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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 FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Chinlink International Holdings Limited (the “**Company**” or “**Chinlink**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2025 (the “**Year**”), together with the comparative figures for the year ended 31 March 2024 as follows:

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

*For the year ended 31 March 2025*

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	3		
Services		56,138	65,624
Rental		20,306	26,315
Interest			
– Other interest revenue		<u>2,859</u>	<u>5,339</u>
Total revenue		79,303	97,278
Cost of sales		<u>(24,552)</u>	<u>(26,502)</u>

\* For identification purpose only

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

*For the year ended 31 March 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Gross profit		<b>54,751</b>	70,776
Other income, gains and losses	5	<b>70,846</b>	72,936
Loss on fair value change of investment properties		<b>(322,034)</b>	(266,137)
Reversal of allowance/(allowance) under expected credit loss model, net		<b>14,414</b>	(64,463)
Selling and distribution costs		<b>(7,994)</b>	(9,750)
Administrative expenses		<b>(51,171)</b>	(53,209)
Finance costs	6	<b><u>(155,519)</u></b>	<u>(173,499)</u>
Loss before tax		<b>(396,707)</b>	(423,346)
Income tax credit	7	<b><u>51,113</u></b>	<u>38,220</u>
Loss for the year	8	<b><u><u>(345,594)</u></u></b>	<u><u>(385,126)</u></u>

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

*For the year ended 31 March 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<b>(12,406)</b>	(127,515)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on equity investments at fair value through other comprehensive income, net of tax		<u><b>(29,935)</b></u>	<u>(23,838)</u>
Other comprehensive expense for the year, net of income tax		<u><b>(42,341)</b></u>	<u>(151,353)</u>
Total comprehensive expense for the year		<u><b>(387,935)</b></u>	<u>(536,479)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(345,407)</b>	(381,784)
Non-controlling interests		<u><b>(187)</b></u>	<u>(3,342)</u>
		<u><b>(345,594)</b></u>	<u>(385,126)</u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(387,713)</b>	(532,678)
Non-controlling interests		<u><b>(222)</b></u>	<u>(3,801)</u>
		<u><b>(387,935)</b></u>	<u>(536,479)</u>
		<b>HKcents</b>	<b>HKcents</b>
<b>LOSS PER SHARE</b>			
– Basic	9	<b>(29.54)</b>	(32.65)
– Diluted		<u><b>(29.54)</b></u>	<u>(32.65)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		90,466	101,919
Right-of-use assets		12,436	18,044
Investment properties		2,302,012	2,640,470
Equity investment at fair value through other comprehensive income		39,670	69,605
Deposit paid for land auction		859	866
Financial assets at fair value through profit or loss		–	–
Deposits		<u>1,676</u>	<u>1,679</u>
		<u>2,447,119</u>	<u>2,832,583</u>
<b>Current assets</b>			
Properties under development for sale		602,218	598,514
Trade receivables	11	297	701
Trade receivables from related companies	11	1,165	1,173
Loan receivables		–	11,822
Factoring receivables		15,205	52,002
Other receivables, deposits and prepayments		31,800	26,509
Pledged bank deposits		21,305	56,846
Bank balances and cash		<u>5,497</u>	<u>7,606</u>
		<u>677,487</u>	<u>755,173</u>

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

*At 31 March 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>661</b>	666
Other payables and accruals		<b>129,301</b>	175,763
Loans from staff		<b>718</b>	2,125
Construction costs accruals		<b>311,530</b>	323,573
Receipts in advance		<b>7,889</b>	9,348
Lease liabilities		<b>5,662</b>	5,155
Contract liabilities		<b>115,441</b>	123,415
Deposits received from tenants and customers		<b>22,712</b>	24,060
Deferred income		<b>9,830</b>	17,547
Financial guarantee contracts		<b>–</b>	804
Tax payable		<b>6,260</b>	4,099
Bank and other borrowings	<i>13</i>	<b>529,914</b>	1,256,286
6.5% coupon bonds	<i>14</i>	<b>110,797</b>	102,375
13.0% coupon bonds	<i>14</i>	<b>–</b>	163,988
		<b><u>1,250,715</u></b>	<u>2,209,204</u>
<b>Net current liabilities</b>		<b><u>(573,228)</u></b>	<u>(1,454,031)</u>
<b>Total assets less current liabilities</b>		<b><u>1,873,891</u></b>	<u>1,378,552</u>

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

*At 31 March 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<b>4,927</b>	1,464
Amounts due to directors		<b>55,098</b>	45,210
Lease liabilities		<b>7,925</b>	14,270
Bank and other borrowings	<i>13</i>	<b>1,111,445</b>	176,552
Amounts due to related companies		<b>86,952</b>	90,474
Deferred tax liabilities		<b>168,956</b>	224,059
		<b>1,435,303</b>	552,029
		<b>438,588</b>	826,523
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>11,693</b>	11,693
Reserves		<b>422,143</b>	809,856
Equity attributable to owners of the Company		<b>433,836</b>	821,549
Non-controlling interests		<b>4,752</b>	4,974
		<b>438,588</b>	826,523

## Notes

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

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2024 for the preparation of the 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 year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 2. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted limited liability entity and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Wealth Keeper International Limited (“**Wealth Keeper**”), incorporated in the British Virgin Islands and the ultimate controlling shareholder of Wealth Keeper is Mr. Li Weibin (“**Mr. Li**”), the chairman and managing director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” to the annual report.

The Company is an investment holding company. The principal activities of the subsidiaries are property investment, provision of financial guarantee services and factoring services in the People’s Republic of China (the “**PRC**” or “**China**”) and Hong Kong.

The presentation currency of the consolidated financial statements is Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**HK\$’000**”), except when otherwise indicated.

### Going concern basis

For the year ended 31 March 2025, the Group incurred a net loss for the period of approximately HK\$345,594,000. As of 31 March 2025, the Group had net current liabilities of approximately HK\$573,228,000, while its bank balances and cash amounted to approximately HK\$5,497,000 only as at 31 March 2025. In addition, the Group had outstanding borrowings and bonds of approximately HK\$529,914,000 and HK\$110,797,000 respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2025. The Group has defaulted in repayment of principals and interest of borrowings and bonds of approximately HK\$145,160,000 and HK\$49,447,000 respectively during the year ended 31 March 2025, as a result the carrying amounts of the defaulted borrowings and bonds of approximately HK\$234,533,000 and HK\$110,797,000 respectively as at 31 March 2025 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\$234,533,000 and HK\$110,797,000 respectively as at 31 March 2025. Further details are set out in Note 13 and Note 14. 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 project (as defined below). The Phase Two Development project included two loft apartment towers, commercial corridor and underground parking lots. Construction works of the first loft apartment tower and the commercial corridor are scheduled to be completed early next year. 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 financial institutions to secure the renewals of the Group's bond 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\$53,360,000 and HK\$30,450,000 respectively. The directors of the Company are confident in further extending the repayment of the principals of the bank and other borrowings taking into consideration the long-term relationship with the lenders. However, the extensions were subject to final approval by the lenders as of the date of these audited consolidated financial statements.
  - (b) on 25 June 2025, the Group entered a settlement agreement with a financial institution for borrowing with outstanding amounts of approximately HK\$19,384,000 as of 31 March 2025. According to the settlement agreement, the Group agreed to repay accrued interest and principal in a total of approximately HK\$15,000,000 on or before 30 January 2027. Upon the Group's fulfilment of the conditions, the Group will obtain a discount for repayment of the remaining balance in the last instalment.
  - (c) as of 31 March 2025, the Group has outstanding 6.5% coupon bonds with a carrying amount of approximately HK\$110,797,000, the Group has defaulted in repayment of the principals and interests of approximately HK\$91,800,000 and HK\$18,997,000. Subsequent to the end of the reporting period, the Group has been actively engaged in discussions with the bondholders regarding the restructuring plan for these coupon bonds. The directors of the Company are confident that a mutually beneficial agreement will be reached. Negotiations are ongoing, and significant progress has been made towards finalising the terms of the restructuring.
- (iii) the Group has received written confirmation dated 30 June 2025 from Mr. Li, the ultimate controlling shareholder, that he will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to him by the Group in the next twelve months from the date of approval for issue of these consolidated financial statements;
- (iv) the Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flows from its operations;
- (v) the Group may consider to dispose non-core business and/or financial assets if required; and
- (vi) the Group is currently soliciting different sources of funds, including additional banking facilities to further support the Group's funding needs should the aforesaid operating cash inflows turned out to be less than forecasted.

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

### 3. REVENUE

#### (i) *Disaggregation of revenue from contracts with customers*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Types of services:</b>		
Revenue from property management services	55,708	63,866
Revenue from financial guarantee services	<u>430</u>	<u>1,758</u>
Total revenue from contracts with customers	<u>56,138</u>	<u>65,624</u>
Add:		
Rental income under HKFRS 16	20,306	26,315
Interest income under HKFRS 9	<u>2,859</u>	<u>5,339</u>
Total revenue	<u><u>79,303</u></u>	<u><u>97,278</u></u>
<b>Geographical markets:</b>		
PRC	<u>56,138</u>	<u>65,624</u>
Total	<u><u>56,138</u></u>	<u><u>65,624</u></u>
<b>Timing of revenue recognition:</b>		
Over time	<u>56,138</u>	<u>65,624</u>
Total	<u><u>56,138</u></u>	<u><u>65,624</u></u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended 31 March 2025 and 2024.

**For the year ended 31 March 2025**

	Revenue disclosed in segment information <i>HK\$'000</i>	Adjustment of rental income <i>HK\$'000</i>	Adjustment of interest income <i>HK\$'000</i>	Revenue from contracts with customers <i>HK\$'000</i>
Segment				
Property investment	76,014	(20,306)	–	55,708
Financial guarantee services and other financing services	<u>3,289</u>	<u>–</u>	<u>(2,859)</u>	<u>430</u>
Revenue for reportable segment	<u><u>79,303</u></u>	<u><u>(20,306)</u></u>	<u><u>(2,859)</u></u>	<u><u>56,138</u></u>

**For the year ended 31 March 2024**

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

#### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focus on the types of 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; and
- (ii) Financial guarantee services and other financing services – provision of corporate financial guarantee services, related consultancy services and other financing services.

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

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

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

### *Segment revenue and results*

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

	Year ended 31 March 2025		Year ended 31 March 2024	
	Segment revenue <i>HK\$'000</i>	Segment profit (loss) for the year <i>HK\$'000</i>	Segment revenue <i>HK\$'000</i>	Segment loss for the year <i>HK\$'000</i>
Property investment	76,014	(306,498)	90,181	(232,469)
Financial guarantee services and other financing services	<u>3,289</u>	<u>18,213</u>	<u>7,097</u>	<u>(65,118)</u>
Revenue and result for reportable segment	<u>79,303</u>	<u>(288,285)</u>	<u>97,278</u>	<u>(297,587)</u>
Total	<u><u>79,303</u></u>		<u><u>97,278</u></u>	
Unallocated other income, gains and losses		70,846		72,936
Unallocated (allowance)/reversal of allowance under expected credit loss model, net		(232)		1,850
Unallocated corporate expenses		(23,517)		(27,046)
Finance costs		<u>(155,519)</u>		<u>(173,499)</u>
Loss before tax		<u><u>(396,707)</u></u>		<u><u>(423,346)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of unallocated other income, gains and losses, unallocated allowance/reversal of allowance under expected credit loss model, net, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

## 5. OTHER INCOME, GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Other income</b>		
Interest income	<u>620</u>	<u>760</u>
<b>Other gains and losses</b>		
Loss on disposal of property, plant and equipment	–	(2)
Net foreign exchange gain	7,710	52,991
Adjustment on carrying amount of amount due to a director	1,726	1,593
Adjustment on carrying amount of amounts due to related companies	17,333	16,358
Gain from derecognition of financial liabilities	42,287	–
Gain from early termination of lease	496	–
Gain from lease modification	95	–
Others	<u>579</u>	<u>1,236</u>
	<u>70,226</u>	<u>72,176</u>
	<u><u>70,846</u></u>	<u><u>72,936</u></u>

## 6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank and other borrowings	<b>104,900</b>	120,326
Interest expenses on loan from staff	<b>146</b>	396
Interest expenses on amount due to a director	<b>3,312</b>	2,656
Effective interest expense on 6.5% coupon bonds	<b>9,422</b>	9,529
Effective interest expense on 13.0% coupon bonds	<b>16,190</b>	21,380
Imputed interest expense from amounts due to related companies	<b>18,301</b>	15,523
Imputed interest expense from amount due to a director	<b>1,829</b>	1,490
Interest expenses on lease liabilities	<b>1,419</b>	2,199
	<b><u>155,519</u></b>	<b><u>173,499</u></b>

There was no finance cost capitalised arose on the general borrowing pool during the year ended 31 March 2025 and 2024.

## 7. INCOME TAX CREDIT

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
PRC	<b><u>2,857</u></b>	<b><u>5,490</u></b>
	<b><u>2,857</u></b>	<b><u>5,490</u></b>
Deferred tax	<b><u>(53,970)</u></b>	<b><u>(43,710)</u></b>
	<b><u>(51,113)</u></b>	<b><u>(38,220)</u></b>

## 8. LOSS FOR THE YEAR

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Auditors' remunerations		
– Current year	1,780	1,580
– Other service	299	280
Depreciation of property, plant and equipment	10,336	9,320
Depreciation of right-of-use assets	5,362	5,409
Loss on disposal of property, plant and equipment	<u>–</u>	<u>2</u>
Staff costs (including directors' emoluments)		
Salaries and other benefits	15,781	18,509
Retirement benefit scheme contributions	3,468	3,483
	<u>19,249</u>	<u>21,992</u>
Expenses relating to short-term lease	193	109
Gross rental income from investment properties	(20,306)	(26,315)
Less: Direct operating expenses incurred for investment properties that generated rental income	3,160	3,802
	<u>(17,146)</u>	<u>(22,513)</u>



## 9. 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

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u><b>(345,407)</b></u>	<u>(381,784)</u>

### Number of shares

	<b>2025</b> <b>'000</b>	2024 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u><b>1,169,288</b></u>	<u>1,169,288</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2025 and 2024 is determined by reference to the number of shares in issue during the year.

During the year ended 31 March 2025 and 2024, the computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price of shares for both years.

## 10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### Trade receivables

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables		
– goods and services	13,927	14,040
– operating lease	195	319
– Financial guarantee contracts	<u>516</u>	<u>478</u>
	<u>14,638</u>	<u>14,837</u>
Less: Allowances for expected credit losses	<u>(14,341)</u>	<u>(14,136)</u>
	<u><u>297</u></u>	<u><u>701</u></u>

As at 31 March 2025, the gross amount of trade receivables from contracts with customers amounted to HK\$14,443,000 (allowances for expected credit losses of approximately HK\$14,211,000 (2024: HK\$14,518,000 (allowances for expected credit losses of approximately HK\$13,956,000))).

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	260	694
31-90 days	–	7
>90 days	<u>37</u>	<u>–</u>
	<u><u>297</u></u>	<u><u>701</u></u>

The credit period granted to each of the customers ranged from 30 to 90 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.

### **Trade receivables from related companies**

As at 31 March 2025, trade receivables from related companies of approximately HK\$1,165,000 (net the allowance for expected credit losses of approximately HK\$6,000) (2024: 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.

## **12. TRADE PAYABLES**

### **Trade payables**

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

	<b>2025</b> <b><i>HK\$'000</i></b>	<b>2024</b> <b><i>HK\$'000</i></b>
> 90 days	<b><u>661</u></b>	<b><u>666</u></b>

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

### 13. BANK AND OTHER BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank borrowings, secured	1,151,730	1,101,012
Bank borrowings, unsecured	7,491	7,978
Other borrowings, secured	177,790	36,970
Other borrowings, unsecured	<u>304,348</u>	<u>286,878</u>
	<u><b>1,641,359</b></u>	<u><b>1,432,838</b></u>
Carrying amount of the above borrowings are repayable*		
– Within one year	295,381	308,481
– More than one year, but not exceeding two years	153,504	176,552
– More than two years, but not exceeding than five years	32,106	–
– More than five years	<u>925,835</u>	<u>–</u>
Sub-total	<u><b>1,406,826</b></u>	<u>485,033</u>
Carrying amount of the bank and other borrowings that contains a repayable on demand clause (shown under current liabilities) but repayable*		
– Within one year	111,994	42,242
– More than one year, but not exceeding two years	122,539	32,341
– More than two years, but not exceeding five years	–	226,391
– More than five years	<u>–</u>	<u>646,831</u>
Sub-total	<u><b>234,533</b></u>	<u>947,805</u>
	<b>1,641,359</b>	1,432,838
Less: Amount shown under non-current liabilities	<u><b>(1,111,445)</b></u>	<u>(176,552)</u>
Amount shown under current liabilities	<b>529,914</b>	1,256,286
Carrying amounts of bank and other borrowings that are repayable on demand that have loan defaults or cross default provision (shown under current liabilities)	<u><b>(234,533)</b></u>	<u>(947,805)</u>
Amounts shown under current liabilities for the borrowings without loan defaults or cross default provision	<u><b>295,381</b></u>	<u><b>308,481</b></u>

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

As at 31 March 2025, the variable-rate bank borrowings of approximately HK\$136,426,000 (2024: HK\$126,671,000) are secured by the Group's property, plant and equipment with carrying value of approximately HK\$19,658,000 (2024: HK\$20,066,000) and investment properties with fair value of approximately HK\$621,147,000 (2024: HK\$677,016,000). These borrowings carry interests at variable rate of 6.90% per annum (2024: 6.90% per annum) which is based on the rate fixed by People's Bank of China ("**PBOC Rate**") plus a premium per annum as at 31 March 2025 and 2024.

As at 31 March 2025, the fixed-rate bank borrowings of approximately HK\$1,015,304,000 (2024: 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\$1,680,865,000 (2024: HK\$1,963,454,000). These borrowings carry interest at fixed rates which ranged from 5.00% to 5.80% per annum (2024: 3.45% to 7.00% per annum).

As at 31 March 2025, the remaining fixed-rate bank borrowings of approximately HK\$7,491,000 (2024: HK\$7,978,000) are unsecured, carry interest at fixed-rate of 5.50% per annum (2024: 5.50% per annum) and are repayable at maturity date on 13 July 2025 (2024: 17 September 2024).

As at 31 March 2025, the other borrowings amounting to approximately HK\$177,790,000 (2024: HK\$36,970,000) are secured by equity interest of certain Group's wholly owned subsidiaries. These borrowings carry interests at fixed-rate which ranged from 6.50% to 10.61% per annum (2024: 10.61% per annum) and are repayable at maturity date which ranged from 30 March 2026 to 14 January 2027 (2024: 30 March 2026).

As at 31 March 2025, the remaining other borrowings of approximately HK\$304,348,000 (2024: HK\$286,878,000) are unsecured, carry interests at fixed-rates which ranged from 4.00% to 24.00% per annum (2024: fixed rates which ranged from 5.00% to 24.00% per annum) and are repayable at maturity dates which ranged from 9 April 2025 to 29 March 2026 (2024: 1 April 2024 to 22 March 2025).

As at 31 March 2025, the unsecured other borrowings included an amount of HK\$160,863,000 (equivalent to RMB150,310,000) (2024: HK\$150,339,000 (equivalent to RMB139,510,000)) which represents the capital injection in the form of registered capital and capital reserve into Shaanxi Chinlink Financial Guarantee Limited ("**Chinlink Financial Guarantee**") by 漢中市投資控股集團有限公司 ("**Hanzhong Investment**") pursuant to a cooperation agreement entered into between Chinlink Financial Guarantee, Hanzhong Investment and Chinlink Alpha Limited ("**Chinlink Alpha**") on 17 May 2018. Chinlink Financial Guarantee was wholly-owned by Chinlink Alpha before the capital injection and was held as to 65% by Chinlink Alpha and 35% by Hanzhong Investment after the capital injection.

According to the cooperation agreement, Chinlink Financial Guarantee shall distribute profit to Hanzhong Investment equivalent to 5.00% per annum of its capital injected. If the profit distribution of the year is less than that return, Chinlink Alpha or its nominated third party shall compensate the difference in the form to be agreed between the parties. Other than the 5.00% per annum profit distribution to Hanzhong Investment, all profit and reserves of Chinlink Financial Guarantee shall belong to the Group.

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

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

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

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	4.00%-24.00%	3.45%-24.00%
Variable-rate borrowings	<u>6.90%</u>	<u>6.90%</u>

The Group has bank borrowings and other borrowings of approximately HK\$136,426,000 and HK\$98,107,000 respectively that contain repayable on demand clause (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 borrowing and other borrowings amounting to approximately HK\$53,360,000 and HK\$30,450,000 respectively during the year ended 31 March 2025. The outstanding principal amounts of the bank borrowing and other borrowings in respect of which the Group has defaulted in repayment were approximately HK\$136,426,000 and HK\$98,107,000 respectively as at 31 March 2025 and are repayable on demand as a result of the default clause in these borrowings. As at 31 March 2025, the bank and financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings of approximately HK\$234,533,000.

## 14. COUPON BONDS

### 13.0% Coupon bonds

Pursuant to the subscription agreement dated 1 December 2017, 12.0% coupon bonds with principal amount of USD15,000,000 (the “**12.0% Coupon Bonds**”) were issued by the Company at par to independent third parties on 1 December 2017.

On 5 August 2019, the Company commenced an exchange offer to exchange all of its outstanding 12.0% Coupon Bonds held by the eligible bondholders for a new 13.0% coupon bonds with principal amount of US\$30,000,000 (the “**13.0% Coupon Bonds**”) which will mature on August 2021 (“**Exchange Offer**”).

The Exchange Offer was duly accepted by the eligible bondholders and all outstanding existing 12.0% Coupon Bonds was cancelled on 16 August 2019 and the 13.0% Coupon Bonds have been issued pursuant to the Exchange Offer on the same date. The 13.0% Coupon Bonds are denominated in USD and carry interest at 13.0% per annum. Interest is payable annually in arrears.

The 13.0% Coupon Bonds with an aggregate principal amount of USD30,000,000 were issued on 16 August 2019 (the “**Issue Date 1**”) pursuant to the Exchange Offer.

The 13.0% Coupon Bonds are denominated in USD 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 1**”).

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.

In March 2025, the Company received a notice from a limited company incorporated in Hong Kong (the “**Lender**”) in relation to the Lender's purchase of the rights and benefits of the 13.0% coupon bonds from the original bondholders. The Company and the Lender eventually came up with a new repayment plan for the 13.0% coupon bond and a new agreement in the form of a loan arrangement was entered into by both parties in March 2025. The key terms of the new agreement included: (i) a reduction of the principal amount to US\$17,300,000 (equivalent to approximately HK\$134,559,000); (ii) an extension of the maturity date to 14 January 2027; (iii) a reduction of the interest rate from 13.0% per annum to 6.5% per annum; and (iv) a waiver of the defaulted interest.

The carrying amount of 13.0% Coupon Bonds of US\$22,737,000 (equivalent to approximately HK\$176,846,000) was derecognized accordingly. A secured other borrowing of US\$17,300,000 (equivalent to approximately HK\$134,559,000) was recognised and included in bank and other borrowings. Gain from derecognition of financial liabilities of approximately HK\$42,287,000 was recognised in the other income, gains and losses.

During the year ended 31 March 2025, interest charged on the 13.0% Coupon Bonds of HK\$16,190,000 (2024: HK\$21,380,000) 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 2**”), 8 August 2019 (the “**Issue Date 3**”), 19 August 2019 (the “**Issue Date 4**”) and 6 September 2019 (the “**Issue Date 5**”) respectively.

The First 6.5% Coupon Bonds are denominated in HK\$, secured by the Group's wholly owned subsidiaries, guaranteed by Mr. Li, repayable on the day falling on the first anniversary of the issue date 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 2**”), 8 August 2020 (the “**Maturity Date 3**”), 19 August 2020 (the “**Maturity Date 4**”), and 6 September 2020 (the “**Maturity Date 5**”) 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 2, Issue Date 3, Issue Date 4 and Issue Date 5 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 2 to the Maturity Date 2 and Issue Date 3 to Maturity Date 3 and Issue Date 4 to Maturity Date 4 and Issue Date 5 to Maturity Date 5 respectively.

As at 31 March 2021, 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 of the First 6.5% Coupon Bonds were extended for one year pursuant to the deed of amendment dated 6 August 2020.

As at 31 March 2022, the First 6.5% Coupon Bonds were matured, of which HK\$91,500,000 were redeemed by the Company and the remaining principal of HK\$67,000,000 of the First 6.5% Coupon Bonds were extended for one year pursuant to the second deed of amendment dated 23 August 2021.

As at 31 March 2023, the First 6.5% Coupon Bonds were matured, of which HK\$15,000,000 were redeemed by the Company. Pursuant to the third deed of amendment dated 12 August 2022, the remaining principal of HK\$52,000,000 of the First 6.5% Coupon Bonds were extended for two year. According to the third deed of amendment, the bondholders were granted early redemption right to request for early redemption of bonds on the first anniversary of the extension date. If the bondholders do not exercise such early redemption right, they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount as at the maturity date.

As at 31 March 2024, the First 6.5% Coupon Bonds of which HK\$1,000,000 were early redeemed on the first anniversary of the extension date. The remaining principal of HK\$51,000,000 do not exercise such early redemption right, and they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount as at the maturity date pursuant to the third deed of amendment dated 12 August 2022.

Transaction costs relating to the First 6.5% Coupon Bonds of HK\$2,580,000 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 9.5% per annum at the first year and 10.5% at the second year, respectively from the date of the deed of amendment.

On 23 July 2020, the Company entered into a second placing agreement with a placing agent to issue 6.5% coupon bonds with principal amount of up to HK\$100,000,000 (collectively referred as the “**Second 6.5% Coupon Bonds**”).

The Second 6.5% Coupon Bonds are denominated in HK\$, secured by the equity interests of a subsidiary, guaranteed by Mr. Li, repayable on the day falling on the first anniversary of the issue date and carry interest at 6.5% per annum, and the interest is payable annually in arrears.

As at 4 August 2020 (the “**Issue Date 6**”), the first tranche of the Second 6.5% Coupon Bonds with principal of HK\$66,500,000 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 (the “**Maturity Date 6**”).

As at 31 March 2022, the Second 6.5% Coupon Bonds were matured, of which HK\$66,500,000 were fully repaid by the Company.



On 23 August 2021, the Company entered into a third placing agreement with a placing agent to reissue the First 6.5% Coupon Bonds with principal amount of up to HK\$140,000,000 in aggregate (collectively referred as the “**Third 6.5% Coupon Bonds**”), under best effort basis. On 23 August 2021 (the “**Issue Date 7**”) and 31 August 2021 (the “**Issue Date 8**”), the first and second tranche of the Third 6.5% Coupon Bonds with principal of HK\$56,300,000 and HK\$3,000,000 (the First 6.5% Coupon Bonds, the Second 6.5% Coupon Bonds and the Third 6.5% Coupon Bonds, collectively referred as the “**6.5% Coupon Bonds**”) were issued and the proceeds were used for refinancing the existing borrowings.

The Third 6.5% Coupon Bonds are denominated in HK\$, secured by equity interests of a subsidiary, guaranteed by Mr. Li, repayable on the day falling on the first anniversary of the issue date and carry interest at 6.5% per annum. Interest is payable annually in arrears.

The Third 6.5% Coupon Bonds will mature on the first anniversary on the issue dates, which are 23 August 2022 (“**the Maturity Date 7**”) and 31 August 2022 (the “**Maturity Date 8**”), respectively. The Company can redeem the third 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 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 Third 6.5% Coupon Bonds at any time from the Issue Date 7 to the Maturity Date 7 and the Issue Date 8 to the Maturity Date 8, respectively.

As at 31 March 2023, the Third 6.5% Coupon Bonds were matured, of which HK\$13,500,000 were redeemed by the Company. Pursuant to the deed of amendment dated 12 August 2022, the remaining principal of HK\$45,800,000 were extended for two year. According to the deed of amendment, the bondholders were granted early redemption right to request for early redemption of bonds on the first anniversary of the extension date. If the bondholders do not exercise such early redemption right, they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount as at the maturity date.

As at 31 March 2024, the Third 6.5% Coupon Bonds of which HK\$5,000,000 were early redeemed on the first anniversary of the extension date. The remaining principal of HK\$40,800,000 do not exercise such early redemption right, and they shall receive a one-off additional fixed interest of 2% of the outstanding principal amount as at the maturity date pursuant to the third deed of amendment dated 12 August 2022.

Transaction costs relating to the Third 6.5% Coupon Bonds of HK\$2,190,000 are included in the carrying amount of the Third 6.5% Coupon Bonds. The effective interest rate of the Third 6.5% Coupon Bonds is 9.5% per annum at the first year and 10.5% at the second year, respectively from the date of the deed of amendment.

As at 31 March 2025, the principal and interest of the 6.5% Coupon Bonds of approximately HK\$91,800,000 and HK\$18,997,000 respectively (2024: approximately HK\$91,800,000 and HK\$10,575,000 respectively) are remain outstanding.

During the year ended 31 March 2025, interest charged on the 6.5% Coupon Bonds of HK\$9,422,000 (2024: HK\$9,529,000) was recognised in profit or loss.

The Group has defaulted in repayment of principals and interests of bonds amounting to approximately HK\$91,800,000 and HK\$18,997,000 respectively during the year ended 31 March 2025 which outstanding amounts of bonds of approximately HK\$110,797,000 as at 31 March 2025 remain outstanding. Due to this breach of default clause of bonds, the financial institution are contractually entitled to request for immediate repayment of the outstanding bonds of approximately HK\$110,797,000.

## 15. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares:		
Authorised ordinary shares		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 of HK\$0.01 each	<u>62,500,000,000</u>	<u>625,000</u>
Issued ordinary shares and fully paid		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 of HK\$0.01 each	<u>1,169,287,752</u>	<u>11,693</u>

## 16. CONTINGENT LIABILITIES

### Corporate guarantee

	2025 HK\$'000	2024 HK\$'000
Guarantee given to banks in respect of financial guarantee services provided to:		
– Independent third parties	<u>–</u>	<u>99,257</u>
	<u>–</u>	<u>99,257</u>

## 17. OPERATING LEASE COMMITMENTS

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

As lessor

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Within one year	<b><u>4,013</u></b>	<u>4,511</u>

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

## 18. CAPITAL COMMITMENTS

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in connection with the investment properties under construction	<b><u>24,751</u></b>	<u>24,932</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the Year under review, the Group reported total revenue of HK\$79.3 million, reflecting a decline of 18.5% compared to the year ended 31 March 2024 (the “**Previous Year**”). This revenue primarily stemmed from property investment and financial services. The net loss for the Year was HK\$345.6 million, a decrease of 10.3% from the Previous Year.

The Group suffered significant revenue loss, primarily due to unfavourable conditions in the Chinese property and consumer market downturn, particularly in the retail sector. This downturn severely impacted tenants’ businesses at the Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)\* (the “**Commercial Complex**”), especially those dealing with home furnishing, decoration, and appliance products.

Amid tightened consumer spending and ongoing economic uncertainty, these tenants experienced declining sales, adversely affecting the overall performance of the Commercial Complex. With consumers prioritising essential purchases over home improvements, demand for home furnishings and appliances weakened, prompting some tenants to reconsider their leases. As a result, the occupancy rate of the Commercial Complex decreased from 96% to 92%. Additional rent-free periods and lower rents were provided to retain old tenants and attract new tenants. Hence, revenue from rental and management fees fell by approximately 15.7%, underscoring the adverse effects of the challenging market conditions.

Overall, the commercial property rental market in the People’s Republic of China (the “**PRC**” or “**China**”) still encountered formidable challenges, with reports indicating a 10% decline in rental rates across major urban areas last year. This broader trend further exacerbated the difficulties faced by the Group, which struggled to maintain reasonable rental income levels. To navigate these headwinds, the Group will recalibrate its strategies to support tenants and enhance the appeal of the Commercial Complex to sustain occupancy and revenue in the long term.

Additionally, construction works of the phase two development of the Commercial Complex (the “**Phase Two**”) have resumed. The Phase Two included two loft apartment towers linked by a corridor of commercial space and underground parking lots. Construction works of the first loft apartment tower and the commercial corridor are scheduled to be completed early 2026. Over 50% of the loft units in tower one were presold and down payments received. The Group anticipates collecting the balance of the sale price upon completion of the construction works. Moreover, presale of the remaining loft units and the shop space beneath the commercial corridor was also launched.

\* *For identification purpose only.*

The Group's financial services income also declined due to the challenging credit environment in China. As a result, the Group has temporarily ceased acquiring new financing businesses and has recalled its loans and guaranteed exposures, particularly for high-risk and delinquent customers. The Group also made provisions against certain non-performing loans in the Previous Year. During the Year, the Group vigorously liaised with the non-performing clients to enforce the collection of debts. So far, the recovery results have been satisfactory. Income from the money lending business in Hong Kong decreased as some aged loan receivables were repaid during the Year. Again, the Group will refrain from expanding its financial services in Hong Kong and China until the market substantially improves.

Operations of the Chinlink • Worldport in Hanzhong City, Shaanxi Province, the PRC (the “**Chinlink • Worldport**”) were suspended during the Coronavirus Disease 2019 (“**COVID-19**”) pandemic and did not resume during the Year. The negotiation with the Hanzhong Municipal Government to merge with the government-sponsored Hanzhong Baohe Logistics Park through a Private-Public Partnership (“**PPP**”) has not yet reached a fruitful result. On the other hand, the Group is conducting a feasibility study of converting the facilities of Chinlink • Worldport into an integrated marketplace for traditional Chinese medical herbs and agricultural products in collaboration with industry experts from Bozhou, a prefecture-level city in Anhui Province, PRC. Bozhou is China's capital of Traditional Chinese Medicine (“**TCM**”), one of China's largest TCM industries and production areas. It is the primary location and trading hub for TCM within China. Hanzhong is a significant production area famous for cultivating traditional Chinese medical herbs in terms of variety and volume. An alignment with an experienced TCM player from Bozhou will benefit Chinlink • Worldport by taking advantage of its geographic location in Hanzhong. The Group aims to complete a detailed cooperation plan in the coming year.

## **SEGMENTAL REVIEW**

### **Property Investment Business**

The property investment business generated HK\$76.0 million in revenue during the Year, a decrease of HK\$14.2 million, or 15.7%, from HK\$90.2 million in the Previous Year. Income from rental and management services at the Commercial Complex totalled RMB70.4 million (approximately HK\$76.0 million), compared to RMB82.4 million (around HK\$89.7 million) in the Previous Year, reflecting a decline of 15.3%. The decrease in revenue is mainly due to a decline in the average occupancy rate and the provision of extended rent-free periods and reduced rental rates as incentives to retain existing tenants and attract new tenants.

### **Financial Guarantee Services and Other Financing Services Businesses**

During the Year, the Group maintained its financial guarantee and factoring services in China, as well as its money lending operations in both China and Hong Kong. However, due to unfavourable credit market conditions, the Group's income from financial services, including fees and interest, plummeted by 53.5%, falling to HK\$3.3 million from HK\$7.1 million in the Previous Year, primarily due to reduced portfolio size.

## FINANCIAL REVIEW

### Profitability Analysis

For the Year, the Group's revenue was HK\$79.3 million, reflecting a significant decrease of 18.5% from HK\$97.3 million in the Previous Year. Revenue contribution by segment comprised: property investment of HK\$76.0 million (2024: HK\$90.2 million) and financial guarantee services and other financial services of HK\$3.3 million (2024: HK\$7.1 million).

Gross profit for the Year decreased to HK\$54.8 million, down 22.6% from HK\$70.8 million in the Previous Year. Gross profit margin decreased to 69.1% from 72.8% in the Previous Year.

The decrease in revenue and gross profit was mainly attributable to the drop in revenue from (i) financial guarantee and other financial services due to the reduced portfolio size and (ii) property investment business due to a decline in the average occupancy rate and the provision of extended rent-free periods and reduced rental rates as incentives to retain existing tenants and attract new tenants.

Other income, gains and losses recorded a gain of HK\$70.8 million (2024: HK\$72.9 million) for the Year, mainly comprised (i) adjustment on carrying amount of amounts due to related parties and a director; (ii) exchange gain arising from the depreciation of Renminbi (“RMB”) against HK\$; and (iii) gain from derecognition of financial liabilities. During the Previous Year, the gain comprised (i) exchange gain arising from the depreciation of RMB against HK\$ and (ii) adjustment on carrying amount of amounts due to related parties and a director.

The Group recorded loss on fair value change of investment properties for HK\$322.0 million (2024: HK\$266.1 million) during the Year. It was mainly attributable to a fair value loss of the Commercial Complex and Chinlink • Worldport due to the sustained slump in the property market.

Also, certain customers under our financial services encountered short-term cash flow difficulties and some of the loan receivables and factoring receivables were overdue. The Group had implemented certain measures to protect the interest of the Group, such as issuing reminders and warning letters to the customers, obtaining further collateral from the customers, closely monitoring the cash inflow from their receivables etc. The Group recognized the reversal of allowance for under expected credit loss, net of HK\$14.4 million (2024: allowance of HK\$64.5 million) for the Year, which was attributable to the recovery of long-overdue loans and factoring receivables during the Year.

Administrative expenses mainly comprised staff costs, travelling expenses, depreciation, legal and professional fees which totalled HK\$51.2 million for the Year, representing a decrease of HK\$2.0 million as compared with HK\$53.2 million in the Previous Year. The decrease was mainly due to (i) reduction in staff costs as a result of streamlining the workforce; and (ii) decrease in directors' emoluments.

Finance costs amounted to HK\$155.5 million for the Year, representing a decrease of HK\$18.0 million as compared with HK\$173.5 million in the Previous Year. The decrease was mainly due to (i) refinancing of the bank loan from Shaanxi Qinnong Rural Commercial Bank Company Limited in December 2024, which resulted in a lower interest rate; and (ii) repayment of high-interest other borrowings during the Year.

For the Year, the Group recorded a loss of HK\$345.6 million (2024: HK\$385.1 million) mainly due to (i) drop in revenue from financial guarantee and other financing services and property investment businesses; and (ii) substantial loss on fair value change of investment properties due to the unfavourable conditions in the Chinese property and consumer market downturn and was partially compensated by (i) the reversal of allowance under expected credit loss model, net; and (ii) gain from derecognition of financial liabilities.

### **Liquidity and Financial Resources**

As at 31 March 2025, the bank balances and cash and pledged bank deposits amounted to HK\$26.8 million in total, representing a decrease of HK\$37.7 million from HK\$ HK\$64.5 million in the Previous Year. The decrease was mainly due to (i) repayment of bank and other borrowings; (ii) daily operating expenses of the Group; and (iii) reduction of pledged bank deposit for financial guarantee business during the Year.

As at 31 March 2025, the bank and other borrowings of the Group which were mainly denominated in HK\$, RMB and United States Dollars (“US\$”) amounted to HK\$1,641.4 million (31 March 2024: HK\$1,432.8 million), representing an increase of HK\$208.6 million from that of 31 March 2024, of which HK\$529.9 million and HK\$1,111.5 million were repayable within one year and more than one year respectively.

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

#### ***6.5% Coupon Bonds***

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



On 23 August 2021, the Company and Mr. Li (as the guarantor), with the approval of the bondholders of the 6.5% Coupon Bonds, executed the second deed of amendment to amend certain terms and conditions of the bond instrument of the 6.5% Coupon Bonds, pursuant to which the maturity dates of the 6.5% Coupon Bonds were extended for one 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 one 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.

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

The 6.5% Coupon Bonds were matured in August 2024 but have not yet been settled. 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\$8.5 million 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\$10.0 million 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 principals and interest 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 provide an update on the progress of the matter as and when appropriate. The Company has also been actively negotiating with the remaining bondholders of the 6.5% Coupon Bonds to extend the repayment of the matured principals and interest.



### ***13.0% Coupon Bonds***

During the year ended 31 March 2025, the Company received a notice from a limited company incorporated in Hong Kong (the “**Lender**”) in relation to the Lender’s purchase of the rights and benefits of the 13.0% coupon bonds from the original bondholders. The Company and the Lender eventually came up with a new repayment plan for the 13.0% coupon bonds and a new agreement in the form of a loan arrangement was entered into by both parties in March 2025. The key terms of the new agreement included: (i) a reduction of the principal amount to US\$17.3 million (approximately HK\$135.0 million); (ii) an extension of the maturity date to 14 January 2027; (iii) a reduction of the interest rate from 13.0% per annum to 6.5% per annum; and (iv) a waiver of the defaulted interest.

As at 31 March 2025, the Group recorded net current liabilities of HK\$573.2 million (31 March 2024: HK\$1,454.0 million) and the current ratio of the Group calculated as the Group’s current assets over its current liabilities was 0.54 (31 March 2024: 0.34). The improvement in the current ratio was mainly due to the significant decrease in current liabilities as a result of reclassification of certain liabilities which were current liabilities as at 31 March 2024 as non-current as they will be due more than twelve months after 31 March 2025. This reclassification includes the refinancing of the bank loan from Shaanxi Qinnong Rural Commercial Bank Company Limited in December 2024, totaling HK\$981.5 million as of 31 March 2025, with HK\$975.1 million of this amount repayable in more than twelve months after 31 March 2025.

### **Share Capital**

As at 31 March 2025, the authorised share capital and issued share capital of the Company were HK\$625.0 million and HK\$11.69 million respectively (31 March 2024: HK\$625.0 million and HK\$11.69 million respectively). There were no changes in the authorised share capital and issued share capital of the Company during the Year.

### **Gearing Ratio**

The Group’s gearing ratio as at 31 March 2025 was 0.86 (31 March 2024: 0.77) which was calculated based on the Group’s total liabilities of HK\$2,686.0 million (31 March 2024: HK\$2,761.2 million) and the Group’s total assets of HK\$3,124.6 million (31 March 2024: HK\$3,587.8 million). The increase in the gearing ratio was mainly due to substantial loss arising from the devaluation of investment properties during the Year.

### **Material lending transactions**

As part of the normal course of business of the Group, the Group provided certain financial services to its customers, which included (i) provision of various type of lending, for instance, factoring loans; entrusted loans; and other loans etc.; and (ii) provision of financial guarantee service. Details of the Group’s lending business as at 31 March 2025 are as follows:

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

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

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

**(ii) *Major terms of loans/financial guarantee granted***

The interest rate of the loans were ranging from 2.0% to 12.5% per annum and all of the loans as at 31 March 2025 had matured. All of the loan receivables as at 31 March 2025 were guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations, of which 84.3% were also secured by (i) operating income; (ii) the deforestation right owned by the customers; (iii) trade receivables and (iv) share pledge of the customers and its subsidiaries. As at 31 March 2025, HK\$112.2 million of the loan receivables were overdue. Based on the valuation performed by a qualified valuer, expected credit loss of HK\$16.9 million was provided for the Year which net off with the reversal of expected credit loss of HK\$38.3 million. To reduce the risk of bad debt, the Group has implemented certain measures, such as issuing reminders and warning letters to the customers, obtaining further collaterals (like share pledge of the customer or its subsidiaries) from the customers, closely monitoring the cash inflow from their receivables.

In respect of the provision of financial guarantee service during the Year, the guarantee and consultancy services fee (in aggregate) charged to the customers were ranging from 3.0% to 5.0% of the loan principal per annum except the guarantee fee charged to individual customers who are applying property mortgage loan which involved low-level of risk and insignificant amount, the Group generally charges a fixed sum ranging from RMB400 to RMB700 per case. Except for the financial guarantee granted to the customers who are applying property mortgage loan, all of the guarantee arrangements are counter-guaranteed by the legal representatives, shareholders of the customers and/or independent third party corporations.

**(iii) *The size and diversity of customers***

As at 31 March 2025, the Group had total loan receivables amounting to HK\$112.2 million and a summary of the customer diversity classified by the size of principal is as follows:

<b>Principal range</b>	<b>Lending</b>
	Number of customers/ (Total lending principal (HK\$))
Below HK\$10 million	9/HK\$30.5 million
HK\$10 million – HK\$20 million	2/HK\$33.8 million
HK\$20 million – HK\$30 million	2/HK\$47.8 million
HK\$30 million – HK\$40 million	0/HK\$Nil million

The amounts of lending to the five largest customers (in aggregate) amounted to approximately HK\$91.1 million. They accounted for approximately 81.2% of the total loan receivables of the Group as at 31 March 2025.

In response to the challenging credit environment in China, the Group has temporarily ceased to acquire new financial guarantee businesses. Therefore, there were no guarantee sums provided by the Group to lenders as at 31 March 2025.

## IMPAIRMENT LOSS

For the Year, the Group recognized the reversal of loss allowance on loan receivables and factoring receivables of approximately HK\$20.7 million and HK\$17.6 million respectively and recognized impairment loss on factoring receivables of approximately HK\$16.9 million under ECL.

Events and circumstances that led to the Group in recognizing impairment of its loans, factors would normally include (a) delay or default in settlement of loan interest or loan principal amounts by the borrower on due dates; and (b) existing or forecasted adverse changes in business, financial or economic conditions that were expected to cause a significant decline in the borrower's ability to meet its debt obligations.

By the end of March 2025, the Company was aware of the abovementioned events and circumstances when the impairment was reviewed by Vincorn Consulting and Appraisal Limited (the “**Independent Valuer**”) and was agreed by the Company's auditor. The abovementioned events and circumstances were not anticipated by the Company at the time when the loans were granted.

**(i) Additional information on the reversal of loss allowance on loan receivables**

Details of the reversal of loss allowance on loan receivables recognized for the year ended 31 March 2025 are as follows:

No.	Names of Borrowers	Reversal of loss allowance made for the year ended 31 March 2025 <i>HK\$'000</i>	Latest maturity date	Gross carrying amount of loan receivables as at 31 March 2025 <i>HK\$'000</i>	Gross carrying amount of loan receivables as at 31 March 2024 <i>HK\$'000</i>	Net carrying amount of loan receivables as at 31 March 2025 <i>HK\$'000</i>	Net carrying amount of loan receivables as at 31 March 2024 <i>HK\$'000</i>
1	Shaanxi Gun Shi Xin Tian Di Cultural Investment Company Limited	(9,153)	2022-09-07	22,561	31,866	–	–
2	Shaanxi Long Yuan Landscaping Engineering Company Limited	(11,195)	2022-09-28	7,207	18,438	–	–
3	Individual A	(150)	2025-10-28	–	6,887	–	6,737
4	Individual B	(205)	2025-10-28	–	5,290	–	5,085
	Sub-total	(20,703)		29,768	62,481	–	11,822
	Other borrowers	–		22,239	22,403	–	–
	<b>Total</b>	<b>(20,703)</b>		<b>52,007</b>	<b>84,884</b>	<b>–</b>	<b>11,822</b>

The reversal of loss allowance on loan receivables for the year ended 31 March 2025 mainly includes the reversal of loss allowance for ECL of the loan receivables of the Group due from Shaanxi Gun Shi Xin Tian Di Cultural Investment Company Limited<sup>#</sup> (“**Gun Shi**”) in an amount of approximately HK\$9.2 million and Shaanxi Long Yuan Landscaping Engineering Company Limited<sup>#</sup> (“**Long Yuan**”) in an amount of approximately HK\$11.2 million.

Gun Shi, a company principally engaged in the food & beverage and entertainment business in the PRC, was granted a loan of RMB26,000,000 on 7 September 2020, with an initial loan period of one year, later extended to 7 September 2022. Initially, it was expected that the COVID-19 pandemic would be under control by the end of 2021, thereby allowing Gun Shi's revenue to rebound to pre-pandemic level in 2022. However, the COVID-19 pandemic continued to spread at the end of 2021 in Xi'an with lockdowns starting in late December 2021. Continued intermittent lockdowns caused a significant disruption to Gun Shi's food & beverage and entertainment business, with extended lockdowns and social distancing measures leading to a sharp decline in customer visits to entertainment venues and a corresponding decline in revenue and profitability. Consequently, Gun Shi experienced constrained cash flow from its operations, making it unable to settle its outstanding loan receivables upon maturity.

Long Yuan, a company principally engaged in the provision of landscaping engineering services in the PRC, was granted a loan of RMB15,000,000 on 28 September 2020, with an initial loan period of one year, later extended to 28 September 2022. Initially, it was expected that Long Yuan's revenue and profit would be stable in 2022, presuming the COVID-19 pandemic would be under control by the end of 2021. However, as the COVID-19 pandemic continued to spread at the end of 2021, the cash flows of its customers were severely affected, with landscaping projects delayed or cancelled as a result of the lockdowns that began in late December 2021 in Xi'an and continued intermittently. The spread of the COVID-19 pandemic, along with a downturn in the real estate market in the PRC adversely affected profitability, leading to a decrease in Long Yuan's revenue, net profit, and the recoverability of trade receivables from its customers. Consequently, Long Yuan experienced constrained cash flow from its operations, making it unable to settle its outstanding loan receivables upon maturity.

As of 31 March 2024, the loan receivables due from Gun Shi and Long Yuan had been overdue for more than 15 months and, accordingly, the loans were classified as "Loss" and ultimately assigned to stage 3 (2023: Stage 2) with a C credit rating. The loans assigned with the C credit rating were considered to have 100% probability of default by reference to Moody's Corporation's credit rating scheme. Based on the credit risk and the impairment assessment under ECL model, the loan receivables due from Gun Shi and Long Yuan were fully impaired for the year ended 31 March 2024.

During the year ended 31 March 2025, the Company recognized the reversal of loss allowance on loan receivables from Gun Shi and Long Yuan of approximately HK\$20.3 million in total under ECL model as approximately HK\$20.3 million in total had been recovered from the overdue loan receivables from Gun Shi and Long Yuan.

During the year ended 31 March 2025, the Company had in discussions with Gun Shi and Long Yuan regarding proposed repayment plans, and they had tentatively agreed to the following proposed repayment plans:

### *Gun Shi*

As of 13 December 2024, the outstanding principal of the loan receivable from Gun Shi was RMB23,850,000 (the “**Outstanding Principal 1**”). Gun Shi is required to repay at least 20% of the Outstanding Principal 1 by 30 June 2025 and the total repayment of which should reach at least 65% by 31 December 2025. The Outstanding Principal 1 should be fully settled by 31 March 2026.

During the period from 13 December 2024 to 31 March 2025, the Group has received RMB6,900,000 from Gun Shi for the settlement of the Outstanding Principal 1.

### *Long Yuan*

As of 13 December 2024, the outstanding principal of the loan receivable from Long Yuan was RMB12,900,000 (the “**Outstanding Principal 2**”). Long Yuan was required to repay at least 30% of the Outstanding Principal 2 by 30 June 2025. The Outstanding Principal 2 should be fully settled by 31 December 2025.

During the period from 13 December 2024 to 31 March 2025, the Group has received RMB8,600,000 from Long Yuan for the settlement of the Outstanding Principal 2.

The proposed repayment plans were developed based on a thorough assessment of the financial circumstances of Gun Shi and Long Yuan, including their recent financial conditions, profit forecasts, cash flow projections and business contracts. This analysis enabled the Company to structure repayment schedules that align with their financial capabilities and expected cash flows, ensuring Gun Shi and Long Yuan to meet their financial obligations.

If Gun Shi and Long Yuan are unable to repay the loans as agreed, the Company will institute the legal proceedings to seek immediate payment. Our objective is to find a solution that is mutually beneficial for both the Company and Gun Shi and Long Yuan whilst, at the same time, safeguard the best interests of the Company in relation to loan recovery.

**(ii) Additional information on the impairment loss allowance (reversal of loss allowance) on factoring receivables**

Details of the impairment loss allowance/reversal of loss allowance on factoring receivables recognized for the year ended 31 March 2025 are as follows:

No.	Names of Borrowers	Loss allowance (reversal of loss allowance) made for the year ended 31 March 2025 HK\$'000	Latest maturity date	Gross carrying amount of factoring receivables as at 31 March 2025 HK\$'000	Gross carrying amount of factoring receivables as at 31 March 2024 HK\$'000	Net carrying amount of factoring receivables as at 31 March 2025 HK\$'000	Net carrying amount of factoring receivables as at 31 March 2024 HK\$'000
1	Xi'an Dewantong Commercial Operation and Management Company Limited	(13,838)	2022-10-29	20,661	34,631	–	–
2	Xi'an Chuang De Technology Company Limited	12,026	2023-06-24	16,200	17,050	–	12,742
3	Company A	(2,575)	2024-03-06	614	10,750	470	8,034
4	Company B	(1,207)	2024-03-06	472	10,120	359	8,802
5	Company C	2,068	2024-06-15	9,401	9,286	7,188	9,122
6	Company D	2,079	2024-06-14	9,401	9,286	7,188	9,133
7	Company E	22	2022-10-29	1,048	4,538	–	3,504
	Sub-total	(1,425)		57,797	95,661	15,205	51,337
	Other borrowers	667		2,384	2,404	–	665
	<b>Total</b>	<b>(758)</b>		<b>60,181</b>	<b>98,065</b>	<b>15,205</b>	<b>52,002</b>

The reversal of loss allowance on factoring receivables for the year ended 31 March 2025 mainly includes the reversal of loss allowance for ECL of the factoring receivables of the Group due from Xi'an Dewantong Commercial Operation and Management Company Limited (“**Dewantong**”) of approximately HK\$13.8 million and the impairment loss allowance on factoring receivable for the year ended 31 March 2025 mainly includes the loss allowance for ECL of the factoring receivable of the Group due from Xi'an Chuang De Technology Company Limited (“**Chuang De**”) of approximately HK\$12.0 million.



Dewantong, a company principally engaged in property development, leasing and management, and operation of warehouse and logistics centers in the PRC, was granted a factoring loan of RMB30,550,000 on 29 October 2021, with a loan period of one year. Initially, it was expected that Dewantong's revenue and profit would remain stable in 2022. However, the unexpected continuation of the COVID-19 pandemic and a sudden downturn in China's property market significantly undermined consumers' confidence and severely impacted Dewantong's financial performance. The high vacancy rate of property leasing, low rental income, and delays and cancellations in decoration and renovation projects, resulted in substantial overdue trade receivables and exacerbated Dewantong's cash flows. As Dewantong was unable to collect its outstanding trade receivables in a timely manner, it experienced constrained cash flow from its operations, ultimately leading to its inability to settle its outstanding factoring receivables upon maturity.

As of 31 March 2024, the factoring receivable due from Dewantong had been overdue for more than 15 months and accordingly, the factoring loan was classified as "Loss" and ultimately assigned to stage 3 (2023: Stage 2) with a C credit rating. The loan assigned with C credit rating was considered to have with 100% probability of default by reference to Moody's Corporation's credit rating scheme. Based on the credit risk and the impairment assessment under ECL model, the factoring receivable due from Dewantong was fully impaired for the year ended 31 March 2024.

During the year ended 31 March 2025, the Company recognized the reversal of loss allowance on factoring receivables from Dewantong of approximately HK\$13.8 million under ECL model as approximately HK\$13.8 million was recovered from the overdue factoring receivables from Dewantong.

Chuang De, a company principally engaged in smart fire alarm system project in the PRC, was granted a factoring loan of RMB15,000,000 on 24 June 2022, with a loan period of one year. Initially, it was expected that Chuang De's revenue and profit would be stable in 2023. However, as the downturn in the real estate market in the PRC led to a surge in overdue payments and project cancellations, severely impacting Chuang De's profitability and causing a decline in revenue, net profit, and the recoverability of trade receivables. Consequently, Chuang De experienced constrained cash flow from its operations, making it unable to settle its outstanding factoring receivables upon maturity.

As of 31 March 2025, the factoring receivable due from Chuang De had been overdue for more than 15 months and accordingly, the factoring loan was classified as "Loss" and ultimately assigned to stage 3 (2024: Stage 2) with a C credit rating. The loan assigned with C credit rating was considered to have 100% probability of default by reference to Moody's Corporation's credit rating scheme. Based on the credit risk and the impairment assessment under ECL model, the factoring receivable due from Chuang De was fully impaired for the year ended 31 March 2025.

During the year ended 31 March 2025, the Company held in discussions with Dewantong and Chuang De regarding proposed repayment plans, and they had tentatively agreed to the following proposed repayment plans:

### ***Dewantong***

As of 13 December 2024, the outstanding principal of the factoring receivable from Dewantong was RMB24,250,000 (the “**Outstanding Principal 3**”). Dewantong is required to repay at least 20% of the Outstanding Principal 3 by 30 June 2025 and the total repayment of which should reach at least 65% by 31 December 2025. The Outstanding Principal 3 should be fully settled by 31 March 2026.

During the period from 13 December 2024 to 31 March 2025, the Group has received RMB7,000,000 from Dewantong for the settlement of the Outstanding Principal 3.

### ***Chuang De***

As of 31 March 2025, the outstanding principal of the factoring receivable from Chuang De was RMB14,100,000 (the “**Outstanding Principal 4**”). Chuang De is required to repay at least 30% by 31 December 2025 and the total repayment of which should reach at least 60% by 30 June 2026. The Outstanding Principal 4 should be fully settled by 31 December 2026.

The proposed repayment plans were developed based on a thorough assessment of the financial circumstances of Dewantong and Chuang De, including their recent financial conditions, profit forecasts, cash flow projections and business contracts. This analysis enabled the Company to structure repayment schedules that align with their financial capabilities and expected cash flows, ensuring Dewantong and Chuang De to meet their financial obligations.

If Dewantong and Chuang De are unable to repay the loans as agreed, the Company will institute the legal proceedings to seek immediate payment. Our objective is to find a solution that is mutually beneficial for both the Company and Dewantong and Chuang De whilst, at the same time, safeguard the best interests of the Company in relation to loan recovery.

## **(iii) The valuation method**

In respect of the determination of the ECL of loan receivables and factoring receivables, the Group engaged the Independent Valuer to carry out a valuation as at 31 March 2025. In determining the valuation method, the Independent Valuer has considered the following valuation approaches, which are the appropriate methodologies in accordance with the HKFRS 9:

### ***1. Simplified Approach***

Applied to trade receivables (including goods and services, operating lease and financial guarantee contracts), taking into account historical provision rates.

## 2. *General Approach*

Adopted for financial assets for not eligible which are comprising 3 stages based on credit risk.

Stage 1: Assets without a significant increase in credit risk since initial recognition are measured using 12-month ECL.

Stage 2: Assets with a significant increase in credit risk since initial recognition are measured using a lifetime ECL.

Stage 3: Credit impaired assets are measured using a lifetime ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Independent Valuer adopted general approach for loan and factoring receivables to calculate the ECL. The Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Due to the significant amounts and different risk characteristics of the loan and factoring receivables, the ECL of the loan and factoring receivables will be assessed on an individual basis.

The ECL rate of each risk level was derived from the formula below:

$$\text{ECL Rate} = \text{Probability of Default} \times (1 - \text{Recovery Rate}) \times (1 + \text{Forward-Looking Adjustment})$$

The major inputs applied in the valuation include the probability of default (the “**PD**”), recovery rate (the “**Recovery Rate**”) and forward-looking adjustment (the “**FLA**”). Key inputs of the valuation are shown below:

For Stage 1	For the year ended 31 March 2025	For the year ended 31 March 2024
1. PD	6.19%	2.27% – 5.33%
2. Recovery Rate	38.90%	36.40%
3. FLA	3.66%	14.29%
4. ECL Rate	3.92%	1.65% – 3.87%
For Stage 2	For the year ended 31 March 2025	For the year ended 31 March 2024
1. PD	37.18%	35.95%
2. Recovery Rate	38.90%	38.50%
3. FLA	3.66%	14.29%
4. ECL Rate	22.72%	25.27%
For Stage 3	For the year ended 31 March 2025	For the year ended 31 March 2024
1. PD	100.00%	100.00%
2. Recovery Rate	0.00%	0.00%
3. FLA	N/A	N/A
4. ECL Rate	100.00%	100.00%

For stage 1, the industry PDs are sourced from “Annual default study: Corporate default rate to fall below its longterm average in 2025” issued by Moody’s Corporation. With the PD of each industry, a respective credit rating is assigned to the industry by referencing to Moody’s Corporation again, and we referenced to Moody’s Corporation for the Recovery Rate.

For stage 2, as most of the debtors are overdue for more than 1 year, a Ca-C credit rating is assigned to reflect their higher credit risk, the PD and the Recovery Rate are matched with the credit rating and sourced from Moody’s Corporation.

For stage 3, the debtors are assigned with a C credit rating and considered default, 100% ECL rate is adopted.

The FLA was derived by logit regression analysis, which the dependent variable is the logit of PD while the independent variable is the percentage change of Gross Domestic Product (the “GDP change”) of China. The PD is referenced to Moody’s Corporation and the GDP change is sourced from International Monetary Fund. The FLA as of 31 March 2025 is 3.66%.

Every year, Moody’s Corporation release their default studies, updating default data like PD and Recovery Rate based on the number of defaults and global economic changes. These updates result in small, insignificant changes to the data as of 31 March 2025 compared to the data as of 31 March 2024. However, the FLA has undergone significant changes, which statistical regression analysis tailoring for China is adopted to derive the effect to forecasted PD contributed by GDP change of China. Unlike the FLA as of 31 March 2024, the Moody’s Corporation considered global macro and microeconomic indicators and worst-case scenarios when deriving forecasted PD, however, it did not account for the geographic location factor and the weightings to pessimistic scenarios were subjectively assigned based on too conservative consideration, which resulted in rising of FLA. Therefore, the FLA as of 31 March 2025 is significantly decreased compared with 31 March 2024.

The Independent Valuer has obtained information prepared by the management of the Group and considered all relevant factors during the valuation period, including but not limited to the following factors: (i) the asset information list as of the valuation date; (ii) the overall economic outlook and market factors that affect the ECL of the assets; (iii) other reliable sources of market information; and (iv) other factors that have a significant impact on the ECL of the assets.

The Independent Valuer is a professional valuation firm in valuation advisory services. The Independent Valuer is registered as a firm regulated by the Royal Institution of Chartered Surveyors and is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

**(iv) The actions taken by the company to recover those overdue loan and factoring receivables**

At the end of each month, overdue loan receivables and factoring receivables are reviewed leading to internal discussions on a case-by-case basis about appropriate recovery actions. This approach ensures that the Company can maximize recovery in the most timely manner possible.

The Group will continue to pursue recovery actions to facilitate timely collection of outstanding loans and factoring receivables. Recovery actions may include, but are not limited to issuing reminders and warning letters, obtaining additional collateral, closely monitoring cash inflows from receivables, and if necessary, the Company will initiate legal proceedings against borrowers to recover loan and factoring receivables.

## **(v) Assessment and view of the Board**

The Board had considered, among other things, the methodology and basis adopted in determining the impairment provisions in relation to the Group's loan receivables and factoring receivables in accordance with Hong Kong Financial Reporting Standard 9. There was no material change in the valuation method or basis adopted in the impairment assessment and valuation of its assets, and the significant impairment loss recorded by the Group as at 31 March 2025 was mainly due to the change in circumstances of the relevant assets which in turn affects the value of inputs used in the valuation.

Having considered the current market situation and on the basis that the methodology and basis of impairment assessment adopted are commonly used in the market and are generally consistent with the practice adopted by the Group in previous financial years and/or supported by valuation conducted by the Independent Valuer, the Directors are of the view that such methodology and basis are fair and reasonable.

## **Foreign Currency Exposure**

The Group's revenue, expenses, major assets and liabilities were mainly denominated in HK\$, RMB and US\$. During the Year, the exchange rate of RMB to HK\$ depreciated slightly. As HK\$ is pegged to US\$, the Directors considered that the foreign currency risk of the Group was relatively low.

## **Contingent Liabilities and Charge on Assets**

Save as disclosed in Note 16 of this announcement, the Group did not have any significant contingent liabilities.

As at 31 March 2025, the Group had pledged (i) bank deposits of HK\$21.3 million to certain banks as security for the banks' provision of loans to the Group's financial guarantee services customers; (ii) leasehold land and buildings with carrying value of HK\$19.7 million to secure obligations under banking facilities; and (iii) certain investment properties with fair value of HK\$2,302.0 million and equity interest in certain subsidiaries to secure obligation under certain bank and other borrowings and the 6.5% Coupon Bonds.

## **Capital Commitments**

As at 31 March 2025, the Group had capital commitments contracted but not provided for amounting to HK\$24.8 million in respect of the development of Chinlink • Worldport. Details of the commitments are set out in Note 18 of this announcement. The Group will fund the capital commitments through cash generated from operations, bank and other borrowings and borrowings from the controlling shareholder of the Company and disposal of assets.

## **Events after the reporting period**

There is no significant subsequent event after the year end date of 31 March 2025.

## **Final Dividend**

The Directors do not recommend the payment of final dividend for the Year (2024: Nil).

## **Major Risks**

The major risks that may affect the Group's business are outlined below:

### ***Economic Risk***

The Group's core businesses and properties are located in Hong Kong and China. As such, the general policies and politics, and fiscal and monetary policies of the governments of Hong Kong and China may have a direct or an indirect economic impact on the Group. The Group closely monitors the economic environment, evaluates the situation and adjusts its strategy as needed to mitigate these risks.

### ***Credit Risk***

The Group's exposure to credit risk results from trade debtors and loan receivables arising from the sale of goods, rendering of services to customers and providing loans to customers, and the provision of guarantees to lending banks in favour of customers obtaining loans provided by the lending banks. The Group has a credit policy in place and credit risk is monitored on an ongoing basis. Individual credit assessments are carried out to determine the credit limits and terms which are reviewed on a regular basis.

### ***Liquidity Risk***

The Group manages its liquidity risk by closely monitoring its current and expected liquidity requirements, ensuring that there is sufficient liquid cash, committed bank facilities and/or loans from its controlling shareholder to meet its funding needs. In addition, the Group continuously monitors its compliance with loan covenants.

### ***Compliance Risk***

The Group recognises the risks of non-compliance with regulatory requirements. The Group conducts ongoing reviews of applicable laws and regulations affecting its operations and provides relevant training and guidance to its staff.



## ***Relationship with Employees, Customers and Suppliers***

As at 31 March 2025, the Group had 11 employees in Hong Kong, 159 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. Maintaining good relationships with customers and suppliers is fundamental to the Group's operational performance and continued financial success.

## **PROSPECTS**

China's economy continues to face both internal and external challenges amid a turbulent geopolitical environment.

Deflationary pressures continue to weigh on the Chinese economy, as evidenced by the decline in the consumer price index. Consumer confidence remains low, partly due to the prolonged depressed performance of the real estate sector, which has led to falling housing prices and their adverse wealth effect. China's move to cut key lending rates to a six-year low is likely to have a mild impact on home sales. Many prospective buyers are still tightening their belts, as years of economic slowdown resulting from the COVID-19 lockdown and trade war against US continue to pose a threat to job security. The loss in value of home properties further eroded household wealth. The level of unsold housing inventory remains high. Sales of new homes and the start and completion of housing projects all declined month to month, albeit on a lesser scale. Home prices continued a mild decline. Potential home buyers are more rational and cautious about their spending rather than replenishing their savings for further economic turbulence.

Global geopolitical stability became highly vulnerable when the new US Administration came into office. The deployment of new tariffs against most countries worldwide is chaotic, inconsistent and in pursuit of ill-defined objectives. It not only disrupts global trade but also undermines America's credibility as a reliable economic partner. With the rising US government debt at an alarming pace, foreign investors are concerned about the stability of US Treasury Bonds and question about the US dollar's future as the world's reserve currency.

At this moment, China has just started negotiations with the United States over tariffs and export controls, and the uncertainties continue to cause economic pain to the Chinese economy. Although China's reliance on the US market has decreased over the past few years through diversification to other markets, such as ASEAN and the Global South countries, the US tariff will still cast doubt on the growth of China's GDP. Any substantial tariff charge on Chinese exports of consumer goods, such as textiles and garments, toys, and electronic appliances, will hurt the businesses of many export-reliant private small and medium-sized manufacturers, leading to a substantial increase in unemployment. This is counterproductive to the Chinese government's efforts to boost domestic consumption and offset the impact of the trade war.



All in all, the Group believes the current market environment in China and Hong Kong is not favourable to the Group's business. The sluggish property market has disrupted the Group's presale plan for the Phase Two loft developments over the last two years. The selling price adjusted downward under market pressure. At the same time, the construction costs were inflated from the original projection owing to the periodic lockdown during the COVID-19 period. Although construction works resumed late last year, the presale has made little progress in the current challenging real estate market. Tower I and the surrounding commercial area are expected to be completed by the first quarter of 2026 and ready for occupation. The balance payment for presold units will be collected over time, which will improve the Group's cash inflow in the coming financial year. However, progress is still subject to market conditions. The foundation work for Tower II is also completed, but the building work for the upper floors has not begun due to market uncertainty.

Incomes from the Commercial Complex are not expected to show significant improvements compared to previous periods, given the current low consumer spending sentiment. The Group's primary focus is to maintain a high occupancy rate and retain existing clients.

As previously reported, the Group's financial services have been under pressure because of the poor business environment and credit squeeze. A large portion of the credit portfolio failed to repay on schedule during the past two years. Considerable loss provision was made for these non-performing credits. The Group has made good progress in recovering certain problem loans and receivables, as reported in the financial analysis section. We are committed to continuing this collection effort to safeguard the Group's assets. The Group will refrain from engaging in any new financing business unless there is a substantial improvement in the overall market environment and a satisfactory recovery of the loss provided for debt receivables.

The Group has been working diligently to transform the Chinlink • Worldport project in Hanzhong into a TCM and agricultural products integrated distribution hub, leveraging Hanzhong's status as one of the top cultivation centres for Chinese herbal medicine. The new project will involve collaborative efforts with industry experts from Bozhou, Anhui Province. Bozhou is China's capital of TCM and one of the largest centres for TCM production, distribution, and research. Details of the project plan will be decided and reported to update the progress of the matter as and when appropriate.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

During the Year, the Company complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules, except for the following 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 Weibin is the Chairman and the Managing Director of the Company (the Company regards the role of its Managing Director as the same as that of chief executive under the CG Code). The Board considered that the non-segregation would not result in excessive 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.

For details of the compliance and practice of corporate governance of the Company, please refer to the corporate governance report contained in the 2024/2025 Annual Report to be published in due course.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Before the publication of the Company’s results announcement, notifications were sent to the Directors and the relevant employees of the Company to remind them not to be involved in dealing in the Company’s securities during the blackout period. Having made specific enquiry of the Directors, all Directors confirmed that they complied with the required standards set out in the Model Code for the Year.

## **REVIEW OF FINANCIAL STATEMENTS**

As at the date of this announcement, the Audit Committee comprises a non-executive Director namely, Mr. Lam Wing Yiu; and three independent non-executive Directors namely, Ms. Lai Ka Fung, May (Chairman), Dr. Ho Chung Tai, Raymond and Ms. Chan Sim Ling, Irene. The Audit Committee has reviewed the Group’s consolidated financial statements for the Year and discussed the risk management and internal control and financial reporting matters.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **APPRECIATION**

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

## **EXTRACT OF INDEPENDENT AUDITORS' REPORT**

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the Year. The report includes paragraphs of material uncertainty related to going concern, without modification: In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss for the year of approximately HK\$345,594,000 (2024: HK\$385,126,000). As of 31 March 2025, the Group had net current liabilities of approximately HK\$573,228,000 (2024: HK\$1,454,031,000), while its bank balances and cash amounted to approximately HK\$5,497,000 (2024: HK\$7,606,000) only as at 31 March 2025. In addition, the Group had outstanding borrowings and bonds of approximately HK\$529,914,000 (2024: HK\$1,256,286,000) and HK\$110,797,000 (2024: HK\$266,363,000) respectively which were repayable on demand or due for repayment or renewal in the next twelve months after 31 March 2025. The Group has defaulted in repayment of principals and interest of borrowings and bonds of approximately HK\$145,160,000 (2024: HK\$178,348,000) and HK\$49,447,000 (2024: HK\$40,278,000) respectively as at 31 March 2025, as a result the carrying amounts of borrowings and bonds of approximately HK\$234,533,000 (2024: HK\$930,092,000) and HK\$110,797,000 (2024: HK\$163,988,000) respectively as at 31 March 2025 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\$234,533,000 (2024: HK\$947,805,000) and HK\$110,797,000 (2024: HK\$163,988,000) respectively as at 31 March 2025. Further details are set out in Note 13 and Note 14. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **PUBLICATION OF ANNUAL REPORT**

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited and the Company (<http://www.chinlinkint.com>).

The 2024/2025 Annual Report of the Company containing all information required by the Listing Rules will be dispatched to the shareholders of the Company as well as being made available on the aforesaid websites in due course.

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

Hong Kong, 30 June 2025

*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.*