



CHINLINK INTERNATIONAL HOLDINGS LIMITED
(Stock code: 0997.HK)

Announces Annual Results 2013/14
Successfully Rolled Out the Fast Growing & High-margin
Financing Guarantee Services & Logistics Services

Financial Highlights

<i>For the year ended 31 March</i>	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>	Change
Revenue	151.7	161.4	-6.0%
Cost of sales and services	(110.7)	(135.3)	-18.2%
Gross profit	41.0	26.1	+57.5%
Gross profit margin	27.0%	16.2%	+10.8p.p.
Loss for the year	(90.3)	(22.4)	+302.5%
Loss per share (HK cents)	(4.87)	(1.40)	+247.9%

[30 June 2014 – Hong Kong] **Chinlink International Holdings Limited** (“Chinlink” or the “Company”, stock code: 0997.HK) announces the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2014 (the “Year”). In the Year, the Group was successfully transformed into an integrated finance and logistics services provider.

The Group’s audited consolidated revenue for the Year decreased by 6.0% to HK\$151.7 million (2013: HK\$161.4 million). The decrease was mainly due to the decline in furniture and fixtures trading. The interior decoration work, furniture and fixtures trading, financing guarantee and logistics services accounted for 73.8%, 12.0%, 9.4% and 4.8% respectively of the total revenue (2013: 68.5%, 31.5%, 0% and 0%). Gross profit for the Year increased by 57.1% to HK\$41.0 million (2013: HK\$26.1 million), whereas gross profit margin improved from 16.2% to 27.0%. The substantial growth in gross profit margin was mainly attributable to the solid contribution from the two new high-margin businesses, namely the financing guarantee services and the logistics services. To fund the development of these two new businesses, there was a significant increase of HK\$57.2 million in finance costs mainly arising from the issue of 6.5% bonds with detachable warrants and 7.5%

convertible bonds during the Year. Coupled with the equity-settled share-based payments of HK\$15.4 million, the Group recorded a loss attributable to owners of the Company of HK\$90.3 million for the Year (2013: Loss of HK\$22.4 million).

During the Year, the Group recorded incomes from both logistics and financing guarantee services, implying that our new business model of “financial logistics” has been successfully rolled out. The financing guarantee services officially commenced in September 2013 in Shaanxi Province, China and registered revenue (including financing guarantee fee and consultancy fee) of HK\$14.3 million with a very high gross margin of over 90%, with only six months’ operation in the Year. As at 31 March 2014, the Group had a guarantee portfolio of RMB300.7 million (equivalent to approximately HK\$375.9 million). The Group is not limited to offer various traditional financing solutions, such as bank borrowing guarantee, trade finance guarantee and financing consulting services etc. With the co-operation of logistics services and equipped with “Chinlink LMIS”, the Group successfully launched a unique one-stop operation named as “inventory-as-collateral” which the clients pledged their inventory for financing guarantee services. For the logistics services, the segment recorded revenue of HK\$7.3 million with a gross profit margin of 63.2% for the Year. The Group extended its business to the provision of warehousing and inventory management services, logistics consultancy services and other value-added services in Xi’an City, Shaanxi Province.

Mr. Li Weibin, Chairman of the Group, comments: “After two years’ efforts, the two new businesses have begun to contribute satisfactory revenue and margin to the Group during the Year, which paved a solid foundation for its sustainable development in the years ahead. The Group will increase its warehouse spaces through new building and acquisition; improve and expand our logistics value-added services scope to include order management, vendor inventory management, delivery and distribution management etc., with the assistance of Chinlink LMIS; and to absorb clients’ outsourcing of their warehousing and transport operations. With the further penetration of our customer base (over 8,000 suppliers) in the three building materials trade and distribution centres in Xi’an City, as well as the expansions into e-commerce and supply chain procurement financing services, we will definitely secure larger income and profitability from the new businesses.”

Looking ahead, the Group will diversify its business scope in the coming year by:

- 1) Launching our O2O (online-to-offline) e-commerce platform by the end of 2014 by collaborating with Xi’an Da Ming Gong Construction Material and Furniture Company Limited to promote the special offering of packaged interior and household products for home fitting and decorating through online transactions and offline show flat displays installed in the distribution centre;
- 2) Building a logistics park within the bounded area in Xixian Airport New Area, Shaanxi Province for multinational electronic components manufacturers and distributors. We just began the preliminary stage negotiation with the Commission of Airport New City in the region;

- 3) Diversifying into supply chain procurement financing for the import of frozen meat to China through partnership with two large cold chain logistics operators in Tianjin City and Xi'an City. We planned to commence this operation by fourth quarter of 2014 and it will be an extension of our "financial logistics" business model; and
- 4) Building a logistics park in Hanzhong City, Shaanxi Province. In June, the Group successfully acquired the land use rights for the first phase development. The new building materials trade centre and logistics support facilities in Hanzhong logistics park are expected to be operative and start generating income before the coming financial year end.

About Chinlink International Holdings Limited

Chinlink International Holdings Limited is currently engaged in the provision of interior decoration work, including interior design and renovation services, and the trading of furniture and fixtures in Hong Kong and Macau. The Group has also successfully rolled out the financial and logistics services and provided a variety of value-added services.

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This press release is issued by DLK Advisory Limited on behalf of **Chinlink International Holdings Limited**.

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