND

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 COMPANIES, LOAN RECEIVABLES AND FACTORING RECEIVABLES

Trade receivables

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

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
0 – 30 days	233	694
31 – 90 days	–	7
> 90 days	<u>53</u>	<u>–</u>
	<u>286</u>	<u>701</u>

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

Trade receivables from related companies

As at 30 September 2024, trade receivables from related companies of approximately HK\$1,212,000 (net the allowance for expected credit losses of approximately HK\$7,000) (31 March 2024: approximately HK\$1,173,000 (net the allowance for expected credit losses of approximately HK\$6,000)) were aged within 30 days based on the invoice date at the end of the reporting period.

Loan receivables

As at 30 September 2024, the gross amount of loan receivables of approximately HK\$59,497,000 (allowance for expected credit losses of approximately HK\$57,374,000) (31 March 2024: approximately HK\$67,133,000 (allowance for expected credit losses of approximately HK\$55,311,000)) represent the outstanding loan principals and accrued interest from independent third parties which are secured by collateral and carry interest at fixed rates ranged from 7.0% to 12.5% per annum (31 March 2024: 7.0% to 12.5% per annum).

The remaining gross amount of loan receivables of approximately HK\$18,342,000 (allowance for expected credit losses of approximately HK\$18,342,000) (31 March 2024: approximately HK\$17,751,000 (allowance for expected credit losses of approximately HK\$17,751,000)) represent the outstanding loan principals and accrued interest from independent third parties which are unsecured and carry interest at fixed rates at 7.0% per annum (31 March 2024: 7.0% per annum).

The weighted average effective interest rate of the loan receivables is 7.2% per annum (31 March 2024: 7.8% per annum). All the loan receivables at both 30 September 2024 and 31 March 2024 are repayable within twelve months from the loan advance dates.

As at 30 September 2024, the gross amount of loan receivables amounted to approximately HK\$75,631,000 (31 March 2024: approximately HK\$72,707,000) are past due, and the Group provided allowance for expected credit losses of approximately HK\$75,631,000 (31 March 2024: approximately HK\$72,707,000).

Factoring receivables

As at 30 September 2024, factoring receivables of approximately HK\$23,998,000 (net the allowance for expected credit losses of approximately HK\$59,694,000) (31 March 2024: approximately HK\$52,002,000 (net the allowance for expected credit losses of approximately HK\$46,063,000)) 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 2.0% to 6.0% per annum (31 March 2024: 2.0% to 6.0% per annum). The weighted average effective interest rate of the factoring receivables is 3.6% per annum (31 March 2024: 3.7% per annum).

As at 30 September 2024, the gross amount of factoring receivables amounted to approximately HK\$83,692,000 (31 March 2024: approximately HK\$98,065,000) are past due, and the Group provided allowance for expected credit losses of approximately HK\$59,694,000 (31 March 2024: approximately HK\$46,063,000).

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:

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
> 90 days	688	666

11. BANK AND OTHER BORROWINGS

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Bank borrowings, secured	1,204,587	1,101,012
Bank borrowings, unsecured	8,243	7,978
Other borrowings, secured	41,207	36,970
Other borrowings, unsecured	293,870	286,878
	1,547,907	1,432,838
Carrying amount of the above borrowings are repayable*		
– Within one year	363,698	308,481
– More than one year, but not exceeding two years	138,684	176,552
Sub-total	502,382	485,033
Carrying amount of the bank and other borrowings that contains a repayable on demand clause (shown under current liabilities) but repayable*		
– Within one year	143,219	42,242
– More than one year, but not exceeding two years	33,418	32,341
– More than two years, but not exceeding five years	250,641	226,391
– More than five years	618,247	646,831
Sub-total	1,045,525	947,805
	1,547,907	1,432,838
Less: Amounts shown under non-current liabilities	(138,684)	(176,552)
Amount shown under current liabilities	1,409,223	1,256,286
Carrying amounts of bank and other borrowings that are repayable on demand that have loan defaults or breach of loan covenants (shown under current liabilities)	(1,045,525)	(947,805)
Amounts shown under current liabilities for the borrowings without loan defaults or breach of loan covenants	363,698	308,481

* 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:

	30.9.2024 (unaudited)	31.3.2024 (audited)
Effective interest rate:		
Fixed-rate borrowings	3.45%-24.00%	3.45%-24.00%
Variable-rate borrowings	<u>6.90%</u>	<u>6.90%</u>

As at 30 September 2024, the variable-rate bank borrowings of approximately HK\$137,588,000 (31 March 2024: approximately HK\$126,671,000) are secured by the Group's property, plant and equipment with carrying value of approximately HK\$20,462,000 (31 March 2024: approximately HK\$20,066,000) and investment properties with fair value of approximately HK\$657,458,000 (31 March 2024: approximately HK\$677,016,000). The borrowings carries at variable-rate of 6.90% per annum (31 March 2024: 6.90% per annum) which is at based rate fixed by People's Bank of China ("PBOC Rate") plus a premium per annum (31 March 2024: PBOC Rate plus a premium per annum).

As at 30 September 2024, the fixed-rate bank borrowings of approximately HK\$1,066,999,000 (31 March 2024: approximately HK\$974,341,000) are secured by equity interest of certain Group's wholly owned subsidiaries and the Group's certain investment properties with fair value of approximately HK\$1,926,479,000 (31 March 2024: approximately HK\$1,963,454,000). The borrowings carries at a fixed-rate ranged from 3.45% to 7.00% per annum (31 March 2024: 3.45% to 7.00% per annum).

As at 30 September 2024, the remaining fixed-rate bank borrowings of approximately HK\$8,243,000 (31 March 2024: approximately HK\$7,978,000) are unsecured, carries interest at a fixed-rate of 5.50% per annum (31 March 2024: 5.50% per annum).

As at 30 September 2024, the other borrowing amounted to approximately HK\$41,207,000 (31 March 2024: approximately HK\$36,970,000) is secured by equity interest of certain Group's wholly owned subsidiaries. The borrowings carries at a fixed-rate of 10.61% per annum (31 March 2024: 10.61% per annum).

As at 30 September 2024, the remaining other borrowings of approximately HK\$293,870,000 (31 March 2024: approximately HK\$286,878,000) are unsecured, carries interest at a fixed-rate ranged from 4.0% to 24.0% per annum (31 March 2024: a fixed rate ranged from 5.0% to 24.0% per annum).

The Group has bank borrowings and other borrowings of approximately HK\$1,011,851,000 and approximately HK\$33,674,000 respectively that contains a repayable on demand clause (31 March 2024: approximately HK\$916,343,000 and HK\$31,462,000 respectively), which were included in the current liabilities.

The Group has defaulted in repayment of principals and interests of bank and other borrowings amounting to approximately HK\$106,717,000 and HK\$88,295,000 respectively during the period ended 30 September 2024 which carrying amounts of bank and other borrowings are approximately HK\$1,166,370,000 and HK\$82,687,000 respectively as at 30 September 2024 remain outstanding.

12. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000 (unaudited)
Ordinary shares:		
Authorised ordinary shares		
At 1 April 2023, 31 March 2024 and 30 September 2024 of HK\$0.01 each	<u>62,500,000,000</u>	<u>625,000</u>
Issued and fully paid ordinary shares		
At 1 April 2023, 31 March 2024 and 30 September 2024 of HK\$0.01 each	<u>1,169,287,752</u>	<u>11,693</u>

13. CONTINGENT LIABILITIES

Corporate guarantee

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	<u>22,463</u>	<u>99,257</u>

As at 30 September 2024, financial guarantee contracts of approximately HK\$229,000 (31 March 2024: approximately HK\$804,000) represent the fair values of the financial guarantee contracts initially recognised less cumulative amortisation at the end of the reporting period. The financial guarantee contracts are measured at the amount of the loss allowance determined in accordance with HKFRS 9.

Outstanding litigation cases

On 29 October 2024, the Company received two sets of writ of summons together with statements of claim filed with the Court of First Instance of High Court of Hong Kong on 28 October 2024 by two bondholders of the 6.5% coupon bonds issued by the Company on 7 August 2019 as amended by three deeds of amendment dated 6 August 2020, 23 August 2021 and 12 August 2022 (the “**Plaintiffs**”) against the Company, among others, as the defendant.

In the statements of claim, it was alleged that as of 28 October 2024 the Company was indebted to the Plaintiffs, collectively, the total outstanding principal amounted to HK\$18,500,000.00 together with interest on such principal amount to be calculated from 6 August 2023 to the date of repayment.

The Plaintiffs are seeking from the Court to claim against the Company, among others: (i) the respective principal amounts as aforesaid; (ii) interests on such respective principal amounts from 6 August 2023 to the date of repayment; (iii) further and other reliefs; and (iv) the costs of litigation.

As at the date of approval of these unaudited condensed consolidated financial statements, no judgement has been received from the Court. The directors have sought advice from its lawyer and are actively negotiating on a settlement arrangement in respect of the repayment of the outstanding principal and interests accrued with the Plaintiffs.

At 30 September 2024, the Group had contingent liabilities approximately HK\$20,050,000 in respect of the disputed claims against the Group for outstanding coupon bonds and service fees. The details of the claims as follows:

	30.9.2024 HK\$'000 (unaudited)
Outstanding 6.5% coupon bonds	19,900
Provision of service fees	<u>150</u>
	<u><u>20,050</u></u>

Details of the Group's contingent liabilities in respect of the disputed claims are set out in the Company's announcement dated 8 November 2024.

14. OPERATING LEASE COMMITMENTS

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

As lessor

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Within one year	<u>4,533</u>	<u>4,511</u>

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

15. CAPITAL COMMITMENTS

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Capital expenditure contracted for but not provided in connection with the investment properties under construction	<u>25,763</u>	<u>24,932</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Period under review, the Group recorded total revenue of HK\$44.4 million, representing a drop of 5.9% compared with the Previous Period. The net loss for the Period was HK\$230.6 million, an increase of 114.6% compared to the Previous Period. The primary reasons contributing to the rise in loss are non-operational but due to changes in the fair value of investment properties and exchange loss arising from the depreciation of HK\$ against Renminbi (“**RMB**”) during the Period.

During the Period, the Group operated against the backdrop of a Chinese economy undergoing structural rebalancing, particularly in the real estate sector, which has been a significant source of economic instability. There was ongoing weakness in domestic demand and a lack of investment confidence from the private sector. In response to the financial challenges, the Chinese Government introduced significant stimulus packages in late September 2024. This includes cuts to interest rates and reserve requirements to encourage lending and investment. However, the positive effect of these measures still to be seen.

Hong Kong’s economy in 2024 shows signs of recovery, yet it is still navigating structural challenges and external uncertainties that could influence its long-term performance. Tourism has rebounded as it continues to recover from the impacts of the COVID-19 pandemic and social unrest. However, consumer spending remains low, and retail operators continue to suffer from high operating costs in rent and wages. Despite the real estate price adjustments due to lower demand in the last few years, housing price is still relatively high and buyer affordability remains a critical issue. Geopolitical tensions and regulatory concerns continue to affect foreign investment and capital market activity levels. Nevertheless there have been increasing capital in-flows from the Middle East and South and Southeast Asian countries, reinforcing Hong Kong as an international financial market. There have also been considerable achievements in diversifying the economy beyond finance and real estate, focusing on technology and innovation to foster sustainable growth, mainly through deeper integration with the Greater Bay Area (the “**GBA**”).

However, the Group’s performance during the Period was still clouded by the lacklustre economic situation in China, where the Group’s primary business operates. The Group’s income from the property investment business sector in this Period remained low, despite a relatively mild decline of 2% against the Previous Period. Incomes from the Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)* (the “**Commercial Complex**”) remained flat. Most tenants of the Commercial Complex specialise in the home furnishing, decoration and appliance sectors, and they struggle to survive as demand for their goods and services is low due to the sluggish property market. Furthermore, the pre-sale of the phase two development of the Commercial Complex, which should have contributed liquidity to the Group, was suspended during the Period as the local real estate market was still in depression. In addition, there was also a substantial fair value loss on the Group’s investment properties to account for the market changes.

The Group's financial services income further declined. Because of the challenging credit environment in China, the Group has reduced its loans and guaranteed exposures, especially for high-risk and delinquent customers. Provision was made against certain non-performing loans. Income from the money lending business in Hong Kong also reduced as certain aged loan receivables were repaid during the Period. The Group will not seek to expand its financial services in Hong Kong and China until the market is substantially improved.

SEGMENTAL PERFORMANCE

Property Investment Business

The property investment business generated HK\$42.3 million in revenue in the Period, down HK\$0.8 million or 2.0% from the Previous Period of HK\$43.1 million. Rental and management services incomes for the Period from the Commercial Complex amounted to RMB38.9 million (equivalent to HK\$42.3 million) compared with RMB39.0 million (equivalent to HK\$42.6 million) in the Previous Period, only a slight decline of 0.3%. The Commercial Complex performed stable despite the harsh market situation.

Financial Guarantee Services and Other Financial Services Businesses

During this Period, the Group continued to provide financial guarantee and factoring services in China and money lending business in China and Hong Kong. Due to the unfavourable credit markets in China and Hong Kong, the Group's income from financial services in terms of fees and interest substantially shrank by 46.3% to HK\$2.2 million only, from HK\$4.1 million for the Previous Period because of the reduced portfolio size.

FINANCIAL REVIEW

Profitability Analysis

For the Period, the Group's unaudited consolidated revenue was HK\$44.4 million, reflecting a decrease of 5.9% from HK\$47.2 million in the Previous Period. Revenue contribution by segment comprised: property investment of HK\$42.3 million (Previous Period: HK\$43.1 million), financial guarantee services and other financial services of HK\$2.2 million (Previous Period: HK\$4.1 million).

Gross profit for the Period decreased to HK\$29.5 million, down 8.4% from HK\$32.2 million in the Previous Period. Gross profit margin decreased slightly to 66.4% from 68.3% in the Previous Period.

The decrease in revenue, gross profit and gross profit margin was mainly attributable to a significant drop in revenue from the financial guarantee and other financial services due to the reduced portfolio size.

Other income, gains and losses recorded a loss of HK\$22.6 million (Previous Period: a gain of HK\$61.3 million) for the Period, mainly attributable to the exchange loss arising from the depreciation of HK\$ against RMB during the Period but partially offset by the adjustment to carrying amounts of amounts due to related parties. During the Previous Period, the gain was mainly attributable to the adjustment to carrying amounts of amounts due to related parties and exchange gain arising from the depreciation of RMB against HK\$.

The Group recorded loss on fair value change of investment properties amounting to HK\$141.0 million (Previous Period: HK\$82.4 million) for the Period. It was mainly attributable to a fair value loss of the Commercial Complex and the logistics park project located in Hantai District, Hanzhong City, Shaanxi Province, the PRC (the “**Chinlink · Worldport**”) due to the sustained slump in the property market.

Also, certain customers of our financial services encountered short-term cash flow difficulties and some of the loan receivables and factoring receivables were overdue. The Group has implemented certain measures to protect the interests of the Group, such as issuing reminders and warning letters to the customers, obtaining further collaterals from the customers, closely monitoring the cash inflows from their receivables etc. For prudence, the Group provided for expected credit loss of HK\$11.4 million (Previous Period: HK\$10.9 million) for the Period.

Administrative expenses which mainly comprised staff costs, travelling expenses, depreciation, legal and professional fee etc. amounted to HK\$24.5 million for the Period, representing a decrease of HK\$2.9 million as compared with HK\$27.4 million of the Previous Period. The decrease was mainly due to (i) reduction in staff costs as the result of streamlining of workforce; and (ii) decrease in directors’ emoluments.

Finance costs amounted to HK\$81.5 million for the Period, representing a decrease of HK\$7.0 million as compared with HK\$88.5 million in the Previous Period. The decrease was mainly due to repayment of high-interest bank and other borrowings during the Period.

For the Period, the Group recorded a loss of HK\$230.6 million (Previous Period: HK\$107.5 million) mainly due to (i) drop in revenue from financial guarantee and other financial services and property investment businesses as the economic situation in China has not improved since the lifting of COVID-19 restrictions in early 2023; (ii) substantial loss on fair value change of investment properties due to the unfavourable real estate market in China; and (iii) exchange loss arising from the depreciation of HK\$ against RMB during the Period.

Liquidity and Financial Resources

As at 30 September 2024, the bank balances and cash and pledged bank deposits amounted to HK\$60.5 million in total (31 March 2024: HK\$64.5 million), representing a slight decrease of HK\$4.0 million from that of 31 March 2024. The decrease was mainly due to (i) repayment of bank and other borrowings during the Period; (ii) daily operating expenses of the Group; and (iii) reduction of pledged bank deposit for financial guarantee business during the Period.

As at 30 September 2024, the bank and other borrowings of the Group which were mainly denominated in HK\$ and RMB amounted to HK\$1,547.9 million (31 March 2024: HK\$1,432.8 million), representing an increase of HK\$115.1 million from that of 31 March 2024, of which HK\$1,409.2 million and HK\$138.7 million were repayable within one year and two to five years respectively.

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 Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and requirements of disclosure in this interim report under Rule 13.21 of the Listing Rules) were as follows:

6.5% Coupon Bonds

6.5% coupon bonds (the “**6.5% Coupon Bonds**”) with aggregate principal amount of HK\$200.0 million were issued in four tranches on 7 August 2019, 8 August 2019, 19 August 2019 and 6 September 2019. The 6.5% Coupon Bonds are secured by the equity interests in certain subsidiaries, repayable on the day falling on the first anniversary of the issue dates, interest bearing at 6.5% per annum and guaranteed by Mr. Li Weibin (“**Mr. Li**”) (the ultimate controlling shareholder and an executive director of the Company). During 2020, the 6.5% Coupon Bonds matured, of which HK\$41.5 million were redeemed by the Company and the remaining principal of HK\$158.5 million was extended for one year pursuant to the deed of amendment dated 6 August 2020.

On 23 August 2021, the Company and Mr. Li (as the guarantor), with the approval of the bondholders of the 6.5% Coupon Bonds, executed the second deed of amendment to amend certain terms and conditions of the bond instrument of the 6.5% Coupon Bonds, pursuant to which the maturity dates of the 6.5% Coupon Bonds were extended for 1 year and the Company can re-issue the 6.5% Coupon Bonds of up to HK\$140.0 million in aggregate. The maturity date of the new issue shall be the day falling on the first anniversary of the new issue dates. During the year ended 31 March 2022, the 6.5% Coupon Bonds with principal amount of HK\$67.0 million were extended for 1 year and HK\$59.3 million were newly placed and issued. The proceeds from new placing were used to refinance the existing borrowings. For details, please refer to the announcements of the Company dated 23 August 2021 and 30 September 2021.

During the year ended 31 March 2023, the 6.5% Coupon Bonds matured, of which HK\$28.5 million were redeemed by the Company and HK\$97.8 million were extended for two years pursuant to the third deed of amendment dated 12 August 2022. According to the third deed of amendment, the bondholders were granted early redemption right to request early redemption of bonds on the first anniversary of the extension date. If the bondholders do not exercise such early redemption right, they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount on the maturity date.

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

As at 30 September 2024, the 6.5% Coupon Bonds matured but have not yet been settled. The Company has been actively negotiating with the bondholders of the 6.5% Coupon Bonds to extend the repayment of the matured principals and interests.

On 29 October 2024, the Company received two sets of writ of summons (the “**Writ**”) together with statements of claim (the “**SOC**”) filed with the Court of First Instance of High Court of Hong Kong on 28 October 2024 by two bondholders of the 6.5% Coupon Bonds (“**Plaintiff A**” and “**Plaintiff B**” respectively and the “**Plaintiffs**” collectively) against the Company, among others, as the defendant.

According to the SOC, Plaintiff A alleged that as at 28 October 2024 the Company was indebted to Plaintiff A and the total outstanding principal amounted to HK\$8,500,000.00 together with interest on such principal amount to be calculated from 6 August 2023 to the date of repayment.

According to the SOC, Plaintiff B alleged that as at 28 October 2024 the Company was indebted to Plaintiff B and the total outstanding principal amounted to HK\$10,000,000.00 together with interest on such principal amount to be calculated from 6 August 2023 to the date of repayment.

The Plaintiffs claim against the Company, among others:- (i) the respective principal amounts as aforesaid; (ii) interests on such respective principal amounts from 6 August 2023 to the date of repayment; (iii) further and other reliefs; and (iv) the costs of litigation.

As at the date of this announcement, the Company and the Plaintiffs are actively negotiating on a settlement arrangement in respect of the repayment of the outstanding principal and interests accrued under the bond instrument. The Company will continue to monitor the development of the abovementioned legal proceedings and further announcements will be made to update the progress of the matter as and when appropriate.

As at 30 September 2024, the Group had net current liabilities of HK\$1,605.7 million (31 March 2024: HK\$1,454.0 million) and the current ratio of the Group which was calculated as the Group’s current assets over its current liabilities was 0.31 (31 March 2024: 0.34). The fallback in the current ratio was mainly due to the significant decrease of bank balances and cash for repayment of bank and other borrowings and daily operating expenses of the Group during the Period.

Share Capital

As at 30 September 2024, the authorised share capital and issued share capital of the Company were HK\$625.0 million and HK\$11.7 million respectively (31 March 2024: HK\$625.0 million and HK\$11.7 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 2024 was 0.82 (31 March 2024: 0.77) which was based on the Group's total liabilities of HK\$2,855.8 million (31 March 2024: HK\$2,761.2 million) and the Group's total assets of HK\$3,499.7 million (31 March 2024: HK\$3,587.8 million).

Material Lending Transactions

As part of the normal course of business of the Group, the Group provided certain financial services to its customers, which included (i) the provision of various types of lending, for instance, factoring loans, entrusted loans, and other loans, etc.; and (ii) the provision of financial guarantee service. Details of the Group's lending business as at 30 September 2024 are as follows:

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

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

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

(ii) Major terms of loans/financial guarantee granted

The interest rates of the loans were ranging from 2.0% to 12.5% per annum and maturity profile of the loans as at 30 September 2024 were all within 1 year. All of the loan receivables as at 30 September 2024 were guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations, of which 88.6% were also secured by (i) operating income; (ii) the deforestation right owned by the customers; (iii) trade receivables; (iv) share pledge of the customers and its subsidiaries or (v) post-dated cheques issued by the customers. As at 30 September 2024, HK\$159.3 million of the loan receivables and factoring receivables were overdue. Expected credit loss of HK\$12.0 million was provided for as of 30 September 2024. To reduce the risk of bad debt, the Group has implemented certain measures, such as issuing reminders and warning letters to the customers, obtaining further collaterals (such as share pledge of the customer or its subsidiaries) from the customers, closely monitoring the cash inflow from their receivables.

In respect of guarantee fee, the guarantee and consultancy services fee (in aggregate) charged to the customers were ranging from 3% to 5% of the loan principal per annum except for the guarantee fee charged to individual customers who are applying for property mortgage loans which involved low-level of risk and insignificant amounts, the Group generally charges a fixed sum ranging from RMB400 to RMB700 per case. The maturity profiles of the guarantees granted by the Group as at 30 September 2024 were all within 1 year. Except for the financial guarantee granted to the customers who are applying for property mortgage loans, all of the guarantee arrangements are counter-guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations. As at 30 September 2024, no underlying bank loan was overdue and no expected credit loss was provided for as of 30 September 2024.

(iii) The size and diversity of customers

As at 30 September 2024, the Group has total lending principal amounting to HK\$161.5 million and the total guarantee sum provided by the Group to the lenders amounted to HK\$22.7 million. A summary of the customer diversity classified by the size of principal is as follows:

Principal range	Lending	Financial guarantee
	Number of customers/ (Total lending principal (HK\$))	Number of customers/ (Total guarantee principal (HK\$))
Below HK\$10 million	9/(HK\$24.1 million)	12/(HK\$22.7 million)
HK\$10 million – HK\$20 million	3/(HK\$47.4 million)	0/(HK\$Nil)
HK\$20 million – HK\$30 million	1/(HK\$20.8 million)	0/(HK\$Nil)
HK\$30 million – HK\$40 million	2/(HK\$69.2 million)	0/(HK\$Nil)

The lending principal to the five largest customers (in aggregate) and the amounts of guarantee sum granted to the five largest customers (in aggregate) amounted to approximately HK\$126.1 million and HK\$16.8 million, respectively. They accounted for approximately 78.1% and 74.0% respectively of the total lending principal and total guarantee sum of the Group as at 30 September 2024.

Foreign Currency Exposure

The Group's revenue, expenses, major assets and liabilities were mainly denominated in HK\$, RMB and US\$. During the Period, the exchange rate of HK\$ to RMB depreciated slightly. As HK\$ is pegged to US\$, the directors of the Company (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 13 of this announcement, the Group did not have any significant contingent liabilities.

As at 30 September 2024, the Group had pledged (i) bank deposits of HK\$52.9 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\$20.5 million to secure obligations under finance leases and banking facilities; and (iii) certain investment properties with fair value of HK\$2,584.0 million and equity interest in 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 2024, the Group had capital commitments contracted but not provided for amounting to HK\$25.8 million in respect of the development of Chinlink·Worldport. Details of the commitments are set out in Note 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 shareholder of the Company.

Events after the Reporting Period

There is no significant subsequent event after the Period.

INTERIM DIVIDEND

The board of Directors (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 2024, the Group had 10 employees in Hong Kong and 157 employees in China (31 March 2024: 10 employees in Hong Kong and 152 employees in China).

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

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

PROSPECTS

During the past few years, the Group encountered severe economic and business environments that overshadowed the Group's performance. Now, there seems to be certain silver lining on the horizon.

As early as September 2024, the Chinese Government unleashed waves of stimulus measures in response to the prolonged property crisis that has shaken consumer spending and confidence in the economy. Those included mortgage rate cuts for home buyers, lifting restrictions on second home ownership and raising the ceiling for home mortgage ratio. The reference rate for corporate loans was also down to lower the financing costs for the real economy. There are also pledges to double credit to whitelist property projects, reduce the bank reserve requirement ratio, and offer new tools to enhance stock market liquidity. It is widely expected that more fiscal stimulus plans will be unveiled later this year, which may recapitalise banks, refinance local government debt, revive consumption, and reduce unsold housing inventory. It becomes evident that the Chinese Government is determined to push the economy to reach the full-year target growth of 5% as the top priority.

However, there are more complications on the global frontier. The US Presidential Election has just completed. It is widely believed that the geopolitical dynamics between China and the USA will not improve under the new US Administration. Tariffs against Chinese imports and investment and export control will further intensify. Though the total economic decoupling of China from the US is unlikely possible under the new US Administration, there will be more stringent transactional measures on trade, investment and even sanctions aiming to contain China's growth.

Exports have remained a crucial driver for China's economy, accounting for roughly 20% of the GDP, with the US still being the top single market. Further trade restrictions and tariffs by the US will undoubtedly affect China's growth and, more importantly, the access to critical components for developing high technology. Other Western countries would possibly follow the US steps for geopolitical and domestic economic reasons to restrict Chinese exports, further undermining China's economy. Yet today's China is the largest trading partner for approximately 140 nations and regions, many of which are fast-growing economies of the world, like nations of the ASEAN, the Global South, the Middle East, and most of the European Union countries. China should have sufficient cushion against further trade restrictions by the US and its allies, through further penetration into those high emerging markets.

China is the top manufacturing country in the world, accounting for over 30% of the global manufacturing output. Furthermore, it is in the process of transforming into a worldwide leader in advanced manufacturing. The Chinese government aims to move China up in the value chain in manufacturing, shifting from low-cost production to high-quality, technologically advanced products. It is to be achieved through research and development investments to foster innovation, increase competitiveness, and reduce dependence on foreign technology and components, particularly in strategic sectors. China not only has the world's largest factory capacity for low-cost goods, but also has installed the most advanced production capabilities of smart factories with the highest quality management at affordable costs. China's global competitive advantages are backed by a highly integrated supply-chain and logistics infrastructure of high-speed rail and highway networks, modern ports, digital payment systems and advanced telecommunication networks. China has attained an enviable position in several critical industrial and technological segments, such as electric vehicles, renewable energies, 5G and 6G telecommunication, artificial intelligence, robotics, and automation. China is well prepared for the next generation of industrial advancement, on which the bright future economy is hinged. There are plenty of reasons to be optimistic about China's long-term prosperity.

Because of the complicated relationship between China and the US, American financial investors are deterred from investing in Chinese companies and projects which are considered to be a concern for national security risks. Coupled with the slowdown of the Chinese economy, there has been an exodus of US and international capital from the Hong Kong market over the last few years. There is growing concern about whether Hong Kong's position as a regional finance center, especially for Chinese companies, could continue. However, it does not undermine Hong Kong's pivotal position because of its strategic advantages, established financial infrastructure and access to the Chinese market. Instead, there is a strong growth of capital inflow to the Hong Kong financial market from the Middle East and the ASEAN countries due to increasing political and economic linkages with China changes in the global geopolitical landscape. Furthermore, due to years of cultivation, Hong Kong has become a hub for fintech innovation, with increasing investment in technology-driven financial services, enhancing its importance in the global market.

Hong Kong's future is highly intertwined with the development of the GBA. With a combined GDP surpassing that of many countries and a population of over 85 million, connecting nine Chinese cities of diversified establishments, the area is poised for robust growth, driven by diverse industries such as finance, technology, manufacturing and tourism. The GBA is projected to become one of the world's leading global economic powerhouses, giving Hong Kong a unique opportunity for development. As a financial hub, Hong Kong can play a pivotal role in integrating financial services across the GBA. This can enhance investment opportunities and facilitate capital flows within the region.

As for the Group, the revitalisation of the property market in China and an overall improvement of the economy could be a positive factor for the Group in the near term. The Group's Commercial Complex, which houses tenants involved in construction, home furnishing, decoration, and home appliances, stands to benefit. Increased activity in the real estate market is likely to drive higher foot traffic and sales for these tenants, thereby enhancing income for the Commercial Complex business. The building works and the Commercial Complex Phase II pre-sale, which were on hold during the COVID period amidst the uncertain market outlook, were resumed early this year. Ideally, the relaxation in financing for property acquisition and improving consumer sentiment and confidence would help the pre-sale of the remaining units. Furthermore, the upcoming fiscal policy intended to rejuvenate local government finance could provide a better chance for the Group's Hanzhong project to complete its cooperative program with the local Government and could provide new revenue source and liquidity to the Group.

Given these developments, the Group remains committed to navigating the evolving landscape cautiously and proactively. We will explore opportunities to leverage the improving market conditions to liquidate the investment property portfolio and to improve the Group's financial position. The Group will continue diversifying its interests in strategic sectors, particularly those aligned with national priorities and local government initiatives. We aim to foster innovation and sustainable business opportunities in the coming year by collaborating with local governments and strategic partners in Shaanxi Province and the Bigger Bay Area.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company applied the principles of, and complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules except for the following deviation.

Code provision C.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li 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 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 C3 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 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 comprises three independent non-executive Directors, namely Ms. Lai Ka Fung, May, Dr. Ho Chung Tai, Raymond and Ms. Chan Sim Ling, Irene and one non-executive Director, namely Mr. Lam Wing Yiu. Ms. Lai Ka Fung, May is the chairman of the Audit Committee. The majority of the members of the Audit Committee are independent non-executive Directors. 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 and made recommendations to the Board. The Audit Committee has also reviewed the unaudited condensed consolidated financial statements of the Group for the Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the 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
Chinlink International Holdings Limited
Li Weibin
Chairman

Hong Kong, 29 November 2024

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