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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 2022

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

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

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*This 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 website of Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” 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 2022 was approximately HK\$66,098,000, representing approximately 9% decrease from that of the Last Corresponding Period.

Loss attributable to equity shareholders of the Company for the six months ended 30 September 2022 was approximately HK\$1,365,000 and net loss of approximately HK\$6,611,000 was recorded in the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 2022 together with the unaudited comparative figures for the corresponding period in 2021 (“**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	
		2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
Revenue	2 & 4	36,749	46,587	66,098	72,992
Cost of sales		(33,332)	(44,544)	(61,380)	(72,406)
Gross profit		3,417	2,043	4,718	586
Other income		1,669	554	3,578	2,224
Selling expenses		(2,479)	(1,754)	(4,951)	(3,253)
Administrative expenses		(2,123)	(3,018)	(4,230)	(5,618)
Other operating expenses		(110)	(161)	(165)	(232)
(Loss)/profit from operation		374	(2,336)	(1,050)	(6,293)
Finance costs		(42)	(151)	(315)	(309)
(Loss)/profit before taxation	3	332	(2,487)	(1,365)	(6,602)
Income tax	5	–	(5)	–	(9)
(Loss)/profit for the period		332	(2,492)	(1,365)	(6,611)
Other comprehensive (loss)/income:					
Exchange differences on translating foreign operations		(492)	24	(1,075)	439
Total comprehensive loss for the period		(160)	(2,468)	(2,440)	(6,172)
(Loss)/profit attributable to:					
Equity shareholders of the Company		332	(2,492)	(1,365)	(6,611)
Non-controlling interests		–	–	–	–
		332	(2,492)	(1,365)	(6,611)
Total comprehensive loss attributable to:					
Equity shareholders of the Company		(160)	(2,468)	(2,440)	(6,172)
Non-controlling interests		–	–	–	–
		(160)	(2,468)	(2,440)	(6,172)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share:					
– Basic and diluted	7	0.10	(0.76)	(0.42)	(2.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	4,289	1,773
		4,289	1,773
Current assets			
Inventories		3,522	2,626
Contract assets		6,572	6,203
Trade and other receivables	9	43,113	68,072
Deposits and prepayments		10,399	11,823
Time deposit		33,173	13,122
Cash and cash equivalents		52,593	75,523
		149,372	177,369
Current liabilities			
Trade and other payables	10	42,012	61,502
Contract liabilities		3,668	2,591
Advances drawn on factored trade receivables with recourse		4,293	10,762
Lease liabilities		2,756	787
Provision		1,325	1,300
Provision for taxation		6,668	7,436
		60,722	84,378
Net current assets		88,650	92,991
Total assets less current liabilities		92,939	94,764
Non-current liabilities			
Lease liabilities		925	310
Net assets		92,014	94,454
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		32,638	32,638
Reserves		59,376	61,816
		92,014	94,454
Non-controlling interest		–	–
Total equity		92,014	94,454

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	3,558	3,365
Net cash (used in)/generated from investing activities	(19,554)	261
Net cash used in financing activities	(6,251)	(3,663)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(22,247)	(37)
Cash and cash equivalents at 1 April	75,523	80,825
Effect of foreign exchange rate changes	(683)	104
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	<u>52,593</u>	<u>80,892</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						Total (unaudited) HK\$'000	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 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	Accumulated Losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>			
As at 1 April 2021	32,638	188,107	2,135	9,175	(131,909)	14,583	114,729	-	114,729
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(6,611)	-	(6,611)	-	(6,611)
Other comprehensive loss									
Exchange differences on translating foreign operations	-	-	-	439	-	-	439	-	439
As at 30 September 2021	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>9,614</u>	<u>(138,520)</u>	<u>14,583</u>	<u>108,557</u>	<u>-</u>	<u>108,557</u>
As at 1 April 2022	32,638	188,107	2,135	10,092	(153,101)	14,583	94,454	-	94,454
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(1,365)	-	(1,365)	-	(1,365)
Other comprehensive loss									
Exchange differences on translating foreign operations	-	-	-	(1,075)	-	-	(1,075)	-	(1,075)
As at 30 September 2022	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>9,017</u>	<u>(154,466)</u>	<u>14,583</u>	<u>(92,014)</u>	<u>-</u>	<u>(92,014)</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. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before tax is stated after charging the following:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment				
– self-owned assets	61	67	125	135
– right-of-use assets	315	225	616	451
Staff costs including directors' emolument	4,909	7,527	9,653	12,456
	<u>4,909</u>	<u>7,527</u>	<u>9,653</u>	<u>12,456</u>

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 2022 and 2021 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	
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue						
Inter-segment revenue	732	517	-	-	732	517
Revenue from external customers	60,747	57,687	5,351	15,305	66,098	72,992
	<u>61,479</u>	<u>58,204</u>	<u>5,351</u>	<u>15,305</u>	<u>66,830</u>	<u>73,509</u>
Reportable segment profit	<u>6,048</u>	<u>1,072</u>	<u>492</u>	<u>443</u>	<u>6,540</u>	<u>1,515</u>
Interest revenue	32	38	465	278	497	316
Depreciation	(741)	(762)	-	(1)	(741)	(763)

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

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Total reportable segments' revenue	66,830	73,509
Elimination of inter-segment revenue	(732)	(517)
	<hr/>	<hr/>
Consolidated revenue	66,098	72,992
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Total reportable segments' profit	6,540	1,515
Elimination of inter-segment profit	(732)	(517)
	<hr/>	<hr/>
Reportable segment profit derived from Group's external customer	5,808	998
Bank interest income	497	316
Unallocated head office and corporate expenses	(7,670)	(7,916)
	<hr/>	<hr/>
Consolidated loss before tax expenses	(1,365)	(6,602)
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong was 16.5% for the six months ended 30 September 2022 and 2021, 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 six months ended 30 September 2022 was approximately HK\$0 (2021: approximately HK\$9,000).

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 2020. 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 2022.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2022 (2021: Nil).

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings 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 2022 of approximately HK\$332,000 (2021: consolidated loss attributable to equity shareholders of the Company approximately HK\$2,492,000) and the weighted average number of approximately 326,380,800 ordinary shares (2021: approximately 326,380,800 ordinary shares) 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 2022 of approximately HK\$1,365,000 (2021: approximately HK\$6,611,000) and the weighted average number of approximately 326,380,800 ordinary shares (2021: approximately 326,380,800 ordinary shares) in issue during the period calculated.

(b) Diluted (loss)/earnings per share

The basic and diluted (loss)/earnings per share are the same for the three months and six months ended 30 September 2022 and for the three months and six months ended 30 September 2021, as there no diluted potential ordinary shares in issue during the period.

8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2022 (Unaudited) HK\$'000
Opening balance	1,773
Additions	3,409
Depreciation	(741)
Exchange realignment	(152)
	<hr/>
Closing balance	4,289

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade receivables	36,510	61,658
Other receivables	6,603	6,414
	<hr/>	<hr/>
	43,113	68,072

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

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Within 90 days	28,693	24,963
Between 91 to 180 days	3,299	29,290
Between 181 to 365 days	1,171	2,138
Between 1 to 2 years	3,347	5,267
	<u>36,510</u>	<u>61,658</u>

Customers are generally granted with credit terms of 90 days.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade payables	32,354	49,154
Other payables	9,658	12,348
	<u>42,012</u>	<u>61,502</u>

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

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Within 90 days	17,209	29,337
Between 91 to 180 days	3,919	7,131
Between 181 to 365 day	6,142	8,043
Between 1 to 2 years	3,441	3,465
Over 2 years	1,643	1,178
	<u>32,354</u>	<u>49,154</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

For the six months ended 30 September 2022 (the “**period under review**”), the escalation of the Russia-Ukraine conflict has caused regional and global political tensions to reach unprecedented heights. The flurry of interest rate hikes by the Federal Reserve resulted in frequent turbulence across financial markets as many countries saw significant fluctuations in their respective exchange rates. Against a backdrop of high inflation, prices across various industrial chains faced extreme instability. Tightening US restrictions on investment in Chinese hi-tech and exports to China and the Taiwan Strait issue both dealt heavy blows to the regional and global economy. Together with a laundry list of complex and high-risk factors, the global economy faced a murky outlook.

Under the guidance of the PRC government’s policy to effectively prevent and control the COVID-19 pandemic (the “**Pandemic**”) and promote steady economic growth, Guangzhou Global Link Communications Inc. (“**Guangzhou Global Link**”), a subsidiary of the Group, launched business operations concerning urban rail transit information systems. Amidst the lingering impact caused by the Pandemic over the past three years, investments in rail transit of various regions also took a hit, with fewer projects implemented than in previous years. During the period under review, Guangzhou Global Link delivered newly launched rail transit information systems for projects in Harbin, Wuhan and Huangpu District of Guangzhou. In addition, for the Wuhan Metro Line 2 and Shenzhen Metro Line 3, projects in operation for more than 10 years were overhauled in phases by Guangzhou Global Link. At the same time, companies under CRRC and Guangzhou Metro, Wuhan Metro, Hangzhou Metro and Shenzhen Metro were provided various spare parts and accessories. For the new purchase project of Guangzhou Metro Line 2, a novel digital intelligence solution will be adopted. The project involves actively investing in plentiful technical research and development resources and cooperation with Changchun Changke Alstom Rail Vehicle Co., Ltd to carry out all project-related works.

It is expected that the instability in such a complex geo-political and economic climate in the coming months or even over a longer period would cause an inevitable hit on businesses, which will have a considerable impact on the progress of urban rail transit construction projects and newly planned investment projects, dragging down the pace of growth of the industry to a certain extent. Moreover, the intensified Sino-US cold war has directly impacted the prices and supply of certain imported materials and integrated circuits. The weakness of investments in the industry has a direct impact on the business growth of host manufacturers. The resulting decline in revenue, increase in receivables and cash flow crunch are the main challenges faced by companies along the supply chain.

During the period under review, with short-term COVID-19 outbreaks in Guangzhou, Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) (“**Global Link Intelligent**”), was committed to providing services for customers in Guangdong Province, Hong Kong and Macau, the PRC (the “**Greater Bay Area**”), on top of actively cooperating with the local government in adopting measures to control the Pandemic. Global Link Intelligent successfully secured steady development of its business in Mainland China with increased revenue from such business. However, as the Pandemic situation in Hong Kong has remained severe, economic activities in the region have slowed down, which has taken a toll on business development. Nevertheless, the Company is still maintaining confidence in actively expanding business and is seeking to diversify its customer relationship management (“**CRM**”) services,

so that CRM services can provide a wide range of quality services for various industries. The Group expects that with the Pandemic gradually subsiding, the border between Hong Kong and Mainland China will gradually reopen, and the interconnection of cities in the Greater Bay Area will continue to be strengthened. Under such favorable circumstances, the Group believes that the demand for CRM services will witness continuous growth along with regional economic growth. At this juncture, the Group is optimizing its CRM technology and system in order to prepare for the expansion of CRM business and secure sustained development of its CRM business.

Financial Review

For the six months ended 30 September 2022, the turnover of the Group was approximately HK\$66,098,000, representing a decrease of approximately 9% as compared with approximately HK\$72,992,000 for the Last Corresponding Period. Loss attributable to equity shareholders of the Company for this quarter amounted to approximately HK\$1,365,000, representing a decrease of 79% as compared with the loss of HK\$6,611,000 for the Last Corresponding Period.

During the period under review, the Group managed to maintain rapid growth in CRM business despite the prolonged Pandemic, particularly with the domestic CRM business increasing by approximately 17% as compared with the Last Corresponding Period. The Group believes that there is still much room for demand for CRM business in the Greater Bay Area, which would boost further growth in revenue in the future. For the six months ended 30 September 2022, the turnover of CRM business of the Group was approximately HK\$37,430,000, representing a decrease of approximately 13% as compared to approximately HK\$42,940,000 for the Last Corresponding Period. In terms of the rail transit business, Guangzhou Global Link was mainly engaged in the delivery of the signed supply contracts to the train manufacturers under CRRC. During the period, it delivered projects such as Rail Transit Line 2 in Huangpu District of Guangzhou, Harbin Line 3 and renovation of Shenzhen Metro Line 3. Meanwhile, it also supplied various spare parts and accessories to Guangzhou Metro, Shenzhen Metro, Hangzhou Metro, Zhuzhou Branch of CRRC and Guangdong Branch of CRRC. The total delivery volume decreased as compared with the Last Corresponding Period, with a turnover of approximately HK\$28,668,000 from the rail transit business for the period, slightly lower than that of approximately HK\$30,052,000 for the Last Corresponding Period.

Selling expenses for the period amounted to approximately HK\$4,951,000, representing an increase of approximately 52% as compared to HK\$3,253,000 for the Last Corresponding Period.

Administrative expenses amounted to approximately HK\$4,230,000, representing a decrease of approximately 25% as compared to approximately HK\$5,618,000 for the Last Corresponding Period.

Other operating expenses amounted to approximately HK\$165,000, representing a decrease of approximately 29% as compared to approximately HK\$232,000 for the Last Corresponding Period.

Other income amounted to approximately HK\$3,578,000, representing an increase of approximately 61% as compared to approximately HK\$2,224,000 for the Last Corresponding Period, which was mainly due to the increases in foreign exchange income, reversal of provision for accounts receivable, interest income and other income during the period as compared with the Last Corresponding Period.

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 “**2016 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 “**2016 Subscription Proceeds**”), amongst which approximately HK\$66.9 million had been utilised as at 30 September 2022. The breakdown of the Company’s actual use of the 2016 Subscription Proceeds as at 30 September 2022 is as follows:

	Proposed use of the 2016 Subscription Proceeds as disclosed in the 2016 Circular HK\$ million	Actual use of the 2016 Subscription Proceeds as at 30 September 2022 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	29.0
Working capital	7.9	7.9
Total	<u>79.0</u>	<u>66.9</u>

Based on the current market condition, the Board is planning to utilise approximately HK\$3.0 million on development of the “Smart City” projects and relevant research and development in the financial year ending 31 March 2023.

The remaining balance of the un-utilised 2016 Subscription Proceeds has been kept in the banks as deposits.

As at 30 September 2022, there is no plan to change the original intended use of the proceeds as disclosed in the 2016 Circular.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 13 NOVEMBER 2019

Mr. Li Kin Shing, the chairman of the Board and the controlling shareholder of the Company, completed the subscription of 1,175,000,000 new shares of the Company on 13 November 2019, details of which are included in the announcements of the Company dated 28 August 2019, 24 October 2019 and 13 November 2019 and the circular of the Company dated 9 October 2019 (the “**2019 Circular**”). The net proceeds from the said subscription were approximately HK\$40 million (the “**2019 Subscription Proceeds**”). The breakdown of the Company’s actual use of the 2019 Subscription Proceeds as at 30 September 2022 is as follows:

	Proposed use of the 2019 Subscription Proceeds as disclosed in the 2019 Circular <i>HK\$ million</i>	Actual use of the 2019 Subscription Proceeds as at 30 September 2022 <i>HK\$ million</i>
General working purposes and in particular the procurement of the POS equipment with the Company’s patented 2.4G technology software installed (“ POS Equipment ”) to meet the potential orders from the Group’s business partner	<u>40</u>	<u>4.6</u>

Since the termination of the purchase agreement entered into by the Group with the business partner in December 2020, the Group has been actively looking for other potential purchasers of the POS Equipment. However, due to the continuing impact of COVID-19 on the urban public transportation industries in the PRC, no procurement agreement for the Group’s POS Equipment has been entered into as at 30 September 2022.

In view of the current industry trend and based on the best estimation of future market conditions made by the Group, it is expected that the Group will fully utilise the unutilised 2019 Subscription Proceeds in the sum of approximately HK\$35.4 million by 31 December 2023. It will be subject to change based on the current and future development of market conditions. The Group will apply its financial resources, including but not limited to, funds from the 2019 Subscription Proceeds based on market conditions and opportunities.

The remaining balance of the unutilised 2019 Subscription Proceeds has been kept in the banks as deposits.

As at 30 September 2022, there is no plan to change the original intended use of the proceeds as disclosed in the 2019 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 2022, the Group had a total time deposit, cash and bank balances, amounted to approximately HK\$85,766,000.

Employee information

As at 30 September 2022, the Group had 189 employees (2021: 203 employees), 180 and 9 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2022, staff cost including Directors' remuneration was approximately HK\$9,653,000 (2021: approximately HK\$12,456,000).

Liquidity, financial resources and gearing ratio

As at 30 September 2022, the Group had net current assets of approximately HK\$88,650,000, of which approximately HK\$85,766,000 were time deposit, 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.

Gearing ratio is calculated as the net debt (being total liabilities less bank and cash balances) divided by the total capital. As at 30 September 2022, the Group had time deposit, cash and cash equivalents of approximately HK\$85,766,000. As at 30 September 2022, the Group had total borrowings of approximately HK\$9,898,000, and the total equity attributable to equity shareholders of the Company was approximately HK\$92,014,000, therefore, the gearing ratio of the Group was negative, hence the Group's gearing ratio was not applicable (2021: Not applicable).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2022.

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 2022, 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	Beneficial owner	1,055,600 ordinary Shares Long position	0.32%
Li Kin Shing ⁽¹⁾	Company	Beneficial 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	Beneficial 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 2022, 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 2022, 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	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 is personally interested in 38,749,356 Shares. 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 2022, 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 2022.

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.

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 2022 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 2022

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.