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Global Link

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Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

First Quarterly Report 2019

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

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HIGHLIGHTS

Turnover for the three months ended 30 June 2019 was approximately HK\$19,756,000 representing a decrease of approximately 21% as compared to the Last Corresponding Period.

Loss attributable to equity shareholders of the Company of approximately HK\$1,285,000 representing approximately 5% decrease from that of the Last Corresponding Period.

UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2019

The board of Directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (“**Global Link**” or the “**Group**”) for the three months ended 30 June 2019 (“**Current Period**” or “**period**”) together with the unaudited comparative figures for the corresponding period in 2018 (“**Last Corresponding Period**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	<i>Note</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	2	19,756	24,982
Cost of sales		<u>(15,138)</u>	<u>(19,636)</u>
Gross profit		4,618	5,346
Other revenue		1,815	1,550
Selling expenses		(2,663)	(3,405)
Administrative expenses		(3,401)	(2,759)
Other operating expenses		<u>(1,330)</u>	<u>(1,993)</u>
(Loss) from operation		(961)	(1,261)
Finance costs		<u>(12)</u>	<u>(88)</u>
(Loss) before taxation		(973)	(1,349)
Income tax	3	<u>(240)</u>	<u>–</u>
(Loss) for the period		(1,213)	(1,349)
Other comprehensive (loss):			
Exchange differences on translating foreign operations		<u>(719)</u>	<u>(1,290)</u>
Total comprehensive (loss) for the period		<u>(1,932)</u>	<u>(2,639)</u>
(Loss) attributable to:			
Equity shareholders of the Company		(1,285)	(1,349)
Non-controlling interests		<u>72</u>	<u>–</u>
		<u>(1,213)</u>	<u>(1,349)</u>
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		(2,004)	(2,639)
Non-controlling interests		<u>72</u>	<u>–</u>
		<u>(1,932)</u>	<u>(2,639)</u>
(Loss) per share:	5	HK cents	HK cents
– Basic and diluted		<u>(0.062)</u>	<u>(0.065)</u>

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 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. 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 year (2018: Nil).

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

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

There was no significant unprovided deferred taxation for the three months ended 30 June 2019.

4. DIVIDEND

The Board does not recommend an interim dividend for the three months ended 30 June 2019 (2018: Nil).

5. (LOSS) PER SHARE

(a) Basic (loss) per share

The calculation of basic (loss) per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the three months ended 30 June 2019 of approximately HK\$1,285,000 (2018: approximately HK\$1,349,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2018: 2,088,808,000 ordinary shares) in issue during the period calculated.

(b) Diluted (loss) per share

The basic and diluted loss per share are the same for the three months ended 30 June 2019 and for the three months ended 30 June 2018, as there no diluted potential ordinary shares in issue during the period.

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	(Accumulated losses) (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000
As at 1 April 2018	20,888	158,967	2,135	11,233	(96,133)	12,884	109,974
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(1,349)	-	(1,349)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	(1,290)	-	-	(1,290)
As at 30 June 2018	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>9,943</u>	<u>(97,482)</u>	<u>12,884</u>	<u>107,335</u>
As at 1 April 2019	20,888	158,967	2,135	9,661	(110,951)	14,585	95,285
Impact on initial application of HKFRS 16	-	-	-	-	(33)	-	(33)
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(1,285)	-	(1,285)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	-	-	(719)	-	-	(719)
As at 30 June 2019	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>8,942</u>	<u>(112,269)</u>	<u>14,585</u>	<u>93,248</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 subsidiary in the People's Republic of China (the "PRC").

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period under review, Sino-US trade tensions did not only affect the economy in China, but also the development of the world's major economies. In the face of an abnormally complicated and stringent economic environment, the Chinese government persisted in taking reform as its driving force and setting "seeking progression amid stability" as the general keynote of its economic work. National economy continued its generally steady, stable and positive development trend, structural adjustment was further deepened, and a good start was made for the economy to move towards high quality development. GDP grew by 6.2% year-on-year in the second quarter of the first half of the year.

During the period, the key work of the "Smart City" project is to strengthen system research and development, technical support and proactively coordinate business contacts for collateral cooperation resources in required setting.

Based on the setting of "gas station" and "roadside parking", research and development personnel carried out the development of supporting system, including backstage and user front-end apps or mini applications as well as necessary debugging for hardwares such as handheld PAD for gas station workers and long-distance RSU card readers for gas stations.

Research and development personnel launched the latest national standards of our "Public Transport POS" products as well as research and follow-up work for various specifications in overseas markets like Southeast Asia, and the construction of self-developed hardware prototype. During the period, we have entered into a framework cooperation agreement with China Unicode Company (中交金碼公司), namely Strategic Cooperation and Framework Supply Agreement in relation to the application of the 2.4G/RCC technology in the China T-Union, which intends to purchase vehicle-mounted card-sweeping POS equipment with 2.4G technology installed. The purchase contract for the first batch of 5,000 units has begun for delivery.

Business personnel followed up on the planning progress of the roadside parking project of the Panyu District Government in order to comprehend the information through real-time interaction. We also actively carried out discussion regarding the cooperation with Sinopec and the original private petrol station system integrators to speed up the implementation at the gas stations. At the same time, we cooperated with China Unicom and telecom operators to facilitate the coordination of telecommunication and SIM card resources.

During the review period, Sino-US trade had a greater impact on the domestic economy. The funds of Internet companies and large state-owned enterprises became very tight, and their budgets for expanding new scenarios and exploring new users were also reduced. Secondly, at the beginning of this year, the adjustment of middle and high-level personnel of the three major operators has had a major impact on the current main business of Shanghai Xunshan Information Technology Limited (“**Shanghai Xunshan**”), resulting in a slower progress in the business of Shanghai Xunshan.

During the period, the main task of Shanghai Xunshan was to cooperate with Bestpay App to access the two-dimensional code system of Taizhou Bus, Jinhua Bus, Suiyang Bus, Gongyi Bus and Xinji Bus. At the same time, it has newly expanded different public transport customer base, including Qingyuan citizen card, Datong bus, Wuhu bus, Hefei card, while determining the cost and access conditions with Bestpay.

At the same time, Shanghai Xunshan has newly developed two giants, namely, “China Mobile He Bao” and Tongcheng-Elong and added them into the “Internet + bus” setting, which intends to complete the important trials in Haikou City, Hainan before August, in order to get well-prepared for the promotion nationwide.

With the development of the business and the accumulation of customer resources in the public transport sector, Shanghai Xunshan and Luer Science And Technology Ltd. jointly launched the Huicheng Welfare Platform especially for the public transport setting, with the plan to access various bus apps for better operation as well as to ease the problem of operating Apps by public transport companies. Huicheng Welfare Platform is an e-commerce rebate platform created by Luer and Netcase as well as JD.com. Users who have consumed on the platform can earn rebates for exchanging car ride benefits and other premium benefits through bus apps. Shanghai Xunshan is currently coordinating the cooperation with Harbin, Suzhou and other cities, planning to launch business trials in the second half of 2019.

During the period, the main task of Guangzhou Global Link Communication Co., Ltd. (“**Guangzhou Global Link**”) was to ensure the opening of overseas delivery systems, which include the commissioning and opening preparation of the new online operation of Ankara, Turkey as well as Malaysia ETS2 and HMU. In particular, the Malaysia project has new configurations and special operational requirements when comparing to previous product applications, resulting in an increase in the workload of engineering commissioning. Enterprise engineering and product developers overcome various difficulties and actively communicate with foreign owners under the leadership of the main plant, so that the exploration can be carried forward. The project has enabled the technical team of the corporations to learn a lot of new knowledge, especially to provide practical opportunities for overseas contract execution and to train the working team. During the period, in order to facilitate the opening of the first rail transit line in Pakistan, the engineering and technical teams of the Company have also done a lot of preparatory work.

During the period under review, the volume of cargo delivered by Guangzhou Global Link decreased as compared to the same period last year, and the turnover decreased by 23% year-on-year. In view of the decrease in the production volume of enterprises, we have promptly arranged a series of skills learning and training for internal employees in terms of production process, quality control, etc.. Marketing and sales departments have visited key cities to understand the industry project construction plan and strive to explore new markets. Facing the opportunities of the continued increase in infrastructure investment in key cities in the mainland China, alongside the continuing completion of the construction of urban rail transportation projects, we have to face the challenge on how to adapt to the increasingly aggressive industry competition in the urban rail transit information system market.

With the expansion in the operation of the urban rail transit throughout the years, many urban owners have incorporated intelligent management for safe operation, unmanned trains driving and the scientific management of the whole life cycle into the agenda. Enterprises in the industry must adopt innovative thinking, and strengthen the input of various resources so as to explore the rail transit market in the future, as the market can only be sustainable with more input.

On 4 April 2019, the Company, Mr. Xiao Li and Connect Cool Technology Limited has entered into a conditional sale and purchase agreement pursuant to which the Company has conditionally agreed to acquire and Mr. Xiao Li has conditionally agreed to sell 60% of the entire issued share capital of Connect Cool Technology Limited at a consideration of HK\$24 million. Such acquisition was completed on 10 May 2019. Our Directors are of the view that such acquisition enables the Company to tap into the transportation payment solutions industry in the PRC, which is consistent with the Group's strategy in expanding its passenger information management system business and will create great synergy with the Group's existing business.

FINANCIAL REVIEW

For the three months ended 30 June 2019, the turnover of the Group was approximately HK\$19,756,000, representing a decrease of 21% as compared with approximately HK\$24,982,000 for the corresponding period of last year, among which, the turnover of its rail transit business was approximately HK\$18,669,000, representing a decrease of 23% as compared with the corresponding period of last year. The turnover of other businesses was approximately HK\$1,087,000. Loss attributable to equity shareholders of the Company for the quarter amounted to approximately HK\$1,285,000, as compared with the loss of approximately HK\$1,349,000 for the corresponding period of last year.

In the period under review, Guangzhou Global Link, a subsidiary of the Group has delivered vehicle passenger information management system products pursuant to the contracts signed such as Caidian Line of Wuhan Metro Line, Wuhan Metro Line 2, Southern Extension Line of Wuhan Metro Line 2, Guangzhou Metro Line 9, Northern Extension Line of Guangzhou Metro Line 8 and HMU Line in Malaysia. It has also provided relevant spare parts and accessories to depots during the period. However, total delivery volume decreased as compared with the corresponding period of last year. The turnover of the rail transit business for the period was approximately HK\$18,669,000, representing a decrease of approximately 23% as compared with the corresponding period of last year.

Selling expenses for the period were approximately HK\$2,663,000, representing a decrease of 22% as compared with the corresponding period of last year. The decrease was mainly attributable to the decrease of market input of Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司), a subsidiary of the Group as compared with last year.

Administrative expenses were approximately HK\$3,401,000, representing an increase of approximately HK\$642,000 as compared with approximately HK\$2,759,000 in the corresponding period of last year. The increase was mainly attributable to the acquisition cost related to the acquisition of Connect Cool Technology.

Other operating expenses amounted to approximately HK\$1,330,000, mainly attributable to the amortisation of intangible asset CA-SIM of approximately HK\$720,000 and the repair and maintenance provision for vehicle passenger information management system products of approximately HK\$610,000.

Other income amounted to approximately HK\$1,815,000, representing an increase of approximately HK\$265,000 as compared with approximately HK\$1,550,000 in the corresponding period of last year. The increase was mainly attributable to the provision for bad debts of trade receivables made in the previous period was reversed during the period.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

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

The gross proceeds from the subscription were HK\$80.0 million. The net proceeds of the subscription, after deduction of expenses and professional fees, amounted to approximately HK\$79.0 million (the “**Subscription Proceeds**”), amongst which approximately HK\$59.2 million had been utilised as at 30 June 2019. The breakdown of the Company’s actual use of the Subscription Proceeds as at 30 June 2019 is as follows:

	Proposed use of the Subscription Proceeds as disclosed in the Circular <i>HK\$ million</i>	Actual use of the Subscription Proceeds from the date of completion of the Subscription to 30 June 2019 <i>HK\$ million</i>
The Company’s existing train information system solutions for urban rail transit business, mainly for the execution of the newly signed order contracts of a number of new lines projects in several cities in the PRC	30.0	30.0
The development of the “Smart City” project by using the Company’s existing CA-SIM technology, mainly for staff hiring, development of relevant management system platform and gradual roll out of the mobile apps and value-added services to target users	41.1	21.3
Working capital	7.9	7.9
Total	79.0	59.2

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

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

As at 30 June 2019, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

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

As at 30 June 2019, so far as 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 were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Owner	10,556,000 ordinary shares Long position	0.51%
Li Kin Shing ⁽¹⁾	Company	Owner	473,777,143 ordinary shares Long position	22.68%
		Interest of corporation controlled by the director	254,653,200 ordinary shares Long position	12.19%
		Interest of the spouse	387,493,563 ordinary shares Long position	18.55%
Wong Kin Wa	Company	Owner	1,861,500 ordinary shares Long position	0.09%

Note:

- (1) Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 473,777,143 shares. Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 387,493,563 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 254,653,200 shares. Therefore, Mr. Li is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.

Save as disclosed above, as at 30 June 2019, 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 June 2019, 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	387,493,563	18.55%
	Interest of the spouse	473,777,143	22.68%
	Interest of corporation controlled by her	254,653,200	12.19%
Ever Prosper International Limited ⁽²⁾	Beneficial owner	254,653,200	12.19%
Jovial Elite Limited ⁽³⁾	Beneficial owner	111,690,000	5.35%

Notes:

- (1) Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 387,493,563 shares. Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 473,777,143 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Ms. Kwok is deemed to be interested in her spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 254,653,200 shares. Therefore, Ms. Kwok is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.
- (2) The 254,653,200 shares are held by Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively. Mr. Li is the spouse of Ms. Kwok.
- (3) According to the notice filed by Jovial Elite Limited, Jovial Elite Limited is a wholly owned subsidiary of Hony Capital Fund 2008, L.P.. Hony Capital Fund 2008, L.P. is wholly-owned by Hony Capital Fund 2008 GP, L.P.. Hony Capital Fund 2008 GP, L.P. is wholly-owned by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is wholly-owned by Hony Capital Management Limited. Hony Capital Management Limited is held as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan.

Save as disclosed above, as at 30 June 2019, 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.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this announcement, as at 30 June 2019, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executives 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's 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 with 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 three months ended 30 June 2019.

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 three months ended 30 June 2019.

COMPETING INTERESTS

None of the Directors nor the substantial 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review. Investors may refer to the corporate governance report of the Group in its annual report for the year ended 31 March 2019 for details of the Group's corporate governance practices.

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 three months ended 30 June 2019 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the relevant legal and regulatory requirements, and that adequate disclosures have been made.

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

On behalf of the Board
LI Kin Shing
Chairman

Hong Kong, 12 August 2019

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