



國聯通信控股有限公司

GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

THIRD QUARTERLY RESULTS ANNOUNCEMENT 2022

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

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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 of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 the 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 nine months ended 31 December 2022 was approximately HK\$103,456,000 representing approximately 20% decrease from that of the corresponding period in 2021.

Loss attributable to equity shareholders of the Company for the nine months ended 31 December 2022 was approximately HK\$3,865,000, as compared with the loss of approximately HK\$4,157,000 for the corresponding period of last year.

UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 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 (the “**Group**”) for the three months and the nine months ended 31 December 2022 together with the unaudited comparative figures for the corresponding periods in 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended		For the nine months ended	
		31 December		31 December	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	37,358	57,031	103,456	130,024
Cost of sales		<u>(36,178)</u>	<u>(51,207)</u>	<u>(97,559)</u>	<u>(123,614)</u>
Gross profit		1,180	5,824	5,897	6,410
Other revenue		1,039	1,344	4,618	3,569
Selling expenses		(2,457)	(1,493)	(7,408)	(4,746)
Administrative expenses		(2,073)	(2,768)	(6,304)	(8,387)
Other operating expenses		<u>(150)</u>	<u>(240)</u>	<u>(315)</u>	<u>(471)</u>
(Loss)/profit from operation		(2,461)	2,667	(3,512)	(3,625)
Finance costs		<u>(37)</u>	<u>(211)</u>	<u>(353)</u>	<u>(520)</u>
(Loss)/profit before taxation		(2,498)	2,456	(3,865)	(4,145)
Income tax	3	–	–	–	(12)
(Loss)/profit for the period		<u>(2,498)</u>	<u>2,456</u>	<u>(3,865)</u>	<u>(4,157)</u>
Other comprehensive (loss)/income:					
Exchange differences on translating foreign operations		<u>84</u>	448	<u>(991)</u>	887
Total comprehensive (loss)/income for the period		<u>(2,414)</u>	<u>2,904</u>	<u>(4,856)</u>	<u>(3,270)</u>
(Loss)/profit attributable to:					
Equity shareholders of the Company		<u>(2,498)</u>	2,456	<u>(3,865)</u>	(4,157)
Non-controlling interests		–	–	–	–
		<u>(2,498)</u>	<u>2,456</u>	<u>(3,865)</u>	<u>(4,157)</u>
Total comprehensive (loss)/income attributable to:					
Equity shareholders of the Company		<u>(2,414)</u>	2,904	<u>(4,856)</u>	(3,270)
Non-controlling interests		–	–	–	–
		<u>(2,414)</u>	<u>2,904</u>	<u>(4,856)</u>	<u>(3,270)</u>
(Loss)/earnings per share (in HK cents):	5				
– Basic and diluted		<u>(0.77)</u>	0.75	<u>(1.18)</u>	(1.27)

NOTES TO THE INCOME STATEMENT

1. BASIS OF PREPARATION

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

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

2. REVENUE

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

3. INCOME TAX

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong was 16.5% for the nine months ended 31 December 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 nine months ended 31 December 2022 was approximately HK\$0 (2021: approximately HK\$12,000).

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 nine months ended 31 December 2022.

4. DIVIDEND

The Board does not recommend a dividend for the nine months ended 31 December 2022 (2021: Nil).

5. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the three months ended 31 December 2022 of approximately HK\$2,498,000 (2021: consolidated earnings attributable to equity shareholders of the Company approximately HK\$2,456,000) 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 per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the nine months ended 31 December 2022 of approximately HK\$3,865,000 (2021: approximately HK\$4,157,000) 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

As there were no diluted potential ordinary shares during the three months and the nine months ended 31 December 2022 and for the three months and nine months ended 31 December 2021, the diluted (loss)/earnings per share was same as basic (loss)/earnings per share.

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	Accumulated Losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000
As at 1 April 2021	32,638	188,107	2,135	9,175	(131,909)	14,583	114,729
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(4,157)	-	(4,157)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	887	-	-	887
As at 31 December 2021	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>10,062</u>	<u>(136,066)</u>	<u>14,583</u>	<u>111,459</u>
As at 1 April 2022	32,638	188,107	2,135	10,092	(153,101)	14,583	94,454
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(3,865)	-	(3,865)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	(991)	-	-	(991)
As at 31 December 2022	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>9,101</u>	<u>(156,966)</u>	<u>14,583</u>	<u>89,598</u>

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period under review, the Russia-Ukraine conflict displayed no signs of easing. The flurry of interest rate hikes by the Federal Reserve resulted in continuous inflation. The negotiations between China and the US continued. The increasingly complicated and challenging international environment such as the relentless outbreak of the pandemic in the past three years, was certainly a profound change unseen in a century. In the face of the resurgence of the pandemic and complicated and challenging domestic and international environments, China's overall economy faces substantial triple pressures: demand contraction, supply shocks and weakening expectations.

Guangzhou Global Link Communications Inc. (“**Guangzhou Global Link**”), a subsidiary of the Group, remained principally engaged in providing overall solutions for urban rail transit information systems. During the current period, the positive infection rates of COVID-19 spiked in many central cities in China. Guangzhou, where the Company is located, was especially hard-hit. The employee attendance of the Company fell to an all-time low, which seriously affected marketing, customer service, technical support and other departments. The operations of the Company suffered an unprecedented blow. However, in the face of various obstacles and restrictions from society in an environment where normal operations are affected, the management team of the Company developed responses to overcome difficulties in a timely manner and withstood various pressures, mobilizing all employees to cooperate with owners and CRRC to carry out tasks with continued resilience and selflessness. The contracts delivered during the current period included rail transit information system products for new trains of Line 2 in Huangpu District of Guangzhou, the Southward Extension Section of Guangzhou Metro Line 2, the Southward Extension of Wuhan Metro Line 7 and Harbin Line 3. Meanwhile, the Company also supplied corresponding spare parts and accessories to Guangzhou Metro, Hangzhou Metro and Dongguan Metro. Further, it successively supplied various spare parts and accessories to enterprises under CRRC, such as Guangzhou CRRC, Shenzhen CRRC, Quanzhou CRRC, Tianjin CRRC, CRRC Zhuzhou and etc.

The Central Economic Work Conference held in mid December 2022 stated that “steady progress is an important long-term principle for state governance”. China's development has entered into a situation where both strategic opportunities and risks exist. The PRC government has made unified decisions and arrangements based on the national conditions to coordinate the prevention and control of the COVID-19 pandemic with economic and social development. The Company, like many operating entities in mainland China, also needed an adaptation process to unprecedented changes. Operating activities were affected by the travel disruptions resulted from high infection rates of the pandemic. The Company also needed to develop sustainable business strategies and measures according to the circumstances. It is hoped that with the promotion of relevant effective policies of the government, the business operations of the Company would pick up gradually.

During the period under review, with the efforts of the Group's staff, the customer relationship management (“CRM”) business of the Group achieved steady and positive development. However, due to the adjustment of pandemic prevention measures in the PRC based on the changing situation of the pandemic, the infection rate of COVID-19 in Guangzhou, where the Group's CRM service center is located, has recorded a significant increase. The Group recorded high infection rates among our staff, resulting in a record-low attendance rate, which materially affected the customer service and technical support provided by the CRM service. The management of the Company proactively implemented measures to respond to the disruption of CRM services due to the pandemic. The Group coordinated pandemic prevention and treatment measures in regard to our staff, as well as proactively communicated and negotiated with our customers. Through reasonable coordination and encouraging our staff to perform their duties, the Group tried to reduce the impact of the changing situation of the pandemic on our customer service.

The Group believes that the PRC government's adjustment of pandemic prevention measures according to the national conditions and the gradual easing of border restrictions will effectively promote the normalization of business activities of the Company and get the development of the Group back on the right track.

Financial Review

For the nine months ended 31 December 2022, the turnover of the Group was approximately HK\$103,456,000, representing a decrease of approximately 20% as compared with approximately HK\$130,024,000 for the Last Corresponding Period. Loss attributable to shareholders of the Company for this quarter amounted to approximately HK\$3,865,000, representing a decrease of 7% as compared with the loss of approximately HK\$4,157,000 for the Last Corresponding Period.

During the period under review, the CRM business of the Group was affected by the pandemic, and the number of employees infected with the disease increased drastically, resulting in a severe impact on staff attendance. In the face of this, the Group responded actively to minimise any impact on customer service. Although the revenue from the CRM business declined as compared with that of the Last Corresponding Period, the Group believes that with the relaxation of pandemic measures, operations will return to normal and the business will be further developed. The turnover of the CRM business for the nine months ended 31 December 2022 was approximately HK\$58,715,000 compared with approximately HK\$75,101,000 for the Last Corresponding Period.

During the period under review, according to the signed delivery contracts, Guangzhou Global Link mainly performed delivery of products to the vehicle manufacturing enterprises under CRRC. During the period, it delivered rail transit information system products for new trains of Line 2 in Huangpu District of Guangzhou, the Southward Extension Section of Guangzhou Metro Line 2, the Southward Extension of Wuhan Metro Line 7 and Harbin Line 3. Meanwhile, the Company also supplied corresponding spare parts and accessories to Guangzhou Metro, Hangzhou Metro and Dongguan Metro. Further, it successively supplied various spare parts and accessories to enterprises under CRRC, such as Guangzhou CRRC, Shenzhen CRRC, Quanzhou CRRC, Tianjin CRRC, CRRC Zhuzhou and etc. The total delivery volume decreased as compared with the Last Corresponding Period, with a turnover of approximately HK\$44,741,000 from the rail transit business for the period, representing a decrease of approximately 19% as compared with approximately HK\$54,923,000 for the Last Corresponding Period.

Selling expenses for the period amounted to approximately HK\$7,408,000, representing an increase of approximately 56% as compared with HK\$4,746,000 for the Last Corresponding Period.

Administrative expenses amounted to approximately HK\$6,304,000, representing a decrease of approximately 25% as compared with approximately HK\$8,387,000 for the Last Corresponding Period.

Other operating expenses amounted to approximately HK\$315,000, representing a decrease of 33% as compared with approximately HK\$471,000 for the Last Corresponding Period.

Other income amounted to approximately HK\$4,618,000, representing an increase of 29% as compared with approximately HK\$3,569,000 for the Last Corresponding Period, which was mainly due to the increases in foreign exchange income, 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. 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\$67.3 million had been utilised as at 31 December 2022. The breakdown of the Company’s actual use of the Subscription Proceeds as at 31 December 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 31 December 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	29.4
Working capital	7.9	7.9
Total	<u>79.0</u>	<u>67.3</u>

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 2016 Subscription Proceeds by 31 March 2025. 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 2016 Subscription Proceeds based on market conditions and opportunities.

There has been a delay in the expected timeline for the use of funds from the 2016 Subscription Proceeds allocated for the purpose of the development of the “Smart City” project by using the Group’s existing Certificate Authority-SIM (CA-SIM) technology. The delay arose mainly for the following reasons:

- (i) The Group has been upgrading and developing its CA-SIM products and the related mobile applications to be compatible with 5G network specifications, which are required for the integrated “Smart City” solution in the PRC. The 4G network version of the CA-SIM products are outdated and no longer acceptable to the market and end-users for lack of 5G network compatibility. While the research and development efforts are underway, the Company currently expects the improved and redesigned CA-SIM products and the related mobile applications can be introduced and marketed to the end-users by the end of 2023.

- (ii) The continuing impact of the COVID-19 on the development and implementation of the “Smart City” project in various candidate districts or cities in the PRC, in particular, there has been a delay in the Group’s effort in securing the policy support from the relevant government authorities in potential pilot cities for the “Smart City” project. On this end, the Group will continue to actively engage negotiations and discussions with the relevant government authorities in the PRC and in overseas countries for business collaboration opportunities.

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

As at 31 December 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 31 December 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 31 December 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 31 December 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 31 December 2022, there is no plan to change the original intended use of the proceeds as disclosed in the 2019 Circular.

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

As at 31 December 2022, to the best knowledge of the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	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 31 December 2022, to the best knowledge of the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2022, to the best knowledge of the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

Interests in ordinary shares of the Company – long position

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
Kwok King Wa ⁽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 31 December 2022, so far as known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

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

Save as disclosed in this announcement, as at 31 December 2022, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the nine months ended 31 December 2022.

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, all being independent non-executive Directors. The Group's unaudited results for the nine months ended 31 December 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 February 2023

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.