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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)

INTERIM RESULTS ANNOUNCEMENT 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.

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*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 for the six months ended 30 September 2020 was approximately HK\$42,348,000, representing approximately 22% increase from that of the Last Corresponding Period.

Loss attributable to equity shareholders of the Company for the six months ended 30 September 2020 was approximately HK\$1,063,000 and net loss of approximately HK\$4,983,000 was recorded in the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 (“**Global Link**” or the “**Group**”) for the three months and the six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019 (“**Last Corresponding Period**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | For the three months ended 30 September | | For the six months ended 30 September | |
|---|-------|--|---------------------------------|--|---------------------------------|
| | | 2020 (Unaudited) HK\$'000 | 2019 (Unaudited) HK\$'000 | 2020 (Unaudited) HK\$'000 | 2019 (Unaudited) HK\$'000 |
| Revenue | 2 & 4 | 30,142 | 14,863 | 42,348 | 34,618 |
| Cost of sales | | (21,879) | (12,961) | (33,319) | (28,098) |
| Gross profit | | 8,263 | 1,902 | 9,029 | 6,520 |
| Other income | | 1,115 | 1,482 | 2,270 | 3,298 |
| Selling expenses | | (1,357) | (2,908) | (5,374) | (5,571) |
| Administrative expenses | | (3,563) | (2,759) | (7,009) | (6,160) |
| Other operating expenses | | (298) | (837) | (418) | (2,167) |
| Profit/(loss) from operation | | 4,160 | (3,120) | (1,502) | (4,080) |
| Finance costs | | (352) | (158) | (652) | (170) |
| Profit/(loss) before taxation | 3 | 3,808 | (3,278) | (2,154) | (4,250) |
| Income tax | 5 | – | (265) | – | (505) |
| Profit/(loss) for the period | | 3,808 | (3,543) | (2,154) | (4,755) |
| Other comprehensive income/(loss): | | | | | |
| Exchange differences on translating foreign operations | | 788 | (758) | 803 | (1,480) |
| Total comprehensive income/(loss) for the period | | 4,596 | (4,301) | (1,351) | (6,235) |
| Profit/(loss) attributable to: | | | | | |
| Equity shareholders of the Company | | 3,905 | (3,698) | (1,063) | (4,983) |
| Non-controlling interests | | (97) | 155 | (1,091) | 228 |
| | | 3,808 | (3,543) | (2,154) | (4,755) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Equity shareholders of the Company | | 4,693 | (4,456) | (260) | (6,894) |
| Non-controlling interests | | (97) | 155 | (1,091) | 659 |
| | | 4,596 | (4,301) | (1,351) | (6,235) |
| | | <i>HK cents</i> | <i>HK cents</i> (restated) | <i>HK cents</i> | <i>HK cents</i> (restated) |
| Earnings/(loss) per share: | 7 | | | | |
| – Basic and diluted | | 1.20 | (1.77) | (0.33) | (2.39) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 September 2020 (Unaudited) HK\$'000 | As at 31 March 2020 (Audited) HK\$'000 |
|--|-------------|--|--|
| | <i>Note</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 3,053 | 3,612 |
| Goodwill | | – | 15,817 |
| Intangible assets | | 586 | 657 |
| | | 3,639 | 20,086 |
| Current assets | | | |
| Inventories | | 10,235 | 2,515 |
| Contract assets | | 4,356 | 3,609 |
| Trade and other receivables | 9 | 49,274 | 33,628 |
| Deposits and prepayments | | 12,981 | 10,544 |
| Cash and cash equivalents | | 96,133 | 94,107 |
| | | 172,979 | 144,403 |
| Current liabilities | | | |
| Short-term loans | | 7,565 | – |
| Trade and other payables | 10 | 40,383 | 30,903 |
| Consideration payable | | – | 3,645 |
| Contract liabilities | | 842 | 650 |
| Lease liabilities | | 589 | 1,133 |
| Provision | | 8,383 | 7,721 |
| Provision for taxation | | 6,863 | 6,732 |
| | | 64,625 | 50,784 |
| Net current assets | | 108,354 | 93,619 |
| Total assets less current liabilities | | 111,993 | 113,705 |
| Non-current liabilities | | | |
| Lease liabilities | | 1,633 | 1,569 |
| Net assets | | 110,360 | 112,136 |
| Capital and reserves | | | |
| Equity attributable to equity shareholders of the Company | | | |
| Share capital | | 32,638 | 32,638 |
| Reserves | | 77,722 | 77,954 |
| | | 110,360 | 110,592 |
| Non-controlling interest | | – | 1,544 |
| Total equity | | 110,360 | 112,136 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | For the six months ended | |
|--|--------------------------|-----------------|
| | 30 September | |
| | 2020 | 2019 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net cash used in operating activities | (5,659) | (4,901) |
| Net cash generated/(used in) from investing activities | 7,854 | (9,272) |
| Net cash used in financing activities | (697) | — |
| | <hr/> | <hr/> |
| Net increase/(decrease) in cash and cash equivalents | 1,498 | (14,173) |
| Cash and cash equivalents at 1 April | 94,107 | 71,272 |
| Effect of foreign exchange rate changes | 528 | (1,224) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 30 September | <u>96,133</u> | <u>55,875</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity shareholders of the Company | | | | | | | Non-controlling interests (unaudited) HK\$'000 | Total equity (unaudited) HK\$'000 |
|--|--|--|---|---|---|---|----------------------------------|--|---|
| | Share capital (unaudited) HK\$'000 | Share premium (unaudited) HK\$'000 | Merger reserve (unaudited) HK\$'000 (note a) | Exchange reserve (unaudited) HK\$'000 | Accumulated Losses (unaudited) HK\$'000 | Statutory reserves (unaudited) HK\$'000 (note b) | Total (unaudited) HK\$'000 | | |
| As at 1 April 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) |
| Loss attributable to equity shareholders of the Company for the period | - | - | - | - | (4,983) | - | (4,983) | 228 | (4,755) |
| Other comprehensive loss | | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | (1,480) | - | - | (1,480) | - | (1,480) |
| Capital contribution from non-controlling interest | - | - | - | - | - | - | - | 431 | 431 |
| As at 30 September 2019 | <u>20,888</u> | <u>158,967</u> | <u>2,135</u> | <u>8,181</u> | <u>(115,967)</u> | <u>14,585</u> | <u>88,789</u> | <u>659</u> | <u>89,448</u> |
| As at 1 April 2020 | 32,638 | 188,107 | 2,135 | 7,303 | (134,459) | 14,868 | 110,592 | 1,544 | 112,136 |
| Loss attributable to equity shareholders of the Company for the period | - | - | - | - | (1,063) | - | (1,063) | - | (1,063) |
| Other comprehensive loss | | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | 803 | - | - | 803 | - | 803 |
| Release upon disposal of a subsidiary | - | - | - | 28 | - | - | 28 | (1,544) | (1,516) |
| As at 30 September 2020 | <u>32,638</u> | <u>188,107</u> | <u>2,135</u> | <u>8,134</u> | <u>(135,522)</u> | <u>14,868</u> | <u>110,360</u> | <u>-</u> | <u>110,360</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 subsidiary 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").

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's unaudited quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (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. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before tax is stated after charging the following:

| | For the three months ended | | For the six months ended | |
|---|----------------------------|-------------|--------------------------|-------------|
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Depreciation of property, plant and equipment | | | | |
| – self-owned assets | 84 | – | 164 | – |
| – right-of-use assets | 293 | – | 579 | – |
| Total minimum lease payments for leases previously classified as operating lease under HKAS 17 | – | 214 | – | 465 |
| Staff costs including directors' emolument | 5,691 | 5,919 | 11,745 | 11,718 |

4. SEGMENTAL 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-makers ("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's customers are located. The geographical locations include the People's Republic of China (the "PRC") (place of domicile of the Group) and Hong Kong.

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

No reportable operating segment has been aggregated.

(a) **Segment results**

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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. 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 attributable to those segments.

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

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 six months ended 30 September 2020 and 2019 is set out below:

| | PRC | | Hong Kong | | Total | |
|-----------------------------------|--|--|--|--|--|--|
| | For the six months ended 30 September | | For the six months ended 30 September | | For the six months ended 30 September | |
| | 2020 (Unaudited) <i>HK\$'000</i> | 2019 (Unaudited) <i>HK\$'000</i> | 2020 (Unaudited) <i>HK\$'000</i> | 2019 (Unaudited) <i>HK\$'000</i> | 2020 (Unaudited) <i>HK\$'000</i> | 2019 (Unaudited) <i>HK\$'000</i> |
| Reportable segment revenue | | | | | | |
| Inter-segment revenue | - | - | - | - | - | - |
| Revenue from external customers | <u>42,164</u> | <u>34,573</u> | <u>184</u> | <u>45</u> | <u>42,348</u> | <u>34,618</u> |
| | <u>42,164</u> | <u>34,573</u> | <u>184</u> | <u>45</u> | <u>42,348</u> | <u>34,618</u> |
| Reportable segment profit | <u>8,764</u> | <u>5,979</u> | <u>303</u> | <u>163</u> | <u>9,067</u> | <u>6,142</u> |
| Interest revenue | 78 | 146 | 582 | 344 | 660 | 490 |
| Depreciation | <u>(742)</u> | <u>(392)</u> | <u>(1)</u> | <u>(1)</u> | <u>(743)</u> | <u>(393)</u> |

(b) **Reconciliation of reportable segment revenues and profit or loss**

| | For the six months ended | |
|--|---------------------------------|-----------------------|
| | 30 September | |
| | 2020 | 2019 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Revenue | | |
| Total reportable segments' revenue | 42,348 | 34,618 |
| Elimination of inter-segment revenue | <u>–</u> | <u>–</u> |
| Consolidated turnover | <u>42,348</u> | <u>34,618</u> |
| Profit | | |
| Total reportable segments' profit | 9,067 | 6,142 |
| Elimination of inter-segment profit/(loss) | <u>–</u> | <u>–</u> |
| Reportable segment profit derived from Group's external customer | 9,067 | 6,142 |
| Bank interest income | 660 | 490 |
| Unallocated head office and corporate expenses | <u>(7,573)</u> | <u>(10,882)</u> |
| Consolidated loss before tax expenses | <u>(2,154)</u> | <u>(4,250)</u> |

5. 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. (2019: 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 six months ended 30 September 2020.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2020 (2019: Nil).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic (loss)/earnings per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the three months ended 30 September 2020 of approximately HK\$3,905,000 (2019: consolidated loss attributable to equity shareholders of the Company approximately HK\$3,698,000) and the weighted average number of approximately 326,380,800 ordinary shares (2019: 208,880,800 ordinary shares (restated)) in issue during the period calculated.

The calculation of basic (loss)/earnings per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the six months ended 30 September 2020 of approximately HK\$1,063,000 (2019: approximately HK\$4,983,000) and the weighted average number of approximately 326,380,800 ordinary shares (2019: 208,880,800 ordinary shares (restated)) in issue during the period calculated.

(b) Diluted earnings/(loss) per share

The basic and diluted earnings/(loss) per share are the same for the three months and six months ended 30 September 2020 and for the three months and six months ended 30 September 2019, as there no diluted potential ordinary shares in issue during the period.

8. PROPERTY, PLANT AND EQUIPMENT

| | Six months ended 30 September 2020 (Unaudited) HK\$'000 |
|----------------------|--|
| Opening balance | 3,612 |
| Additions | 435 |
| Depreciation | (743) |
| Exchange realignment | (251) |
| | <hr/> |
| Closing balance | <u>3,053</u> |

9. TRADE AND OTHER RECEIVABLES

| | As at 30 September 2020 (Unaudited) HK\$'000 | As at 31 March 2020 (Audited) HK\$'000 |
|-------------------|---|---|
| Trade receivables | 45,010 | 31,060 |
| Bills receivables | 1,551 | – |
| Other receivables | 2,713 | 2,568 |
| | <hr/> | <hr/> |
| | <u>49,274</u> | <u>33,628</u> |

Details of the aging analysis of trade receivables are as follows:

| | As at 30 September 2020 (Unaudited) <i>HK\$'000</i> | As at 31 March 2020 (Audited) <i>HK\$'000</i> |
|-------------------------|--|---|
| Within 90 days | 33,298 | 9,100 |
| Between 91 to 180 days | 2,856 | 11,631 |
| Between 181 to 365 days | 3,152 | 4,123 |
| Between 1 to 2 years | 3,146 | 2,596 |
| Over 2 years | 2,558 | 3,610 |
| | <u>45,010</u> | <u>31,060</u> |

Customers are generally granted with credit terms of 90 days.

10. TRADE AND OTHER PAYABLES

| | As at 30 September 2020 (Unaudited) <i>HK\$'000</i> | As at 31 March 2020 (Audited) <i>HK\$'000</i> |
|----------------|--|---|
| Trade payables | 31,383 | 21,836 |
| Other payables | 9,000 | 9,067 |
| | <u>40,383</u> | <u>30,903</u> |

Details of the aging analysis of trade payables are as follows:

| | As at 30 September 2020 (Unaudited) <i>HK\$'000</i> | As at 31 March 2020 (Audited) <i>HK\$'000</i> |
|------------------------|--|---|
| Within 90 days | 19,152 | 4,785 |
| Between 91 to 180 days | 7,216 | 5,590 |
| Between 181 to 365 day | 2,729 | 5,619 |
| Between 1 to 2 years | 1,403 | 5,104 |
| Over 2 years | 883 | 738 |
| | <u>31,383</u> | <u>21,836</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period under review, the novel coronavirus pneumonia epidemic (the “COVID-19”) has adversely affected the global economy. Thanks to the implementation of effective prevention and control measures by the government at all levels and communities in the Mainland China, the COVID-19 was effectively controlled and the economic activities in different regions gradually recovered. The operation of enterprises in Mainland China generally resumed to the level before the COVID-19 as its impacts gradually reduced. However, the COVID-19 still affects the normal life of the public continually in Europe, North America and even certain Asian countries and Hong Kong. Operation and production cannot be effectively resumed in various regions around the world, which significantly affects the relevant local economy.

Guangzhou Global Link Communications Inc. (“**Guangzhou GL**”), a subsidiary of the Group, was principally engaged in providing overall solutions for rail transit information systems. It guaranteed overseas operation in Malaysia, Pakistan, Turkey and other countries during the period. The resurgence of the COVID-19 in such regions brought great difficulties to overseas employees of the Group and increased the management and labour costs of the Group at the same time. In light of such environment, the Company prioritized the health and safety of its employees and adopted corresponding measures to ensure their health and safety, and implemented the corresponding operating services in accordance with the terms of contracts at the same time.

During the period under review, Guangzhou GL resumed normal operation rapidly. It completed the delivery of over ten projects in total, including the newly tested and manufactured CRH3 high-speed trains, low-floor new energy vehicles in Huangpu District of Guangzhou, phase-3 of Harbin Metro Line 1, Southern Extension Line of Wuhan Metro Line 6 and Caidian Line, Chongqing Metro Line 9, the renovation of Guangzhou Metro Lines 5 and 6, the overhauls of Shenzhen Metro Line 3, train information system and equipment for the metro in Istanbul, Turkey and spare parts and accessories for metro projects in various regions. In order to complete the delivery of the above products, employees of the Group overcame various difficulties in the prevention and control of the COVID-19 and the corresponding operating expenses of the Group increased.

Based on the business and market trends in the period under review, the COVID-19 and the trade tension between China and the US resulted in significant uncertainties in the future operating environment. The implementation of urban rail transit projects slowed down obviously and the bidding for new projects and the delivery of products for existing projects will be expected to be postponed for one or more years. The capital flow was also affected with the upstream payables overdue for a long time, which affected the cash flow of the Group. The external environment resulted in the rise in the operational costs of the Group and will pose a challenge to the revenue of the Group in the future.

Guangzhou GL constantly increased inputs in innovation and new products and applications to adapt to the standardized and unified types of vehicle manufacturers and meet the demand for intelligent metro of local proprietors and strived to expand the market through innovation.

During the period under review, the Group actively adjusted its development orientation and prepared for the establishment of a customer relationship management team by utilising the rich experience of the Group's management in customer relationship management business and has achieved sound progress. It is expected that the customer relationship management business will start contributing revenue for the Group in the third quarter of 2020, expanding the sources of revenue and creating a new situation for the development of the Group.

Financial Review

For the six months ended 30 September 2020, the turnover of the Group was approximately HK\$42,348,000, representing an increase of approximately 22% as compared with the Last Corresponding Period. Loss attributable to shareholders of the Company for the period amounted to approximately HK\$1,063,000, as compared with the loss of approximately HK\$4,983,000 for the Last Corresponding Period.

During the period under review, Guangzhou GL had delivered train information systems and spare parts and accessories pursuant to the supply contracts, including the newly tested and manufactured CRH3 high-speed trains, low-floor new energy vehicles in Huangpu District of Guangzhou, phase-3 of Harbin Metro Line 1, Southern Extension Line of Wuhan Metro Line 6 and Caidian Line, Chongqing Metro Line 9, the renovation of Guangzhou Metro Lines 5 and 6, the overhauls of Shenzhen Metro Line 3, train information system and equipment for the metro in Istanbul, Turkey. The turnover of the rail transit business for the period amounted to approximately HK\$41,112,000 as a result of the increased delivery amount as compared with the Last Corresponding Period.

Selling expenses for the period amounted to approximately HK\$5,374,000, representing a decrease of approximately 4% as compared with the Last Corresponding Period. The decrease was mainly due to the impact of the COVID-19 pandemic. At the beginning of COVID-19 pandemic, the Group's external exchanges were almost interrupted, and subsequently, as the pandemic eased in China, the Group's external exchanges fully recovered, but not to the same level as those in the Last Corresponding Period.

Administrative expenses amounted to approximately HK\$7,009,000, representing an increase as compared with approximately HK\$6,160,000 for the Last Corresponding Period.

Other operating expenses amounted to approximately HK\$418,000, mainly including the amortisation of intangible asset of CA-SIM amounting to approximately HK\$70,000 and the after-sales repair and maintenance provision for vehicle passenger information management system products of approximately HK\$348,000.

Other income amounted to approximately HK\$2,270,000, representing a significant decrease as compared with approximately HK\$3,298,000 for the Last Corresponding Period. The decrease was mainly due to insignificant reversal of provision for bad debts of trade receivables made in the previous period during the period 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 (the “**Subscription**”). 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\$63.4 million had been utilised as at 30 September 2020. The breakdown of the Company’s actual use of the Subscription Proceeds as at 30 September 2020 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 30 September 2020 <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 | 25.5 |
| Working capital | 7.9 | 7.9 |
| Total | 79.0 | 63.4 |

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 30 September 2020, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

Capital structure

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review financial forecast of the Group on a regular basis. As at 30 September 2020, the Group had a total cash and bank balances, amounted to approximately HK\$96,133,000.

Employee information

As at 30 September 2020, the Group had 202 employees (2019: 209 employees), 193 and 9 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2020, staff cost including Directors’ remuneration was approximately HK\$11,745,000 (2019: approximately HK\$11,718,000).

Liquidity, financial resources and gearing

As at 30 September 2020, the Group had net current assets of approximately HK\$108,354,000, of which approximately HK\$96,133,000 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.

As at 30 September 2020, Guangzhou GL borrowed short-term loans in the aggregate amount of HK\$7,565,000, fully secured by trade receivables.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2020.

Save as disclosed hereof, the information in relation to those matters set out in Rule 18.41 of the GEM Listing Rules has not changed materially from the information disclosed in the most recent published annual report of the Company.

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

As at 30 September 2020, so far is known to 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 and chief executives, if any, 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 | 1,055,600 ordinary Shares Long position | 0.32% |
| Li Kin Shing ⁽¹⁾ | Company | Owner | 164,877,714 ordinary Shares Long position | 50.52% |
| | | Interest of corporation controlled by the director | 25,465,320 ordinary Shares Long position | 7.80% |
| | | Interest of the spouse | 38,749,356 ordinary Shares Long position | 11.87% |
| Wong Kin Wa | Company | Owner | 186,150 ordinary Shares Long position | 0.06% |

Note:

- (1) Mr. Li Kin Shing ("Mr. Li") is personally interested in 164,877,714 Shares. Ms. Kwok King Wa ("Ms. Kwok") is personally interested in 38,749,356 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 25,465,320 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 30 September 2020, so far as is known to 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 30 September 2020, so far as is known to 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 other 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 ⁽¹⁾ | Beneficial owner | 38,749,356 | 11.87% |
| | Interest of the spouse | 164,877,714 | 50.52% |
| | Interest of corporation controlled by her | 25,465,320 | 7.80% |
| Ever Prosper International Limited ⁽²⁾ | Beneficial owner | 25,465,320 | 7.80% |

Notes:

- (1) Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 38,749,356 Shares. Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 164,877,714 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 25,465,320 Shares. Therefore, Ms. Kwok is also deemed to be interested in the Shares held by Ever Prosper International Limited under the SFO.
- (2) The 25,465,320 Shares are held by Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively. Mr. Li is the spouse of Ms. Kwok.

Save as disclosed above, as at 30 September 2020, so far as is known to the Directors, there was no person 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.

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 six months ended 30 September 2020.

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 to the GEM Listing Rules throughout the period under review.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, or has any other conflict of interests with the Group as at the date of the announcement.

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 period under review.

DISPOSAL OF A SUBSIDIARY

On 27 July 2020, the Company entered into a sale and purchase agreement, pursuant to which the Company has agreed to sell 60% of the issued share capital of Connect Cool Technology Limited (which wholly owns Shanghai Xunshan Information Technology Limited) to the other shareholder who holds 40% of issued share capital of Connect Cool Technology Limited at a total consideration of HK\$24,548,000. On 18 August 2020, completion of the aforementioned disposal has taken place. Upon completion, Connect Cool Technology Limited has ceased to be a subsidiary of the Company. For details, please refer to the announcements of the Company dated 27 July 2020, 14 August 2020 and 18 August 2020.

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 six months ended 30 September 2020 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, 10 November 2020

As at the date of this announcement, 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.