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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 Report 2021

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

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This report, 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 report 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 report misleading.

This report will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This report will also be posted on the website of the Company at www.glink.hk.

HIGHLIGHTS

Turnover for the six months ended 30 September 2021 was approximately HK\$72,992,000, representing approximately 72% increase from that of the Last Corresponding Period.

Loss attributable to equity shareholders of the Company for the six months ended 30 September 2021 was approximately HK\$6,611,000 and net loss of approximately HK\$1,063,000 was recorded in the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 together with the unaudited comparative figures for the corresponding period in 2020 (“**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	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	2 & 4	46,587	30,142	72,992	42,348
Cost of sales		(44,544)	(21,879)	(72,406)	(33,319)
Gross profit		2,043	8,263	586	9,029
Other income		554	1,115	2,224	2,270
Selling expenses		(1,754)	(1,357)	(3,253)	(5,374)
Administrative expenses		(3,018)	(3,563)	(5,618)	(7,009)
Other operating expenses		(161)	(298)	(232)	(418)
(Loss)/profit from operation		(2,336)	4,160	(6,293)	(1,502)
Finance costs		(151)	(352)	(309)	(652)
(Loss)/profit before taxation	3	(2,487)	3,808	(6,602)	(2,154)
Income tax	5	(5)	–	(9)	–
(Loss)/profit for the period		(2,492)	3,808	(6,611)	(2,154)
Other comprehensive (loss)/ income:					
Exchange differences on translating foreign operations		24	788	439	803
Total comprehensive (loss)/ income for the period		(2,468)	4,596	(6,172)	(1,351)
(Loss)/profit attributable to:					
Equity shareholders of the Company		(2,492)	3,905	(6,611)	(1,063)
Non-controlling interests		–	(97)	–	(1,091)
		(2,492)	3,808	(6,611)	(2,154)
Total comprehensive (loss)/ income attributable to:					
Equity shareholders of the Company		(2,468)	4,693	(6,172)	(260)
Non-controlling interests		–	(97)	–	(1,091)
		(2,468)	4,596	(6,172)	(1,351)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share:	7				
– Basic and diluted		(0.76)	1.20	(2.03)	(0.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	1,678	2,400
		1,678	2,400
Current assets			
Inventories		8,099	1,804
Contract assets		5,354	4,391
Trade and other receivables	9	65,109	59,652
Bills receivables discounted with recourse		1,200	3,549
Deposits and prepayments		13,593	12,931
Time deposit		13,076	13,025
Cash and cash equivalents		80,892	80,825
		187,323	176,177
Current liabilities			
Trade and other payables	10	63,749	43,490
Contract liabilities		97	969
Advances drawn on factored trade receivables with recourse		5,666	5,857
Advances drawn on bills receivables discounted with recourse		1,200	3,549
Lease liabilities		681	1,284
Provision		1,395	1,148
Provision for taxation		7,238	7,139
		80,026	63,436
Net current assets		107,297	112,741
Total assets less current liabilities		108,975	115,141
Non-current liabilities			
Lease liabilities		418	412
Net assets		108,557	114,729
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		32,638	32,638
Reserves		75,919	82,091
		108,557	114,729
Non-controlling interest		–	–
Total equity		108,557	114,729

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2021 <i>(Unaudited)</i> HK\$'000	2020 <i>(Unaudited)</i> HK\$'000
Net cash generated from/(used in) operating activities	3,365	(5,659)
Net cash generated from investing activities	261	7,854
Net cash used in financing activities	(3,663)	(697)
Net (decrease)/increase in cash and cash equivalents	(37)	1,498
Cash and cash equivalents at 1 April	80,825	94,107
Effect of foreign exchange rate changes	104	528
Cash and cash equivalents at 30 September	80,892	96,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company								Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000		
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 (note a)	Exchange reserve (unaudited) HK\$'000	Accumulated Losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 (note b)	Total (unaudited) HK\$'000					
	As at 1 April 2020	32,638	188,107	2,135	7,303	(134,459)	14,868	110,592			1,544	112,136
	Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(1,063)	-	(1,063)			-	(1,063)
Other comprehensive loss												
Exchange differences on translating foreign operations	-	-	-	803	-	-	803	-	803			
Release upon disposal of a subsidiary	-	-	-	28	-	-	28	(1,544)	(1,516)			
As at 30 September 2020	32,638	188,107	2,135	8,134	(135,522)	14,868	110,360	-	110,360			
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	32,638	188,107	2,135	9,614	(138,520)	14,583	108,557	-	108,557			

Note:

- 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.
- Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of subsidiaries in the People's Republic of China (the "PRC").

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. REVENUE

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

3. PROFIT/(LOSS) BEFORE TAXATION

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment				
– self-owned assets	67	84	135	164
– right-of-use assets	225	293	451	579
Staff costs including directors' emolument	7,527	5,691	12,456	11,745

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.

4. SEGMENTAL INFORMATION (Continued)

(a) Segment results (Continued)

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 2021 and 2020 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Reportable segment revenue						
Inter-segment revenue	517	–	–	–	517	–
Revenue from external customers	57,687	42,164	15,305	184	72,992	42,348
	58,204	42,164	15,305	184	73,509	42,348
Reportable segment profit	1,072	8,764	443	303	1,515	9,067
Interest revenue	38	78	278	582	316	660
Depreciation	(762)	(742)	(1)	(1)	(763)	(743)

4. SEGMENTAL INFORMATION (Continued)

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

	For the six months ended 30 September	
	2021 <i>(Unaudited)</i> HK\$'000	2020 <i>(Unaudited)</i> HK\$'000
Revenue		
Total reportable segments' revenue	73,509	42,348
Elimination of inter-segment revenue	(517)	–
Consolidated revenue	72,992	42,348
Profit		
Total reportable segments' profit	1,515	9,067
Elimination of inter-segment profit	(517)	–
Reportable segment profit derived from Group's external customer	998	9,067
Bank interest income	316	660
Unallocated head office and corporate expenses	(7,916)	(7,573)
Consolidated loss before tax expenses	(6,602)	(2,154)

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 2021 and 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. For this subsidiary the first HK\$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for the six months ended 30 September 2021 was approximately HK\$9,000 (2020: 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 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 2021.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2021 (2020: 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 loss attributable to equity shareholders of the Company for the three months ended 30 September 2021 of approximately HK\$2,492,000 (2020: consolidated profit attributable to equity shareholders of the Company approximately HK\$3,905,000) and the weighted average number of approximately 326,380,800 ordinary shares (2020: 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 2021 of approximately HK\$6,611,000 (2020: approximately HK\$1,063,000) and the weighted average number of approximately 326,380,800 ordinary shares (2020: 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 2021 and for the three months and six months ended 30 September 2020, as there no diluted potential ordinary shares in issue during the period.

8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2021 (Unaudited) HK\$'000
Opening balance	2,400
Additions	4
Depreciation	(763)
Exchange realignment	37
Closing balance	1,678

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Trade receivables	58,706	52,802
Other receivables	6,403	6,850
	65,109	59,652

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Within 90 days	43,870	47,482
Between 91 to 180 days	9,300	3,375
Between 181 to 365 days	5,043	1,608
Between 1 to 2 years	493	337
	58,706	52,802

Customers are generally granted with credit terms of 90 days.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Trade payables	53,138	32,357
Other payables	10,611	11,133
	63,749	43,490

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Within 90 days	35,405	10,113
Between 91 to 180 days	7,237	7,541
Between 181 to 365 day	6,361	11,315
Between 1 to 2 years	3,102	1,752
Over 2 years	1,033	1,636
	53,138	32,357

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

For the six months ended 30 September 2021 (“**period under review**”), the global economy was still affected by the spread of novel coronavirus pneumonia epidemic (“**COVID-19**”). The contest of the U.S. and China in relevant policies has caused uncertainties in various business sectors. The Chinese government has always been carrying out reforms focusing on maintaining steady growth and benefiting people’s livelihood and has accordingly developed a series of policies and measures relating to among others, anti-industry monopoly, scientific and effective compulsory education for children of school age and healthcare reform benefiting all citizens. Although in certain regions of Mainland China, community infection cases were reported from time to time, with the timely and orderly attention paid by the public and people’s active cooperation, the situation has been brought under effective control, enabling the normal operation of all sectors and bringing safety to the people, which proved the effectiveness of the policies and measures benefiting the people adopted by Chinese government.

Faced with regional travel restrictions and relevant challenges due to the impacts of COVID-19 and the fluctuation of prices of certain raw materials and parts and components, Guangzhou Global Link Communications Inc. (“**Guangzhou Global Link**”), a subsidiary of the Company, liaised and negotiated with upstream suppliers on the supply of components, parts and various display terminals in an orderly manner, effectively organized the production procedures and achieved timely delivery of products. During the Period, Guangzhou Global Link provided the solutions for rail transit information system for Guangzhou Metro Line 5, Line 6 and Line 18, Chongqing Metro Line 9, Wuhan Metro Line 16 and Harbin Metro Line 2 to CRRC Zhuzhou Locomotive Co., Ltd., Changchun Bombardier Railway Vehicles Company Ltd., CRRC Guangdong Co., Ltd. and Chongqing Zhongche Changke Track Vehicles Co., Ltd.* (重慶中車長客軌道車輛有限公司), respectively. In addition, various spare parts and components have been delivered by batch to Guangzhou Metro, Shenyang Metro, Wuxi Metro, Shenzhen Metro, Hangzhou MTR Corporation Limited and Guangdong Guangfo Rail Metro Co., Ltd.

* For identification only

A major proportion of the staff of Guangzhou Global Link were employed for the purpose of operational support for existing lines and debugging of systems for new lines in domestic and overseas cities and regions. During the Period, Guangzhou Metro Line 18 was the first large passenger capacity intercity metro line that can reach a maximum speed of 160 km/h. All of the stations and cars of the line are equipped with novel intelligent, environment-friendly and safe technologies that focus on the experience of passengers. The in-car broadcasting system provided by the company encompasses a lot of innovative elements, expecting to improve its innovation capability and adaptiveness of services through high standards of practices.

With the requirement of “standard metros” put forward by CRRC Group, the product R&D department of Guangzhou Global Link has carried out continuous technical communication and exchange with various vehicle manufacturers regarding the “standard”. It can be expected that the localization and high quality standards around complete vehicles in China’s urban rail transit industry will become necessary conditions for suppliers in the industry. Guangzhou Global Link must constantly adapt to reforms and invest in innovation to meet the new competition.

During the period under review, the Group vigorously developed its business on the basis of existing customer relationship management (“**CRM**”), and actively made use of many years of customer relationship and CRM business experience of the management of the Group in the CRM industry. The Group successfully entered in a contract with a market research company to provide market survey services. Due to the COVID-19 situation, the catering reservation business has grown rapidly in the CRM industry. The Group has also made efforts to expand the outsourcing business from the catering reservation industry, and successfully entered into a contract with a catering group to provide catering reservation outsourcing services, which has broadened the industry and service content of the Group’s CRM business.

While carrying out the CRM business, the Group also actively dealt with the adverse factors of rising domestic labour costs, outsourcing some CRM business and reducing the Group’s operating cost risk through human resources dispatch, so as to strive to make the Group’s CRM business develop well.

Financial Review

For the six months ended 30 September 2021, the turnover of the Group was approximately HK\$72,992,000, representing an increase of 72% as compared with the Last Corresponding Period. Loss attributable to shareholders of the Company for this quarter amounted to approximately HK\$6,611,000, as compared with the loss of approximately HK\$1,063,000 for the Last Corresponding Period.

During the period under review, according to the signed order contracts, Guangzhou Global Link delivered train information system solutions for Guangzhou Line 5, Line 6 and Line 18, Chongqing Line 9, Wuhan Line 16, Harbin Line 2 and other lines to CRRC Zhuzhou Locomotive Co., Ltd., Changchun Bombardier Railway Vehicles Company Ltd., CRRC Guangdong Co., Ltd. and Chongqing Zhongche Changke Track Vehicles Co., Ltd., respectively. Also, various spare parts and components have been delivered by batch to Guangzhou Metro, Shenyang Metro, Wuxi Metro, Shenzhen Metro, Hangzhou MTR Corporation Limited and Guangdong Guangfo Rail Metro Co., Ltd. The total delivery volume decreased as compared with the Last Corresponding Period, with a turnover of approximately HK\$30,052,000 for the rail transit business for the period, as compared to approximately HK\$41,112,000 for the Last Corresponding Period.

During the period under review, the CRM business grew rapidly and the revenue source of the Group was broadened. The Group signed contracts to provide CRM services with a market research company and a catering group, respectively. For the six months ended 30 September 2021, the revenue from CRM business amounted to approximately HK\$42,940,000.

Selling expenses for the period under review amounted to approximately HK\$3,253,000, representing a decrease of approximately 39% as compared to the Last Corresponding Period. This was mainly due to the fact that the Group did not need to account for the selling expenses of a subsidiary after its disposal during the period.

Administrative expenses for the period under review amounted to approximately HK\$5,618,000, representing a decrease of approximately 20% as compared to approximately HK\$7,009,000 for the Last Corresponding Period. This was mainly due to the spending control of the Group and the fact that the Group did not account for the administrative expenses of a subsidiary after its disposal.

Other operating expenses amounted to approximately HK\$232,000, representing a decrease of approximately 44% as compared to the Last Corresponding Period. This was mainly because there was no need to amortize intangible assets during the period under review and the provision for maintenance of train passenger information system products was also reduced due to the decrease in sales.

Other income amounted to approximately HK\$2,224,000, slightly lower than approximately HK\$2,270,000 for 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\$27.3 million had been utilised as at 30 September 2021. The breakdown of the Company’s actual use of the 2016 Subscription Proceeds as at 30 September 2021 is as follows:

	Proposed use of the 2016 Subscription Proceeds as disclosed in the 2016 Circular <i>HK\$ million</i>	Actual use of the 2016 Subscription Proceeds as at 30 September 2021 <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	27.3
Working capital	7.9	7.9
Total	79.0	65.2

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 2022.

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

As at 30 September 2021, 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 2021 is as follows:

	Proposed use of the 2019 Subscription Proceeds as disclosed in the 2019 Circular	Actual use of the 2019 Subscription Proceeds as at 30 September 2021
	<i>HK\$ million</i>	<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	40	4.6

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 2021.

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 2022. 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 2021, 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 2021, the Group had a total time deposit, cash and bank balances, amounted to approximately HK\$93,968,000.

Employee information

As at 30 September 2021, the Group had 203 employees (2020: 202 employees), 194 and 9 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2021, staff cost including Directors' remuneration was approximately HK\$12,456,000 (2020: approximately HK\$11,745,000).

Liquidity, financial resources and gearing ratio

As at 30 September 2021, the Group had net current assets of approximately HK\$107,297,000, of which approximately HK\$93,968,000 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 2021, the Group had time deposit, cash and cash equivalents of approximately HK\$93,968,000. As at 30 September 2021, the Group had total borrowings of approximately HK\$13,190,000, and the total equity attributable to equity shareholders of the Company was approximately HK\$108,557,000, therefore, the gearing ratio of the Group was negative, hence the Group's gearing ratio was not applicable (2020: Not applicable).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2021.

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 2021, 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		Number and class of securities	Approximate percentage of shareholdings
	Capacity			
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 2021, 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 2021, 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 2021, 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 2021.

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 report.

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 2021 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 2021

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.