



**CHINLINK INTERNATIONAL HOLDINGS LIMITED**  
(HKSE Stock Code: 0997)

**Announces 2015/16 Annual Results**  
**Substantial Gains from the Acquisition of a Wholesale and Retail Shopping Centre and**  
**International Trading Business**

**Financial Summary**

<i>For the year ended 31 March</i> <i>(Audited)</i>	<b>2016</b> <i>HK\$ million</i>	<b>2015</b> <i>HK\$ million</i>	<b>Change</b>
Revenue	<b>201.3</b>	252.4	-20.2%
Cost of sales and services	<b>150.0</b>	196.6	-23.7%
Gross profit	<b>51.3</b>	55.8	-8.1%
Gross profit margin	<b>25.5%</b>	22.1%	+3.4p.p.
Profit (Loss) for the period	<b>157.7</b>	(80.2)	- to +
Earnings (Loss) per share (HK cents)	<b>6.05</b>	(3.65)	- to +

[30 June 2016 – Hong Kong] Chinlink International Holdings Limited (the “Company” or “Chinlink”, HKSE Stock Code: 0997) announces the audited annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016 (the “Year”).

During the Year, the Group recorded an audited consolidated revenue of HK\$201.3 million, representing a decrease of 20.2% from HK\$252.4 million for the corresponding period of last year. The most significant revenue decline was from interior decoration work business attributable to the strategic repositioning of the Group by putting more emphasis and resources on developing finance business and in wholesale and retail shopping centre recently acquired and logistics park. However, revenue gains from international trading business, including supply chain finance, and the wholesale and retail shopping centre together compensated the shrinking revenue from interior decoration work business. International trading business and the wholesale and retail shopping centre had delivered

an encouraging performance, with revenue amounted to HK\$113.4 million (2015: HK\$72.5 million) and HK\$44.9 million (2015: Nil), representing 56.3% and 22.3%, respectively of total revenue as the top two revenue contributors during the Year.

Gross profit slightly decreased by 8.1% year-on-year from HK\$55.8 million to HK\$51.3 million while gross profit margin rose from 22.1% to 25.5% as property investment income had higher gross profit margin. The Group recorded a gain on bargain purchase of HK\$310.0 million from the acquisition of a piece of land with 58,698 square metres and a large wholesale and retail shopping centre selling building materials and home furnishings in 2015 (the “Acquisition”). However, this was partially net-offed by the increase in administrative expenses and finance costs as a result of the Group’s expansion and the Acquisition. The Group recorded profit attributable to shareholders of the Company of HK\$157.7 million, compared to a loss of HK\$80.2 million for the corresponding period of last year.

### **Business Overview**

During the Year, the Group continued to strengthen its foothold in the alternative finance business in order to deliver a comprehensive financing platform. Chinlink offers a variety of financing services including financing guarantee, finance leasing and supply chain finance to optimize the supply chain cash flow and efficiency for the small and medium-sized enterprises (SMEs) in China and Hong Kong. At the same time, the Group also employs logistics services as a tool to control the collateral inventory under financing. Targeting the same customer base, the Group successfully integrates financing services with logistics and business operations under a healthy supply chain ecosystem to provide customized supply chain finance solutions to our customers, and to build an effective system to manage the credit risks.

### **Financing Guarantee Service**

During the Year, the revenue of financing guarantee services amounted to HK\$20.2 million, representing a decrease of 25.2% from HK\$27.0 million of last year. The drop was mainly attributable to the tightening of bank credit line to the Group’s prospective clients, mostly China SMEs and, the adoption of a more conservative approach by the Group, amid a decelerating domestic economy as well as the narrowing of guarantee fee and consultancy fee charge rates as a result of multiple interest rate cuts during the Year.

Since Chinlink provides financing and logistics services to the clients of trade and logistics centres, offering “inventory-as-collateral” service enables the Group to have better means to manage and contain the credit risks. As a result, the asset quality of the financing guarantee business remains healthy with zero default rate since its inception.

## **International Trading**

Revenue of international trading business recorded a 56.4% growth to HK\$113.4 million in 2016, comparing to HK\$72.5 million of last year. The improvement was primarily because of the expansion of customer base and diversification to new trading service, i.e. supply chain finance.

The supply chain finance mainly focuses on procurement financing in Xi'an and Hong Kong, targeting at distributors of home electrical appliances and critical electronic parts and components and memory used in digital electronic products such as smartphones, tablets and storage devices. This kind of financing product can also hedge against the decelerating domestic economy and rising credit quality pressure because the Group can access to the clients' supply chain operations and first-hand information on their business performance.

## **Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch)**

On 31 August 2015, the Group acquired Daminggong Construction Materials and Furniture Shopping Centre (Dongsanhuan Branch), a wholesale and retail shopping centre located in the eastern part of Xi'an. This strategic Acquisition not only strengthened the Group's asset base, but also broadened the revenue mix in the forms of rental and management service fees, as well as expanding the client pool for the Group's finance and logistics services. In the past years, the occupancy rate of the shopping centre had been constantly around 90% with approximately 600 tenants. The tenants are valuable resources for cross-selling the Group's finance and logistics businesses.

## **Chinlink•Worldport Integrated Logistics Park**

The progress of the Chinlink•Worldport Integrated Logistics Park ("Chinlink•Worldport") has been reassuring, as Phase I is expected to be completed and in operation in the fourth quarter of 2016. In addition, the Group also entered into a letter of intent with Hantai District People's Government of Hanzhong Municipality, Shaanxi Province, China in October 2015 to co-develop the only Hanzhong base national Qinba Chinese Herbal Medicine Trading Centre in Chinlink•Worldport. Leveraged on its locational excellence and strong support from the local government, Chinlink•Worldport will become a regional trade and logistics hub for the southwestern area of Shaanxi Province and the nearby provinces and cities in the near future. Also, it demonstrates as a showcase for Chinlink's unique business proposition of integrating both finance and logistics services to achieve a synergy effect under an enclosed supply chain ecosystem.

## **Outlook**

Looking forward, Mr. Siu Wai Yip, Executive Director of Chinlink, commented, "Shortage of funding remains a critical issue for SMEs in China, and the recent economic slowdown only magnifies the problem. Leveraged on our comprehensive financing platform, Chinlink will keep on devoting effort to strengthen its position as an alternative finance service provider to optimize supply chain cash flow

and efficiency for SMEs in China and Hong Kong. We strike to seek growth through the newly emerged supply chain finance business. With the captive customer base in our collaborated trade and logistics centres in Xi'an and the soon to open Chinlink•Worldport in Hanzhong, Shaanxi Province, and partnering with supply chain logistics operators in Hong Kong and Shenzhen, we believe the supply chain financing will have a great demand thus it will be a strong growth driver in our revenue portfolio.

Another growth driver will be our finance leasing business. Industrial upgrade and step up of exports of products and technology are focused under China's '13<sup>th</sup> Five-Year Plan', which will drive the demand of high-end machineries and facilities. As a result, strong demand for finance leasing is expected. With improved regulations and the support from Xi'an's local authority, e.g. concessionary profit tax, etc., we will provide finance leasing service focusing on the industries such as healthcare, infrastructure, public transport and environmental protection facility, etc. and are well-prepared to achieve a sizable leasing portfolio within the first 12 months of operation.

Chinlink's existing business operations and investments are mainly in Shaanxi Province with a major focus in Xi'an, the capital of the Province. Under the 'Open Up the West' and the 'One Belt, One Road' economic development plans, Xi'an is a designated growth centre to drive the transformation of China's under-developed western region into a national economic pole. With our clear strategic direction and as a first mover with local market knowledge and business network, given our unique position on offering comprehensive financing platform, Chinlink will stand to benefit from this transformation process and become a trusted and outstanding alternative finance service provider in the near future."

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#### **About Chinlink International Holdings Limited**

Chinlink International Holdings Limited is a listed company on the Main Board of Hong Kong Stock Exchange (Stock Code: 0997). Chinlink is an alternative finance service provider integrating logistics services into finance services to offer a comprehensive and unique financing platform, optimizing the supply chain cash flow and efficiency for the small and medium-sized enterprises in China and Hong Kong. For business particulars, please visit [www.chinlinkint.com](http://www.chinlinkint.com).

This press release is issued by DLK Advisory Limited on behalf of Chinlink International Holdings Limited. For enquiries, please contact:

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