国联通信
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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

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.

This announcement, 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 (the "GEM Listing Rules") of the Stock Exchange 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at www.glink.hk.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2020 was approximately HK$70,428,000, representing a decrease of approximately 26%, as compared with that for the year ended 31 March 2019.

- Loss attributable to equity shareholders of the Company was approximately HK$23,192,000 for the year ended 31 March 2020, representing an increase of approximately 122% as compare to the loss of approximately HK$10,467,000 for the last corresponding year.

- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2020.

The board of directors (the "**Directors**") of Global Link Communications Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2020 together with the audited comparative figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	4	**70,428**	95,626
Cost of sales		**(60,604)**	(67,620)
Gross profit		**9,824**	28,006
Other revenue and other net gain	5	**4,845**	4,579
Selling expenses		**(9,920)**	(19,102)
Administrative expenses		**(13,741)**	(12,557)
Fair value gain on contingent consideration payable		**7,236**	–
Impairment loss of goodwill		**(5,716)**	–
Impairment loss of trade receivables and contract assets		**(2,440)**	(1,428)
Impairment loss of intangible asset		**(8,704)**	(6,446)
Other operating expenses		**(2,880)**	(3,250)
Loss from operation		**(21,496)**	(10,198)
Finance costs	6(c)	**(158)**	(269)
Loss before taxation	6	**(21,654)**	(10,467)
Income tax	8	**(365)**	–
Loss for the year		**(22,019)**	(10,467)
Other comprehensive loss for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating financial statements of foreign operations		**(2,416)**	(1,428)
Other comprehensive loss for the year, net of income tax		**(2,416)**	(1,428)
Total comprehensive loss for the year		**(24,435)**	(11,895)
Loss attributable to:			
Equity shareholders of the Company		**(23,192)**	(10,467)
Non-controlling interest		**1,173**	–
		(22,019)	(10,467)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(25,550)**	(11,895)
Non-controlling interest		**1,115**	–
		(24,435)	(11,895)
Loss per share	10	***HK cents***	*HK cents* (restated)
– Basic and diluted		**(9.1)**	(5.0)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**3,612**	1,399
Goodwill		**15,817**	–
Intangible assets		**657**	12,241
		20,086	13,640
Current assets			
Inventories		**2,515**	911
Contract assets		**3,609**	781
Trade and other receivables	*11*	**33,628**	52,995
Deposits and prepayments		**10,544**	9,931
Restricted bank deposits		**–**	2,332
Cash and cash equivalents		**94,107**	71,272
		144,403	138,222
Current liabilities			
Trade and other payables	*12*	**30,903**	34,311
Consideration payable		**3,645**	–
Contract liabilities		**650**	464
Advances drawn on bills receivables discounted with recourse		**–**	1,163
Lease liabilities		**1,133**	–
Provision		**7,721**	13,609
Provision for taxation		**6,732**	7,030
		50,784	56,577
Net current assets		**93,619**	81,645
Total assets less current liabilities		**113,705**	95,285
Non-current liabilities			
Lease liabilities		**1,569**	–
Net assets		**112,136**	95,285
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		**32,638**	20,888
Reserves		**77,954**	74,397
		110,592	95,285
Non-controlling interest		**1,544**	–
Total equity		**112,136**	95,285

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to equity shareholders of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Statutory reserves *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2018	20,888	158,967	2,135	11,233	(98,783)	12,884	107,324	(27)	107,297
Loss for the year	–	–	–	–	(10,467)	–	(10,467)	–	(10,467)
Exchange differences on translating financial statements of foreign operations	–	–	–	(1,428)	–	–	(1,428)	–	(1,428)
Total comprehensive loss for the year	–	–	–	(1,428)	(10,467)	–	(11,895)	–	(11,895)
Release upon disposal of a subsidiary	–	–	–	(144)	–	–	(144)	27	(117)
Appropriation to statutory reserve	–	–	–	–	(1,701)	1,701	–	–	–
At 31 March 2019	20,888	158,967	2,135	9,661	(110,951)	14,585	95,285	–	95,285
Impact on initial application of – HKFRS 16	–	–	–	–	(33)	–	(33)	–	(33)
At 1 April 2019	20,888	158,967	2,135	9,661	(110,984)	14,585	95,252	–	95,252
Loss for the year	–	–	–	–	(23,192)	–	(23,192)	1,173	(22,019)
Exchange differences on translating financial statements of foreign operations	–	–	–	(2,358)	–	–	(2,358)	(58)	(2,416)
Total comprehensive loss for the year	–	–	–	(2,358)	(23,192)	–	(25,550)	1,115	(24,435)
Share issued under subscription agreement	11,750	29,140	–	–	–	–	40,890	–	40,890
Non-controlling interest arising from acquisition of subsidiaries	–	–	–	–	–	–	–	429	429
Appropriation to statutory reserve	–	–	–	–	(283)	283	–	–	–
At 31 March 2020	32,638	188,107	2,135	7,303	(134,459)	14,868	110,592	1,544	112,136

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is No. 401, Building D, Guangdong Software Park, No.11, Caipin Road, Science City of Guangzhou Development Zone, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and measure the carrying amount of right-of-use asset as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.35%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 *$'000*
Operating lease commitments at 31 March 2019	1,457
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(1,080)
	377
Less: total future interest expenses	(17)
Total lease liabilities recognised at 1 April 2019	360

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 *$'000*	**Capitalisation of operating lease contracts** *$'000*	**Carrying amount at 1 April 2019** *$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	1,399	327	1,726
Total non-current assets	**13,640**	**327**	**13,967**
Lease liabilities (current)	–	360	360
Current liabilities	**56,577**	**360**	**56,937**
Net current assets	**81,645**	**(360)**	**81,285**
Total assets less current liabilities	**95,285**	**(33)**	**95,252**
Net assets	**95,285**	**(33)**	**95,252**
Accumulated losses	110,951	33	110,984
Equity attributable to equity shareholders of the Company	95,285	(33)	95,252
Total equity	**95,285**	**(33)**	**95,252**

c. *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 March 2020, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2020 instead of HKFRS 16, and by comparing these hypothetical amounts for 2020 with the actual 2019 corresponding amounts which were prepared under HKAS 17.

	2020				2019
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 (note 1)**	**Hypothetical amounts for 2020 as if under HKAS 17**	Compared to amounts reported for 2019 under HKAS 17
	(A)	**(B)**	**(C)**	**(D=A+B+C)**	
	$'000	***$'000***	***$'000***	***$'000***	*$'000*
Financial result for year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
Loss from operations	**(21,496)**	**895**	**(940)**	**(21,541)**	(10,198)
Finance costs	**(158)**	**155**	**–**	**(3)**	(269)
Loss before taxation	**(21,654)**	**1,050**	**(940)**	**(21,544)**	(10,467)
Loss for the year	**(22,019)**	**1,050**	**(940)**	**(21,909)**	(10,467)
Reportable segment profit (adjusted EBITDA) for year ended 31 March 2020 (note 7) impacted by the adoption of HKFRS 16:					
– The PRC	**(1,773)**	**1,050**	**(940)**	**(1,663)**	18,265
– Hong Kong	**263**	**–**	**–**	**263**	96

	2020			2019
	Amounts reported under HKFRS 16 (A)	**Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2) (B)**	**Hypothetical amounts for 2020 as if under HKAS 17 (C=A+B)**	Compared to amounts reported under HKAS 17
	$'000	***$'000***	***$'000***	*$'000*
Line items in the consolidated cash flow statement for year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Net cash used in operating activities	**(10,417)**	**(940)**	**(11,357)**	**(16,316)**
Capital element of lease rentals paid	(785)	785	–	–
Interest element of lease rentals paid	(155)	155	–	–
Net cash generated from financing activities	**42,567**	**940**	**43,507**	**18,368**

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2020 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2020. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2020 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2020. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

4. REVENUE

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from the supply, development and integration of passenger information management system	**57,130**	95,626
Income from transportation e-payment solutions	**10,714**	–
Sale of electronic components	**2,584**	–
Total revenue	**70,428**	95,626

5. OTHER REVENUE AND OTHER NET GAIN

	2020 HK$'000	2019 HK$'000
Bank interest income *	**1,026**	766
Gain on disposal of other financial assets	**235**	–
Government grants	**105**	815
Other income	**683**	864
Other revenue	**2,049**	2,445
Reversal of provision for product warranties, net	**1,672**	1,882
Exchange gain	**1,124**	252
Other net gain	**2,796**	2,134
	4,845	4,579

* *The bank interest income was not on financial assets at fair value through profit or loss.*

6. LOSS BEFORE TAXATION

Loss for the year has been arrived at after charging/(crediting):

	2020 HK$'000	2019 HK$'000
(a) Staff costs, including directors' emoluments		
Salaries and wages	**20,833**	21,253
Contributions to retirement benefit schemes	**2,049**	2,811
Provision for staff welfare benefits	**60**	216
	22,942	24,280
(b) Other items		
Auditors' remuneration		
– audit service	**658**	678
– non-audit service	**99**	–
	757	678
Impairment loss of trade receivables and contract assets	**2,440**	1,428
Provision for impairment of deposits	**417**	71
Cost of inventories sold *	**60,604**	67,620
Research and development costs #	**15,258**	10,983
Depreciation of property, plant and equipment		
– self-owned assets	**637**	808
– right-of-use assets	**895**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	1,934
Amortisation of intangible assets (included in other operating expenses)	**2,880**	3,250
Gain on disposal of a subsidiary	**–**	(318)
Impairment losses on intangible assets	**8,704**	6,446
Reversal of provision for product warranties, net ##	**(1,672)**	(1,882)
Net exchange gain	**(1,124)**	(252)
Impairment losses of goodwill	**5,716**	–
Loss on written-off of property, plant and equipment	**19**	–

* *Cost of inventories sold includes approximately HK$12,269,000 (2019: HK$10,591,000) relating to staff costs and depreciation expenses which are also included in the respective total amounts disclosed separately above for each of these types of expenses.*

Research and development costs incurred for the year amounting to approximately HK$15,258,000 (2019: HK$10,983,000) which was included in cost of sales.

Reversal of provision for product warranties, net, and are included in "Other revenue and other net gain" on the face of the consolidated statement of profit or loss and other comprehensive income.

(c) Finance Cost

	2020	2019
	HK$'000	*HK$'000*
Bank charges	**3**	2
Advances drawn on bills receivables	**–**	267
Interest on lease liabilities	**155**	–
	158	269

7. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by board of directors of the Company, the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. The Group's operating segments are organised and structured according to the geographical locations where the Group entities' operate. The geographical locations include the People's Republic of China (the "PRC") (place of domicile of the Group) and Hong Kong.

Segment revenue of the PRC comprises the revenue from supply, development and integration of passenger information management system and income from transportation e-payment solutions.

Segment revenue of Hong Kong comprises the revenue from supply, development and integration of passenger information management system.

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment profit represents the profit earned by each segment without allocation of central administration costs e.g. directors' salaries, interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The revenue, gross profit and results of the Group are allocated based on location of the Group entities' operations. Taxation charge is not allocated to reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Sales between segments are carried out on arm's length basis. The revenue from external customers reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All assets are allocated to reportable segments. All liabilities are allocated to reportable segments other than current tax liabilities.

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2020 and 2019 is set out below:

	The PRC		**Hong Kong**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition						
– Overtime	**–**	–	**–**	–	**–**	–
– Point in time	**70,385**	95,626	**170**	–	**70,555**	95,626
	70,385	95,626	**170**	–	**70,555**	95,626
Reportable segment (loss)/profit	**(1,773)**	18,265	**263**	96	**(1,510)**	18,361
Research and development costs	**(15,258)**	(10,983)	**–**	–	**(15,258)**	(10,983)
Bank interest income	**22**	15	**1,004**	751	**1,026**	766
Gain on disposal of other financial assets	**235**	–	**–**	–	**235**	–
Depreciation	**(1,530)**	(807)	**(2)**	(1)	**(1,532)**	(808)
Amortisation of intangible assets	**(2,880)**	(3,250)	**–**	–	**(2,880)**	(3,250)
Provision for allowance of doubtful debts	**(2,440)**	(1,428)	**–**	–	**(2,440)**	(1,428)
Reversal of provision for product warranties, net	**1,672**	1,882	**–**	–	**1,672**	1,882
Provision for impairment of deposits	**(417)**	(71)	**–**	–	**(417)**	(71)
Gain on disposal of a subsidiary	**–**	318	**–**	–	**–**	318
Impairment loss on intangible assets	**(8,704)**	(6,446)	**–**	–	**(8,704)**	(6,446)
Fair value gain on contingent consideration payable	**7,236**	–	**–**	–	**7,236**	–
Impairment loss on goodwill	**(5,716)**	–	**–**	–	**(5,716)**	–
Loss on written-off of property, plant and equipment	**19**	–	**–**	–	**19**	–
Reportable segment assets	**89,017**	97,961	**78,697**	57,205	**167,714**	155,166
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)						
– Property, plant and equipment	**3,589**	672	**–**	1	**3,589**	673
– Goodwill	**22,238**	–	**–**	–	**22,238**	–
Reportable segment liabilities	**41,997**	49,674	**6,849**	3,177	**48,846**	52,851

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2020	2019
	HK$'000	*HK$'000*
Revenue:		
Total reportable segments' revenue	**70,555**	95,626
Elimination of inter-segment revenue	**(127)**	–
Consolidated revenue	**70,428**	95,626
Profit/(loss):		
Total reportable segments' (loss)/profit	**(1,510)**	18,361
Elimination of inter-segment profit	**127**	–
Reportable segment (loss)/profit derived from Group's external customers	**(1,383)**	18,361
Bank interest income	**1,026**	766
Gain on disposal of a subsidiary	**–**	318
Unallocated head office and corporate expenses	**(21,297)**	(29,912)
Consolidated loss before tax expenses	**(21,654)**	(10,467)
Assets		
Total reportable segments' assets	**167,714**	155,166
Elimination of inter-segment receivables	**(3,225)**	(3,304)
Consolidated total assets	**164,489**	151,862
Liabilities		
Total reportable segments' liabilities	**48,846**	52,851
Elimination of inter-segment payables	**(3,225)**	(3,304)
	45,621	49,547
Current tax liabilities	**6,732**	7,030
Consolidated total liabilities	**52,353**	56,577

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2020	2019
	HK$'000	*HK$'000*
Supply, development and integration of passenger information management system	**57,130**	95,626
Income from transportation e-payment solutions	**10,714**	–
Sale of electronic components	**2,584**	–
	70,428	95,626

(d) Other geographical information

	Non-current assets	
	2020	2019
	HK$'000	*HK$'000*
The PRC	**20,082**	13,634
Hong Kong	**4**	6
	20,086	13,640

The Group's non-current assets, which include property, plant and equipment, intangible assets and goodwill. The geographical location of the Group's non-current assets are based on the physical location of the asset under consideration in case of tangible assets, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

(e) Information about major customers

Revenue from three (2019: three) customers in the PRC operating and reportable segment amounted to approximately HK$21,815,000, HK$9,995,000 and HK$9,248,000 (2019: HK$39,301,000, HK$23,359,000 and HK$17,438,000), which individually represent more than 10% of the Group's total revenue.

Two customers contributed 10% or more to the Group's total revenue for both 2020 and 2019.

8. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2020	2019
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong Profits Tax	**4**	–
PRC Enterprise Income Tax	**361**	–
Deferred taxation		
Origination and reversal of temporary differences	**–**	–
	365	–

(i) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong was 16.5% for the year ended 31 March 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. For this subsidiary the first HK$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for the year ended 31 March 2020 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2019/20 subject to a maximum reduction of HK$20,000 for each business.

For the year ended 31 March 2019, no provision for Hong Kong Profits Tax had been made in the financial statements as the Group did not have assessable profits arising in Hong Kong.

(ii) 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" in Guangdong and subject to a concessionary PRC EIT rate.

(iii) 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.

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2019: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK$23,192,000 (2019: HK$10,467,000) and the weighted average number of approximately 253,826,105 ordinary shares (2019: 208,880,800 ordinary shares (restated)) in issue during the year.

(b) Diluted loss per share

The basic and diluted loss per share are the same for the year ended 31 March 2020 and 2019, as there are no dilutive potential ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for share consolidation on 8 January 2020.

11. TRADE AND OTHER RECEIVABLES

(a) Age analysis

Included in trade and other receivables, the following is an analysis of trade receivables and bills receivables by age, presented the respective revenue recognition dates and the issuance date of relevant bills respectively:

	2020 ***HK$'000***	2019 *HK$'000*
Within 90 days	**9,100**	17,549
Between 91 and 180 days	**11,631**	8,579
Between 181 and 365 days	**4,123**	13,980
Between 1 and 2 years	**2,596**	5,654
Over 2 years	**3,610**	208
	31,060	45,970
Retention receivables	**–**	2,723
	31,060	48,693

(b) Bills receivables discounted with recourse

At 31 March 2019, the amounts represent bills receivables discounted to banks with recourse with a maturity period of less than 30 days. The Group recognises the full amount of the discount proceeds as liabilities.

The aged analysis based on the invoice date is presented as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Within 90 days	**–**	1,166

12. TRADE AND OTHER PAYABLES

Included in trade and other payables, the following is an analysis of trade payables and bills payables by age, presented based on the purchase recognition date, that is, goods receipt date, as at the end of the reporting period:

		2020	2019
		HK$'000	*HK$'000*
(i)	**Trade payables**		
	Within 90 days	**4,785**	2,902
	Between 91 and 180 days	**5,590**	3,933
	Between 181 and 365 days	**5,619**	17,504
	Between 1 and 2 years	**5,104**	1,331
	Over 2 years	**738**	568
		21,836	26,238
(ii)	**Bills payables**		
	Within 90 days	**–**	–
	Between 91 and 180 days	**–**	2,332
		–	2,332

13. COMPARATIVE FIGURES

The group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

During the year under review, Guangzhou Global Link Communication Inc. ("Guangzhou Global Link "), a subsidiary of the Company, has delivered vehicle passenger information 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. Sales for the year was approximately HK$70,428,000, representing a decrease of approximately 26% as compared with the last corresponding year due to the decrease in products delivered.

During the year under review, the public transportation electronic payment platforms of Shanghai Xunshan Information Technology Limited ("Shanghai Xunshan"), a subsidiary of the Company, achieved sales of approximately HK$13,298,000.

Gross profit and loss attributable to equity shareholders

For the year ended 31 March 2020, the Group recorded gross profit of approximately HK$9,824,000 with gross profit margin of approximately 14%. Loss after tax was approximately HK$22,019,000. Loss attributable to equity shareholders of the Company amounted to approximately HK$23,192,000.

Selling expenses

Selling expenses during the year under review were approximately HK$9,920,000, representing a decrease of approximately 48% as compared with approximately HK$19,102,000 in the last corresponding year. This is mainly due to the fact that the Group's overseas projects have been delivered and the Group did not need to bear the freight charges for overseas projects and the local import tariffs for the fourth quarter of the year under review. 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 during the year under review decreased significantly as compared with the last corresponding year.

Administrative expenses

Administrative expenses during the year under review were approximately HK$13,741,000, representing an increase of approximately 9% as compared with approximately HK$12,557,000 in the last corresponding year. The increase was mainly attributable to the cost related to the acquisition of Connect Cool Technology Limited.

Impairment of intangible asset

Impairment of approximately HK$8,704,000 has been made for the intangible asset CA-SIM during the year under review, representing an increase of approximately 35% as compared with approximately HK$6,446,000 in the last corresponding year.

Impairment of goodwill

During the year under review, impairment loss on goodwill of approximately HK$5,716,000 was made by the Group.

Other operating expenses

Other operating expenses during the year under review amounted to approximately HK$2,880,000, representing a decrease of approximately 11% as compared with approximately HK$3,250,000 in the last corresponding year.

Other revenue and other net gain

Other revenue and other net gain amounted to approximately HK$4,845,000, remained stable as compared with HK$4,579,000 for the last corresponding year.

BUSINESS REVIEW

During the year under review, Guangzhou Global Link continued to be mainly engaged in the provision of integrated on-board information system solutions for urban rail transit. In view of the characteristics of long contract performance period and long-term maintenance and operation guarantee in this industry, the Company shall take the timely delivery of system and equipment under the contract as a priority. During the year, the products delivered to various vehicle manufacturing subsidiaries of CRRC included: Northern Extension Line of Guangzhou Metro Line 8, Guangzhou Metro Line 9, additional vehicles purchased on Guangzhou Metro Line 6; Southern Extension Line of Wuhan Metro Line 2, Caidian Line of Wuhan Metro Line; Changsha Metro Line 4; and Hong Kong Light Rail On-board Monitoring System. In addition, the projects executed included renovation project of old vehicle system of Guangzhou Metro Line 5 and 6 and renovation project of old vehicle information system of Shenzhen Metro Line 3.

During the year under review, due to the delivered system in previous years and the vehicles under new contracts put into operation for the year, the operation guarantee task of Guangzhou Global Link for the projects was especially onerous. Especially, with the expansion of relevant projects under the "Belt and Road Initiative", engineering services projects have undergone rigorous time in the compliance with the industry's international standards. Following the delivery and operation of the second-phase vehicles of Ankara Line of Turkey, the testing and operating of HMU and ETS2 D-series High-Speed Trains in Malaysia became the top priority in its engineering services, project management and technical support during the year. After 8000 km Free-Fault-Running (the "FFR") of the two D-series High-Speed Trains is completed, the qualification of each train is also subject to the completion of 4000 km FFR. It was a new experience for Guangzhou Global Link to deliver products for these two projects with complex lines and signaling requirements which contained more than 200 operating stations with more than 10 lines operating. Under the strict organization of the vehicle factory, combined with that Guangzhou Global Link's overseas and domestic employees worked together day and night to overcome all kinds of difficulties, Guangzhou Global Link finally achieved the required standard under strict assessment of the local government and operators. The successful implementation of such two projects has further improved the comprehensive technical strength of Guangzhou Global Link.

In the first three quarters of the year under review, the marketing team of Guangzhou Global Link focused on the Pearl River Delta with Guangzhou as the center, Wuhan and Northeast region in China. As the investments in urban rail transit increased year by year, it attracted many companies to participate in the competition for bidding projects, combined with their background of state-owned enterprises, the market competition is very fierce, which resulted in declined gross profit margin of the bidding price. The Company actively explored the user market by leveraging on the long-term service experience in the rail transit industry and numerous achievements in the execution of projects. During the year, the Company also entered into agreements regarding Tram in Huangpu District, Guangzhou and Harbin Line 2 projects, while expanding the markets such as Foshan and Chongqing.

With the increasing development of urban rail transit networks and the advancing information technology, operators posed their requirements for related services' intelligentization and humanization and environmental protection under the premise of safe operation. At the same time, due to the advanced vehicle technologies, new models of medium and high-speed trains, urban express, district tram, maglev train, etc. successively appeared in newly planned projects. Different models have very different requirements for on-board information systems, which also set barriers for new industrial entrants in technical innovation. In order to ensure its market share, Guangzhou Global Link has allocated vast resources to attract various professional developers and make more efforts to the research and development of new products and application. In terms of product innovation, it has continuously communicated with operators and vehicle manufacturers, and has developed new targeted products including: train front monitoring system, digital posters in the carriage; audio and video playback and ordering service in VIP carriage, passenger crowding degree reminder, audio and video real-time communication system and large-scale passenger information broadcasting system.

In order to tap into the transportation payment solutions industry in the People's Republic of China (the "PRC"), which is consistent with the Group's strategy in expanding its passenger information management system business and will create great synergy with the Group's existing business, in the first quarter of the year under review, the Company acquired 60% of the entire issued share capital of Connect Cool Technology Limited, which wholly owned Shanghai Xunshan. In the first three quarters of the year under review, Shanghai Xunshan had access into Hefei Bus, Zhongshan Bus, Zhanjiang Bus, Qingyuan Bus, Huainan Bus, Taizhou Bus, Jieyang Bus, etc. As increasing projects are officially put into operation, China Telecom's Bestpay has begun to increase its investments in riding code operations. It plans to provide Bestpay's riding code user subsidies in the form of call services subscriptions interest bundled with the 5G package through cooperation with telecom companies in various provinces and municipalities, which facilitates new customer attraction for the main business and achieve the activation of Bestpay App. Shanghai Xunshan is also actively assisted Bestpay to promote its cooperation with telecom companies in various provinces and municipalities on travel interest packages to capture new business opportunities in operations.

In the fourth quarter of the year under review, the pneumonia epidemic has raged across the world, resulting in devastating impacts on the public transportation industry and as a result, the passenger traffic of public transportation of most cities fell to 5% of that for the corresponding period last year. Though in this quarter, Shanghai Xunshan entered into strategic cooperation with Suning Finance in respect of public transportation scenario business, due to the impacts of the external market factors, the budgets of Suning Finance have been significantly reduced and the plan of expansion into more cities was severely impacted. China Telecom's Bestpay has also decelerate the pace of expansion due to market reasons and instead devoted more efforts to cities where the operation of business already started.

With the BAT's layout for integration of online business with people's public services needs and application offline, QR code has become the main entrance and tool of mobile Internet in China. The users' dependence on mobile phone SIM cards gradually weakened, and the issuance and promotion of the physical SIM card (public services card) of Guangzhou Global Link Intelligent Information Technology Co., Ltd. ("Global Link Intelligent") was significantly affected. Based on the strengths of mobile phone public services card enabling real-name authentication online and offline and safe interaction, Global Link Intelligent closely followed up with requirements for COVID-19 prevention and control. It conducted in-depth demand analysis and implementation program research, aiming to assist the government in the safety management on epidemic prevention and control (health code) through mobile phone public services card, and exerted efforts to improve the application scenarios for inelastic demands of the people's livelihood and improve user experience, therefore to promote the smooth application of mobile phone public services card.

During the year under review, Global Link Intelligent actively carried out strategic cooperation with a body corporate established in the PRC in respect of the application of 2.4G/RCC SIM card technology in the China T-union project, and signed a supply contract on the supply of public transport POS devices supporting the RCC-SIM cards. During the year under review, the actual delivery of 2,600 POS devices had been completed, laying the hardware foundation and creating favorable conditions for the issuance of cards in the scene of public transport industry. However, in the fourth quarter, due to the impact of the COVID-19 epidemic, domestic public traffic was significantly reduced in the PRC, which had affected the investment in the public transport industry.

BUSINESS OUTLOOK

As the COVID-19 has raged across the world, unprecedented difficulties were brought to the industry's various activities. In particular, Guangzhou Global Link encountered many challenges, including delay in the resumption of work and production of various upstream components and material suppliers, price increase on some imported parts, longer collection period of receivables and others, which will affect the revenue. The whole management of the Company took the lead in returning to work to organize the resumption of work and production on 10 February 2020, and formulated control measures for various tasks in a timely manner. On the premise of ensuring the safety of employees, detailed prevention and control guidelines and corresponding personal assistance were provided for the workplaces in Wuhan, Turkey, Malaysia, Pakistan and other regions where the COVID-19 is severe. At the same time, in order to ensure product delivery, personnel of other lines have returned to work as normal. It is expected that under the leadership of the management, the enthusiasm of all employees will be boosted. Also, during the period of continuous high investment in the industry, we believe that we can win more new contract orders through innovation, active expansion and sound after-sales service.

In addition, the COVID-19 adversely affected the public transportation industry and as a result, the passenger traffic of public transportation of most cities fell to 5% of that for the fourth quarter of the year under review. Although Shanghai Xunshan entered into strategic cooperation with Suning Finance in respect of public transportation scenario business, due to the impacts of the external market factors, the budgets of Suning Finance have been significantly reduced and the plan of expansion into more cities was severely impacted. China Telecom's Bestpay has also decelerate the pace of expansion due to market reasons and instead devoted more efforts to cities where the operation of business already started. In the coming year, Shanghai Xunshan will strive to effectively control its operational costs and maintain good relationships with its partners. And after the COVID-19 is put under control and market confidence starts to resume, Shanghai Xunshan will continue to focus on the principal line of public transportation scenario business, strive to realize innovation on business model and further develop the "Internet +" public transportation operation business.

At the same time, affected by the COVID-19, many enterprises have delayed the resumption of work, residents have difficulty in traveling, the focuses of Panyu District's epidemic prevention and control government affairs and public services card related work have been adjusted, and the application scenario construction of mobile phone public services card, the expansion of card issuing channels and the site promotion of users have been hindered and slowed down, as a result of which the promotion of the issuance of the Global Link Intelligent's physical SIM mobile phone public services cards has been greatly affected. In the future, based on the advantages of online and offline real-name authentication and security interaction of mobile phone public services card and in light of the needs of COVID-19 prevention and control, Global Link Intelligent conducted more in-depth demand analysis and research on implementation plan in order to realize the successful application of mobile phone public services cards and large scale card issuance.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any material acquisitions, disposals and significant investments during the year under review.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since the last accounting year.

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2020, the Group had total cash and bank balances, amounted to approximately HK$94,107,000 (2019: approximately HK$71,272,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had net current assets of approximately HK$93,619,000 (2019: approximately HK$81,645,000), of which approximately HK$94,107,000 (2019: approximately HK$71,272,000) were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

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.

The Company received net proceeds of approximately HK$40,000,000 from the Subscription, the entire amount of which has been retained in the Group's bank account. The entire net proceeds were intended for general working purposes and in particular to meet the potential order from the Group's business partner (the "Business Partner") for the supply of public transportation vehicle mounted POS equipment with the Company's patented 2.4G technology software installed ("POS Equipment"). On 28 April 2020, the Group received a written notice (the "Notice") from the Business Partner informing the Group that, among others, due to the impact of the new coronavirus epidemic on urban public transportation industries in the PRC, the Business Partner faced changes in the relevant policies and funds available and therefore needed to make significant adjustments to the purchase plans under the Strategic Cooperation and Framework Supply Agreement and the Purchase Agreement (the "Agreements"), both entered into between the Group and the Business Partner for the supply of POS Equipment. As such, the Business Partner requested to cancel the Agreements, save for the 2,600 POS Equipment which had already been delivered to the Business Partner by the Group pursuant to the Agreements. The Board endeavours to take actions to protect the rights of the Group under the Agreements and to pursue the interests of the Group in the above matter, including but not limited to, seeking legal advice from its PRC legal advisers.

FOREIGN EXCHANGE EXPOSURE

The Group exposes to certain foreign currency risk primarily with respect to United States dollars and Hong Kong dollars. No hedging or other alternatives have been implemented. The Group continues to monitor its exposure closely and will take measures to lower the foreign currency risk when necessary.

EMPLOYEE AND SALARIES POLICY

As at 31 March 2020, the Group had 199 employees (2019: 182 employees), with 190 employees and 9 employees employed in the PRC and Hong Kong, respectively.

	At 31 March 2020 ***Number of staff***	At 31 March 2019 *Number of staff*
Management, finance and administration	**39**	33
Research and development	**82**	78
Sales and after-sales maintenance	**78**	71
Total	**199**	182

The total staff costs, including Directors' emoluments, amounted to approximately HK$22,942,000 (2019: approximately HK$24,280,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

The Group provides various employee benefits, including Mandatory Provident Fund Scheme, social insurance, medical insurance and accident insurance.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year under review.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of Goldstream Investment Limited (formerly known as International Elite Ltd.), a company listed on the Main Board of the Stock Exchange (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 of 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$62.6 million had been utilised as at 31 March 2020. The breakdown of the Company's actual use of the Subscription Proceeds as at 31 March 2020 is as follows:

	Proposed use of the Subscription Proceeds as disclosed in the Circular *HK$ million*	**Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 March 2020** *HK$ million*
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	24.7
Working capital	7.9	7.9
Total	79.0	62.6

Based on the current market condition, the Board is planning to utilise approximately HK$3 million, on development of the "Smart City" projects and relevant research and development in the financial year ending 31 March 2021.

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

As at 31 March 2020, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

CORPORATE GOVERNANCE

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules throughout the year under review.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial matters to the Board. As at the date of this announcement, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming.

The Group's annual audited results during the year ended 31 March 2020 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
LI Kin Shing
Chairman

Hong Kong, 22 June 2020

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. LI Kin Shing, Mr. MA Yuanguang and Mr. WONG Kin Wa; and (ii) three independent non-executive Directors, namely Mr. LEUNG Kwok Keung, Mr. CHEUNG Sai Ming and Mr. LIU Chun Bao.