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Global Link

國 聯 通 信 控 股 有 限 公 司

**Global Link Communications Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

**Third Quarterly Report 2019**

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “**Directors**”) of Global Link Communications Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## **HIGHLIGHTS**

Turnover for the nine months ended 31 December 2019 was approximately HK\$58,660,000 representing approximately 30% decrease from that of the corresponding period in 2018.

Loss attributable to equity shareholders of the Company for the nine months ended 31 December 2019 was recorded a substantial increase in loss which was approximately HK\$9,472,000, as compared with the loss of HK\$347,000 for the corresponding period of last year.

## **UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

The board of directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the three months and the nine months ended 31 December 2019 together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 31 December		For the nine months ended 31 December	
		2019	2018	2019	2018
		(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
	<i>Notes</i>				
<b>Revenue</b>	2	<b>24,042</b>	19,856	<b>58,660</b>	83,422
Cost of sales		<u>(19,510)</u>	(12,154)	<u>(47,608)</u>	(56,679)
Gross profit		4,532	7,702	11,052	26,743
Other revenue		947	995	4,244	3,887
Selling expenses		(2,893)	(6,282)	(8,464)	(15,055)
Administrative expenses		(3,555)	(3,123)	(9,714)	(9,046)
Other operating expenses		<u>(2,960)</u>	(1,733)	<u>(5,127)</u>	(6,666)
<b>Loss from operation</b>		<b>(3,929)</b>	(2,441)	<b>(8,009)</b>	(137)
Finance costs		<u>(134)</u>	(40)	<u>(304)</u>	(210)
<b>Loss before taxation</b>		<b>(4,063)</b>	(2,481)	<b>(8,313)</b>	(347)
Income tax	3	<u>(218)</u>	–	<u>(723)</u>	–
<b>Loss for the period</b>		<b><u>(4,281)</u></b>	<u>(2,481)</u>	<b><u>(9,036)</u></b>	<u>(347)</u>
<b>Other comprehensive loss:</b>					
Exchange differences on translating foreign operations		<u>193</u>	(193)	<u>(1,284)</u>	(2,524)
<b>Total comprehensive loss for the period</b>		<b><u>(4,088)</u></b>	<u>(2,674)</u>	<b><u>(10,320)</u></b>	<u>(2,871)</u>
<b>Loss attributable to:</b>					
Equity shareholders of the Company		<u>(4,489)</u>	(2,481)	<u>(9,472)</u>	(347)
Non-controlling interests		<u>208</u>	–	<u>436</u>	–
		<b><u>(4,281)</u></b>	<u>(2,481)</u>	<b><u>(9,036)</u></b>	<u>(347)</u>
<b>Total comprehensive loss attributable to:</b>					
Equity shareholders of the Company		<u>(4,296)</u>	(2,674)	<u>(11,187)</u>	(2,871)
Non-controlling interests		<u>208</u>	–	<u>867</u>	–
		<b><u>(4,088)</u></b>	<u>(2,674)</u>	<b><u>(10,320)</u></b>	<u>(2,871)</u>
<b>Loss per share (in HK cents):</b>	5				
– Basic and diluted		<u>(0.165)</u>	(0.119)	<u>(0.412)</u>	(0.017)

## NOTES TO THE INCOME STATEMENT

### 1. BASIS OF PREPARATION

The Group's unaudited quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

### 2. REVENUE

Revenue, which is also the Group's turnover, presents net of value-added tax, trade discounts and returns.

### 3. INCOME TAX

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the period (2018: Nil).

A PRC subsidiary of the Company, Guangzhou Global Link Communications Inc. ("Guangzhou GL"), was qualified as "High and new technology enterprise" and subject to concessionary rate of PRC enterprise income tax (the "PRC EIT") at 15%, which was granted for further three years starting from December 2017. The remaining PRC subsidiaries were qualified as "Small Low-profit Enterprise" and subject to a concessionary PRC EIT rate.

The Company and its subsidiaries incorporated in countries other than the PRC and Hong Kong are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

There was no significant unprovided deferred taxation for the nine months ended 31 December 2019.

### 4. DIVIDEND

The Board does not recommend a dividend for the nine months ended 31 December 2019 (2018: Nil).

## 5. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the three months ended 31 December 2019 of approximately HK\$4,489,000 (2018: approximately HK\$2,481,000) and the weighted average number of approximately 2,714,623,000 ordinary shares (2018: 2,088,808,000 ordinary shares) in issue during the period calculated.

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the nine months ended 31 December 2019 of approximately HK\$9,472,000(2018: approximately HK\$347,000) and the weighted average number of approximately 2,298,172,000 ordinary shares (2018: 2,088,808,000 ordinary shares) in issue during the period calculated.

### (b) Diluted loss per share

As there were no diluted shares during the three months and the nine months ended 31 December 2019 and for the three months and nine months ended 31 December 2018, the diluted loss per share was same as basic loss per share.

## 6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000
As at 1 April 2018	20,888	158,967	2,135	11,233	(96,133)	12,884	109,974
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(347)	-	(347)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	(2,524)	-	-	(2,524)
As at 31 December 2018	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>8,709</u>	<u>(96,480)</u>	<u>12,884</u>	<u>107,103</u>
As at 1 April 2019	20,888	158,967	2,135	9,661	(110,951)	14,585	95,285
Impact on initial application of HKFRS 16	-	-	-	-	(33)	-	(33)
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(9,472)	-	(9,472)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	(1,284)	-	-	(1,284)
Issue of new shares	11,750	29,140	-	-	-	-	40,890
As at 31 December 2019	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>8,377</u>	<u>(120,456)</u>	<u>14,585</u>	<u>125,386</u>

### Note:

- (a) The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiaries arising from group reorganisation in 2002.
- (b) Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of subsidiaries in the People's Republic of China (the "PRC").

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospects

During the period under review, Guangzhou Global Link Communications Inc. (“**Guangzhou GL**”), a subsidiary of the Company, focused on the delivery of the contracts, including the delivery and commissioning of part of the vehicle passenger information system for additional vehicles purchased on Caidian Line of Wuhan Metro Line and Guangzhou Metro Line 6. Guangzhou GL also provided spare parts and accessories for dozens of vehicle passenger information systems to various local metro operators and vehicle manufacturers. The sales of spare parts and accessories is the main source of revenue during the period.

During the period under review, 8000KM Free-Fault-Running (“**FFR**”) of both High-Speed Train ETS2 and High-Speed Train HMU in Malaysia was significant to enterprise technology and engineering protection. The management of Guangzhou GL closely organized and mobilized all the professional backbone of the Company to send to the local area in Malaysia. Under the unified allocation of vehicle manufacturers of the CRRC Corporation Limited (“**CRRC**”), 8000KM FFR of two new projects were finished in accordance with requirements of the contracts. It was a new experience for us to deliver products for these two projects which contained more than 200 operating stations with more than 10 lines operating. Under strict assessment of local government and operators, Guangzhou GL achieved the required standard, which reflects our overall strength.

During the period under review, Guangzhou GL was continue to actively seek business opportunities, mainly to focus on how to do a good safety operation for the customers who serve in the industry over ten years, including the development of new products such as Train Driving Front Video System and Driver Fatigue Warning System. In addition, Guangzhou GL intends to capture the need to update the vehicle passenger information system when the trains are under major repair or vehicle repair, which has been put into running for over ten years. The operation strategy of Guangzhou GL in the future is to keep bidding new line projects, using innovation products and application to meet the new requirement of intelligent operation and safety operation from the local owner at the same time, as well as making effort to cultivate enterprise technology basis, so as to ensure the Group’s competitive advantages in the industry.



Guangzhou Global Link Intelligent Information Technology Co., Ltd. (the “**Global Link Intelligent**”), a subsidiary of the Company, continued focusing on the scenic trend of “Smart Transportation” during the period under review and worked hard to apply CA-SIM card in different scenarios by continuing research and development of the relevant technology and integrating resources. Global Link Intelligent actively expanded the multi – channel cooperation of CA-SIM card, including radio and television communication channels, community channels, etc., so as to diversify the CA-SIM card communication packages and expand the channels for card issuance.

In the aspect of the cooperation with mobile operators, the Group continued working with the relevant government and enterprises operators. Under the background of domestic 5G and Mobile Number Portability (“MNP”), the Group designed more suitable user communication package and superimposed it over the CA-SIM card.

Meanwhile, China Broadcast TV Network (中國廣電有線電視網) has obtained the 5G commercial licenses formally published by Ministry of Industry and Information Technology of People’s Republic of China in June 2019, becoming the one of the forth biggest operators. The Group tried to get in touch with China Broadcast TV Network and carried out strategic cooperation, combining strength of CA-SIM card with resources of cable TV networks from China Broadcast TV Network, 700 trillion valuable spectrum (700兆黃金頻段), in order to cooperate and build 5G application scenarios (5G應用場景) and develop new users of CA-SIM card.

In the aspect of landing scenarios resource integration, firstly, the Group continued closely cooperating with administration office of government of Panyu District, the Big Data Bureau and Guangzhou Xinghai Digital Television Golden Card Co., Ltd., focusing on the investigation and research on the status of specific application scenarios and landing methods of intelligent public transportation, roadside parking and gas station and obtaining the feedback on the technology improvement for repeated calculations and updates. Secondly, the Group actively docked with the residential and commercial community broadband service providers such as Guangzhou Weaving Communication Technology Limited (廣州織網通訊科技有限公司), and designed community development projects by application of CA-SIM card, community access control and indoor WIFI service optimization combined with its channel resources in communities, so as to promote the development of CA-SIM application service and develop new community users of CA-SIM card.

Shanghai Xunshan Information Technology Limited (“**Shanghai Xunshan**”), another subsidiary of the Company, was mainly engaged in the scenarios expansion of China Telecom’s Bestpay in public transportation. Pursuant to the cooperation framework agreement, Shanghai Xunshan assisted China Telecom’s Bestpay in entering into contracts with the public transportation QR code payment platform in several cities, including Jieyang in Guangdong Province and Shijiazhuang in Hebei Province.

Up to now, cities that have entered into contracts with China Telecom’s Bestpay in the last quarter included Hefei in Anhui Province, Zhongshan in Guangdong Province, Zhanjiang in Guangdong Province, Datong in Shanxi Province and Huainan in Anhui Province. All projects under the contracts in those cities have been all gone online successfully and operated stably.

Bus and subways play an important role in livelihood, which brings stable daily users’ activities for Bestpay clients. Bestpay will continue investing for developing this business. Shanghai Xunshan will continue cooperating with Bestpay to extend its payment business to the first-tier cities.

Learning from the success of the Bestpay Riding Code Business, Shanghai Xunshan intends to introduce Suning Finance, Tongcheng-Elong and a large electronic payment company, into public transportation payment.

Shanghai Xunshan intends to establish online advertising business and set up a stylized advertising platform with urban bus operation companies, so as to bring new businesses and revenue for the Group through the stable online traffic from bus or subway clients.

## **Financial Review**

For the nine months ended 31 December 2019, the Group’s turnover was approximately HK\$58,660,000, representing a decrease of approximately 30% as compared with HK\$83,422,000 for the corresponding period of last year. Loss attributable to equity shareholders of the Company for the nine months ended 31 December 2019 was recorded a substantial increase in loss which amounted to approximately HK\$9,472,000, as compared with the loss of HK\$347,000 for the corresponding period of last year.

During the period under review, Guangzhou GL has delivered vehicle passenger information management system products pursuant to the contracts in relation to the projects of Caidian Line of Wuhan Metro Line, Wuhan Metro Line 2, Southern Extension Line of Wuhan Metro Line 2, Guangzhou Metro Line 9, Northern Extension Line of Guangzhou Metro Line 8, Guangzhou Metro Line 6 and HMU Line in Malaysia. It has also provided relevant spare parts and

accessories to metro owners in several major cities during the period. However, total delivery volume decreased as compared with the corresponding period of last year, leading to a decrease of approximately HK\$46,661,000 in the turnover of the rail transit business for the nine months ended 31 December 2019.

Global Link Intelligent has provided public transportation vehicle-mounted POS equipment to China Unicode Company (中交金碼公司), achieved sales revenue of approximately HK\$3,465,000.

Shanghai Xunshan is an electronic payment terminals solutions provider, realise the docking of public transportation electronic payment platforms with public transportation scenarios for its customers, including telecommunications service providers, transportation service providers and merchants in the PRC, achieved sales revenue of approximately HK\$8,363,000.

Selling expenses for the nine months ended 31 December 2019 were approximately HK\$8,464,000, representing a decrease of 44% as compared with HK\$15,055,000 in the corresponding period of last year. This is mainly due to the fact that the Group's overseas projects have been substantially delivered and the Group did not need to bear the freight charges for overseas projects and the local import tariffs for the period. In addition, the Group conducted targeted business negotiations with and technical exchange activities for potential customers, thereby effectively controlling the relevant expenditure. As a result, the selling expenses for the period decreased significantly as compared with the corresponding period of last year.

Administrative expenses for the nine months ended 31 December 2019 were approximately HK\$9,714,000, representing an increase of HK\$668,000 as compared with HK\$9,046,000 in the corresponding period of last year. The increase was mainly attributable to the cost related to the acquisition of Connect Cool Technology Limited.

Other operating expenses for the nine months ended 31 December 2019 amounted to approximately HK\$5,127,000, mainly attributable to the amortisation of intangible asset CA-SIM of HK\$2,160,000 and the repair and maintenance provision for vehicle passenger information management system products of HK\$2,967,000.

Other revenue for the nine months ended 31 December 2019 amounted to approximately HK\$4,244,000, representing an increase of approximately HK\$357,000 as compared with HK\$3,887,000 in the corresponding period of last year. The increase was mainly attributable to the provision for bad debts of trade receivables made in the previous period was reversed during the period.

## Use of proceeds from the subscription completed on 21 April 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of International Elite Ltd. (stock code: 1328) completed the subscription of 1,000,000,000 shares of the Company on 21 April 2016. For details please refer to the announcements of the Company dated 29 February 2016 and 21 April 2016 and the circular published by the Company dated 30 March 2016 (the “**Circular**”).

The gross proceeds from the subscription were HK\$80.0 million. The net proceeds of the subscription, after deduction of expenses and professional fees, amounted to approximately HK\$79.0 million (the “**Subscription Proceeds**”), amongst which approximately HK\$61.8 million had been utilised as at 31 December 2019. The breakdown of the Company’s actual use of the Subscription Proceeds as at 31 December 2019 is as follows:

	Proposed use of the Subscription Proceeds as disclosed in the Circular <i>HK\$ million</i>	Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 December 2019 <i>HK\$ million</i>
The Company’s existing train information system solutions for urban rail transit business, mainly for the execution of the newly signed order contracts of a number of new lines projects in several cities in the PRC	30.0	30.0
The development of the “Smart City” project by using the Company’s existing CA-SIM technology, mainly for staff hiring, development of relevant management system platform and gradual roll out of the mobile apps and value-added services to target users	41.1	23.9
Working capital	7.9	7.9
	<hr/>	<hr/>
Total	<u>79.0</u>	<u>61.8</u>

Based on the current market condition, the Board is planning to utilise approximately HK\$12.6 million on development of the “Smart City” projects and relevant research and development in the financial year ending 31 March 2020.

The remaining balance of the un-utilised Subscription Proceeds will be put in banks as deposits.

As at 31 December 2019, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

### **The subscription by the controlling shareholder of the Company**

On 28 August 2019 (after trading hours), the Company entered into a subscription agreement with the controlling shareholder, a director and the chairman of the Company, Mr. Li Kin Shing, as the subscriber, pursuant to which Mr. Li Kin Shing has conditionally agreed to subscribe for and the Company as the issuer has conditionally agreed to allot and issue 1,175,000,000 new shares with par value of HK\$0.01 each at the subscription price of HK\$0.0348 per share (the “**Subscription**”). The Subscription was completed on 13 November 2019. For details, please refer to the announcements of the Company dated 28 August 2019, 18 September 2019, 27 September 2019, 24 October 2019 and 13 November 2019, and the circular of the Company dated 9 October 2019.

The Company received an estimated net proceeds of approximately HK\$40,000,000 from the Subscription. The Company intends to apply the entire net proceeds for general working purposes and in particular to meet the potential order from the Group’s business partner for the supply of public transportation vehicle mounted POS equipment with the Company’s patented 2.4G technology software installed as disclosed in the announcement of the Company dated 23 July 2019. As at 31 December 2019, there is no plan to change the intended use of the net proceeds from the Subscription as disclosed in the Circular.

## DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, to the best knowledge of the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Owner	10,556,000 ordinary shares Long position	0.32%
Li Kin Shing <sup>(1)</sup>	Company	Owner	1,648,777,143 ordinary shares Long position	50.52%
		Interest of corporation controlled by the director	254,653,200 ordinary shares Long position	7.80%
		Interest of the spouse	387,493,563 ordinary shares Long position	11.87%
Wong Kin Wa	Company	Owner	1,861,500 ordinary shares Long position	0.06%

*Note:*

- (1) Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 1,648,777,143 shares. Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 387,493,563 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 254,653,200 shares. Therefore, Mr. Li is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.

Save as disclosed above, as at 31 December 2019, to the best knowledge of the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

#### **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2019, to the best knowledge of the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

## Interests in ordinary shares of the Company - long position

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
Kwok King Wa <sup>(1)</sup>	Beneficial owner	387,493,563	11.87%
	Interest of the spouse	1,648,777,143	50.52%
	Interest of corporation controlled by her	254,653,200	7.80%
Ever Prosper International Limited <sup>(2)</sup>	Beneficial owner	254,653,200	7.80%

### Note:

- (1) Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 387,493,563 shares. Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 1,648,777,143 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Ms. Kwok is deemed to be interested in her spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 254,653,200 shares. Therefore, Ms. Kwok is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.
- (2) The 254,653,200 shares are held by Ever Prosper International Limited, which is held as to 50%, 46.5% and 3.5% by Mr. Li, Ms. Kwok and Ms. Li Yin respectively. Mr. Li is the spouse of Ms. Kwok.

Save as disclosed above, as at 31 December 2019, so far as known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.



## **EVENTS AFTER THE REPORTING PERIOD**

An extraordinary general meeting was held on 6 January 2020 in which the resolution in relation to the share consolidation on the basis that every ten (10) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.10 each in the share capital of the Company (the “**Share Consolidation**”) was passed. The Share Consolidation became effective on 8 January 2020. For further information, please refer to the Company’s announcement dated 29 November 2019, the Company’s circular dated 16 December 2019 and the Company’s announcement date 6 January 2020.

## **DIRECTORS’ AND CHIEF EXECUTIVE’S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed in this announcement, as at 31 December 2019, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2019.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

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

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the nine months ended 31 December 2019.

## **COMPETING INTERESTS**

None of the Directors nor the substantial shareholder nor the initial management shareholders (as defined in the GEM Listing Rules) of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, all being independent non-executive Directors. The Group's unaudited results for the nine months ended 31 December 2019 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the relevant legal and regulatory requirements, and that adequate disclosures have been made.

The audit committee further reviewed the Company's internal control and risk management system and is of the view that the internal control and risk management in place are effective and adequate for the Group as a whole.

By order of the Board

**Li Kin Shing**

*Chairman*

Hong Kong, 11 February 2020

*As at the date of this report, the executive Directors are Mr. Li Kin Shing, Mr. Ma Yuanguang, and Mr. Wong Kin Wa; and the independent non-executive Directors are Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao.*