



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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

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

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

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This announcement, for which the directors (the “Directors”) of Global Link Communications Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange’s website 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 of the Group for the year ended 31 March 2022 was approximately HK\$180,316,000, representing an increase of approximately 84%, as compared with that for the year ended 31 March 2021.
- Loss attributable to equity shareholders of the Company was approximately HK\$21,192,000 for the year ended 31 March 2022, as compared with the profit of approximately HK\$2,265,000 for the last corresponding year.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2022.

The board of directors (the “**Directors**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2022 together with the audited comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	180,316	98,124
Cost of sales		<u>(171,459)</u>	<u>(83,993)</u>
Gross profit		8,857	14,131
Other revenue and other net gain	5	1,668	10,322
Selling expenses		(12,935)	(10,949)
Administrative expenses		(11,265)	(13,416)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets		(6,773)	2,575
Other operating expenses		<u>(103)</u>	<u>(657)</u>
(Loss)/profit from operation		(20,551)	2,006
Finance costs	6(c)	<u>(645)</u>	<u>(832)</u>
(Loss)/profit before taxation	6	(21,196)	1,174
Income tax	8	4	–
(Loss)/profit for the year		<u>(21,192)</u>	<u>1,174</u>
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating financial statements of foreign operations		917	1,836
Exchange reserves released upon disposal of subsidiaries		<u>–</u>	<u>80</u>
Other comprehensive income for the year, net of income tax		<u>917</u>	<u>1,916</u>
Total comprehensive (loss)/income for the year		<u>(20,275)</u>	<u>3,090</u>
(Loss)/profit attributable to:			
Equity shareholders of the Company		(21,192)	2,265
Non-controlling interest		<u>–</u>	<u>(1,091)</u>
		<u>(21,192)</u>	<u>1,174</u>
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the Company		(20,275)	4,137
Non-controlling interest		<u>–</u>	<u>(1,047)</u>
		<u>(20,275)</u>	<u>3,090</u>
(Loss)/earnings per share	10	<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted		<u>(6.5)</u>	<u>0.7</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,773	2,400
Intangible assets		–	–
		<u>1,773</u>	<u>2,400</u>
Current assets			
Inventories		2,626	1,804
Contract assets		6,203	4,391
Trade and other receivables	<i>11</i>	68,072	59,652
Bills receivables discounted with recourse		–	3,549
Deposits and prepayments		11,823	12,931
Time deposit		13,122	13,025
Cash and cash equivalents		75,523	80,825
		<u>177,369</u>	<u>176,177</u>
Current liabilities			
Trade and other payables	<i>12</i>	61,502	43,490
Contract liabilities		2,591	969
Advances drawn on factored trade receivables with recourse		10,762	5,857
Advances drawn on bills receivables discounted with recourse		–	3,549
Lease liabilities		787	1,284
Provision		1,300	1,148
Provision for taxation		7,436	7,139
		<u>84,378</u>	<u>63,436</u>
Net current assets		<u>92,991</u>	112,741
Total assets less current liabilities		<u>94,764</u>	115,141
Non-current liabilities			
Lease liabilities		310	412
Net assets		<u>94,454</u>	<u>114,729</u>
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		32,638	32,638
Reserves		61,816	82,091
		<u>94,454</u>	114,729
Non-controlling interests		–	–
Total equity		<u>94,454</u>	<u>114,729</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated losses	Statutory reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	32,638	188,107	2,135	7,303	(134,459)	14,868	110,592	1,544	112,136
Profit for the year	-	-	-	-	2,265	-	2,265	(1,091)	1,174
Exchange differences on translating financial statements of foreign operations	-	-	-	1,792	-	-	1,792	44	1,836
Exchange reserves released upon disposal of subsidiaries	-	-	-	80	-	-	80	-	80
Total comprehensive income for the year	-	-	-	1,872	2,265	-	4,137	(1,047)	3,090
Release upon disposal of subsidiaries	-	-	-	-	285	(285)	-	(497)	(497)
At 31 March 2021 and 1 April 2021	32,638	188,107	2,135	9,175	(131,909)	14,583	114,729	-	114,729
Loss for the year	-	-	-	-	(21,192)	-	(21,192)	-	(21,192)
Exchange differences on translating financial statements of foreign operations	-	-	-	917	-	-	917	-	917
Total comprehensive (loss)/income for the year	-	-	-	917	(21,192)	-	(20,275)	-	(20,275)
At 31 March 2022	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>10,092</u>	<u>(153,101)</u>	<u>14,583</u>	<u>94,454</u>	<u>-</u>	<u>94,454</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is No. 401, Building D, Guangdong Software Park, No.11, Caipin Road, Science City of Guangzhou Development Zone, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-related rent concessions beyond 30 June 2021*.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from the supply, development and integration of passenger information management system	66,049	90,116
Sale of electronic components	–	4
CRMS income	<u>114,267</u>	<u>8,004</u>
 Total revenue	 <u><u>180,316</u></u>	 <u><u>98,124</u></u>

5. OTHER REVENUE AND OTHER NET GAIN

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income *	635	951
Gain on disposal of subsidiaries	–	57
Gain on disposal of other financial assets	–	128
Government grants	–	270
Other income	<u>1,033</u>	<u>1,813</u>
 Other revenue	 <u>1,668</u>	 <u>3,219</u>
 Reversal of provision for product warranties, net	 –	 6,966
Exchange gain	<u>–</u>	<u>137</u>
 Other net gain	 <u>1,668</u>	 <u>7,103</u>
	<u><u>1,668</u></u>	<u><u>10,322</u></u>

* *The bank interest income was not on financial assets at fair value through profit or loss.*

During the year ended 31 March 2021, other revenue included a new subsidy of approximately HK\$270,000 received from the Government under the Employment Support Scheme which was launched in May 2020 to help companies in Hong Kong to retain their employees during the economy slowdown caused by the COVID-19 pandemic.

6. (LOSS)/PROFIT BEFORE TAXATION

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the year has been arrived at after charging/(crediting):		
(a) Staff costs, including directors' emoluments		
Salaries and wages	20,990	21,249
Contributions to retirement benefit schemes	2,213	1,887
Provision for staff welfare benefits	192	42
	<u>23,395</u>	<u>23,178</u>
(b) Other items		
Auditors' remuneration		
– audit service	663	663
– non-audit service	–	80
	<u>663</u>	<u>743</u>
Impairment loss/(reversal of impairment loss) on		
trade receivables and contract assets	6,773	(2,575)
Cost of inventories sold *	58,612	64,379
Research and development costs #	10,842	17,874
Depreciation of property, plant and equipment		
– self-owned assets	264	320
– right-of-use assets	1,265	1,194
Amortisation of intangible assets		
(included in other operating expenses)	–	657
Gain on disposal of subsidiaries	–	(57)
Provision/(reversal of provision) for product warranties, net ##	103	(6,966)
Net exchange loss/(gain)	<u>66</u>	<u>(137)</u>

* Cost of inventories sold includes approximately HK\$11,382,000 (2021: HK\$13,733,000) relating to staff costs and depreciation expenses which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

Research and development costs incurred for the year amounting to approximately HK\$10,842,000 (2021: HK\$17,874,000) which was included in cost of sales.

Provision/(reversal of provision) for product warranties, net, and are included in “Other operating expenses” and “Other revenue and other net gain” respectively on the face of the consolidated statement of profit or loss and other comprehensive income.

(c) **Finance costs**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses	569	709
Interest on lease liabilities	76	123
	<u>645</u>	<u>832</u>

7. SEGMENT 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 maker (“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 entities’ operate. The geographical locations include the People’s Republic of China (the “PRC”) (place of domicile of the Group) and Hong Kong.

Segment revenue of the PRC comprises the revenue from supply, development and integration of passenger information management system and CRMS income.

Segment revenue of Hong Kong comprises the revenue from supply, development and integration of passenger information management system and CRMS income.

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

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

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. The revenue, gross profit and results of the Group are allocated based on location of the Group entities’ operations. 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 or amortisation of assets attributable to those segments.

Sales between segments are carried out on arm’s length basis. The revenue from external customers reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All assets are allocated to reportable segments. All liabilities are allocated to reportable segments other than current tax liabilities.

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 years ended 31 March 2022 and 2021 is set out below:

	The PRC		Hong Kong		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
– Overtime	–	1,037	–	3,535	–	4,572
– Point in time	152,434	93,552	29,369	–	181,803	93,552
	152,434	94,589	29,369	3,535	181,803	98,124
Reportable segment profit	7,737	22,812	629	136	8,366	22,948
Research and development costs	(10,842)	(17,874)	–	–	(10,842)	(17,874)
Bank interest income	96	14	539	937	635	951
Gain on disposal of other financial assets	–	128	–	–	–	128
Depreciation	(1,528)	(1,512)	(1)	(2)	(1,529)	(1,514)
Amortisation of intangible assets	–	(657)	–	–	–	(657)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets	(6,773)	2,575	–	–	(6,773)	2,575
(Provision)/reversal of provision for product warranties, net	(103)	6,966	–	–	(103)	6,966
Gain on disposal of subsidiaries	–	–	–	57	–	57
Reportable segment assets	88,389	92,871	93,207	89,311	181,596	182,182
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)						
– Property, plant and equipment	817	60	–	–	817	60
Reportable segment liabilities	78,250	58,541	1,456	1,773	79,706	60,314

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue:		
Total reportable segments' revenue	181,803	98,124
Elimination of inter-segment revenue	<u>(1,487)</u>	<u>–</u>
Consolidated revenue	<u>180,316</u>	<u>98,124</u>
Profit/(loss):		
Total reportable segments' profit/(loss)	8,366	22,948
Elimination of inter-segment profit	<u>–</u>	<u>–</u>
Reportable segment profit/(loss) derived from Group's external customers	8,366	22,948
Bank interest income	635	951
Gain on disposal of subsidiaries	–	57
Unallocated head office and corporate expenses	<u>(30,197)</u>	<u>(22,782)</u>
Consolidated (loss)/profit before tax expenses	<u>(21,196)</u>	<u>1,174</u>
Assets		
Total reportable segments' assets	181,596	182,182
Elimination of inter-segment receivables	<u>(2,454)</u>	<u>(3,605)</u>
Consolidated total assets	<u>179,142</u>	<u>178,577</u>
Liabilities		
Total reportable segments' liabilities	79,706	60,314
Elimination of inter-segment payables	<u>(2,454)</u>	<u>(3,605)</u>
Current tax liabilities	<u>77,252</u> <u>7,436</u>	<u>56,709</u> <u>7,139</u>
Consolidated total liabilities	<u>84,688</u>	<u>63,848</u>

(c) **Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Supply, development and integration of passenger information management system	66,049	90,116
Sale of electronic components	–	4
CRMS income	114,267	8,004
	<u>180,316</u>	<u>98,124</u>

(d) **Other geographical information**

	Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	1,773	2,398
Hong Kong	–	2
	<u>1,773</u>	<u>2,400</u>

The Group's non-current assets, which include property, plant and equipment and intangible assets. The geographical location of the Group's non-current assets are based on the physical location of the assets under consideration in case of tangible assets, and the location of the operation to which they are allocated, in the case of intangible assets.

(e) **Information about major customers**

Revenue from two (2021: two) customers in the PRC operating and reportable segment amounted to HK\$57,263,000 and HK\$26,767,000 (2021: HK\$40,564,000 and HK\$17,732,000), and revenue from one (2021: nil) customer in the HK operating and reportable segment amounted to HK\$21,222,000 (2021: nil) which individually represent more than 10% of the Group's total revenue.

Three (2021: two) customers contributed 10% or more to the Group's total revenue for 2022.

8. INCOME TAX

(a) **Income tax in the consolidated statement of profit or loss and other comprehensive income represents:**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current year provision:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	–	–
Over-provision in prior years	<u>(4)</u>	–
	<u>(4)</u>	–

- (i) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong was 16.5% for the years ended 31 March 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 years ended 31 March 2022 and 2021 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HK\$10,000 (2020/21: HK\$10,000) for each business.

- (ii) 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.
- (iii) 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.

(b) **Reconciliation between tax expenses and accounting (loss)/profit at the applicable tax rates:**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before taxation	<u>(21,196)</u>	<u>1,174</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the countries concerned	(3,542)	165
Tax effect of non-taxable income	(91)	(180)
Tax effect of non-deductible expenses	473	921
Tax effect of unused tax losses not recognised	1,897	630
Tax effect of utilisation of tax loss previously not recognised	–	(1,636)
Over-provision in prior years	(4)	–
Tax effect of temporary differences not recognised	<u>1,263</u>	<u>100</u>
Tax (credit)/expense	<u>(4)</u>	<u>–</u>

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2021: Nil).

10. (LOSS)/EARNINGS PER SHARE

(a) **Basic (loss)/earnings per share**

The calculation of basic (loss)/earnings per share is based on the consolidated (loss)/profit attributable to equity shareholders of the Company of loss of HK\$21,192,000 (2021: profit of HK\$2,265,000) and the weighted average number of approximately 326,380,750 ordinary shares (2021: 326,380,750 ordinary shares) in issue during the year.

(b) **Diluted (loss)/earnings per share**

The basic and diluted (loss)/earnings per share are the same for the years ended 31 March 2022 and 2021, as there are no dilutive potential ordinary shares in issue during the year.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	69,734	55,742
Bills receivables	1,850	1,420
	<hr/>	<hr/>
Trade and bills receivables	71,584	57,162
Less: Allowance for doubtful debts	(9,926)	(4,360)
	<hr/>	<hr/>
Other receivables	61,658	52,802
	6,414	6,850
	<hr/>	<hr/>
	68,072	59,652
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other receivables are expected to be recovered within one year.

Age analysis

The following is an analysis of trade receivables and bills receivables by age, presented the respective revenue recognition dates and the issuance date of relevant bills respectively:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	24,963	47,482
Between 91 and 180 days	29,290	3,375
Between 181 and 365 days	2,138	1,608
Between 1 and 2 years	5,267	337
	<hr/>	<hr/>
	61,658	52,802
	<hr/> <hr/>	<hr/> <hr/>

Customers are generally granted with credit terms of 90 days. Generally, the Group does not hold any collaterals from customers.

At 31 March 2022, carrying amount of trade receivables amounted to HK\$11,840,000 (2021: HK\$8,246,000) has been pledged as security for the Group's other borrowing.

Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. The Group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers the held to collect contractual cashflows to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of transferred assets	11,840	8,246
Carrying amount of associated liabilities	<u>(10,762)</u>	<u>(5,857)</u>
Net position	<u><u>1,078</u></u>	<u><u>2,389</u></u>

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note (b)</i>)	49,154	32,357
Other payables	4,816	2,051
Borrowings from related parties	3,576	4,826
Accrued wages	1,138	1,256
Payables for value-added tax	<u>2,818</u>	<u>3,000</u>
	<u><u>61,502</u></u>	<u><u>43,490</u></u>

(a) All of the trade and other payables are expected to be settled within one year or are repayable on demand.

(b) Included in trade and other payables are trade payables and bills payables presented based on the purchase recognition date, that is, goods receipt date, with the following ageing analysis as at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables		
Within 90 days	29,337	10,113
Between 91 and 180 days	7,131	7,541
Between 181 and 365 days	8,043	11,315
Between 1 and 2 years	3,465	1,752
Over 2 years	<u>1,178</u>	<u>1,636</u>
	<u><u>49,154</u></u>	<u><u>32,357</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

During the year under review, the Group made efforts to expand the CRM business. Revenue generated from the CRM business increased significantly to approximately HK\$114,267,000 as compared with approximately HK\$8,004,000 in the last corresponding period. However, due to a higher labour cost ratio in the CRM business, its gross profit margin was relatively low. Currently, it is difficult for the Group to improve the lower gross profit margin of the CRM business, but the Group is actively considering the introduction of technologies such as artificial intelligence, in an effort to improve the gross profit margin of the CRM business.

During the year under review, Guangzhou Global Link, a subsidiary of the Company, delivered vehicle passenger information systems and equipment to certain central train manufacturers under CRRC, mainly including new purchase project of Guangzhou Metro Lines 5 and 6 and Huangpu Tram Line 1; Wuhan Metro Line 16, Chongqing Metro Line 9, Foshan Metro Line 3, tramcars in Wenshan, Yunnan and other system solutions. Meanwhile, it also provided spare parts and accessories to trains in batches for metros in Beijing, Shenyang, Hangzhou, Wuhan, Wuxi, Fuzhou, Guangzhou, Shenzhen and Foshan. The sales of rail transit amounted to approximately HK\$66,049,000, representing a decrease of approximately 27% as compared with HK\$90,116,000 in the last corresponding period.

Gross profit and loss attributable to equity shareholders

For the year ended 31 March 2022, the Group recorded gross profit of approximately HK\$8,857,000, and the loss attributable to equity shareholders during the year amounted to approximately HK\$21,192,000.

Selling expenses

Selling expenses during the year under review were approximately HK\$12,935,000, representing an increase of approximately 18% as compared with the last corresponding period.

Administrative expenses

Administrative expenses during the year under review were approximately HK\$11,265,000, representing a decrease of approximately 16% as compared to the last corresponding period.

Other revenue and other net gain

During the year under review, other revenue and other net gain were approximately HK\$1,668,000, representing a decrease of approximately 84% as compared to the last corresponding period. The decrease was mainly due to the fact that no provision for after-sales maintenance of products was reversed during the year under review.

BUSINESS REVIEW

Guangzhou Global Link Communications Inc. (“Guangzhou Global Link”), a subsidiary of the Company, followed local government’s guidance, actively overcame difficulties caused by the COVID-19 pandemic and strived to carry out the delivery of products, the guarantee of operation and opening and the routine maintenance on safe operation. During the year under review, Guangzhou Global Link delivered vehicle passenger information systems and equipment to certain central train manufacturers under the CRRC, mainly including new purchase project of Guangzhou Metro Lines 5 and 6, Huangpu Tram Line 1; Wuhan Metro Line 16, Chongqing Metro Line 9, Foshan Metro Line 3, tramcars in Wenshan, Yunnan and other system solutions. Meanwhile, it also provided spare parts and accessories to trains in batches for metros in Beijing, Shenyang, Hangzhou, Wuhan, Wuxi, Fuzhou, Guangzhou, Shenzhen and Foshan.

During the period under review, the biggest challenge to Guangzhou Global Link was to achieve the normal opening of new lines and the guarantee on the safety of lines under operation based on the requirements of operators in different regions. The enterprise serves subways in more than cities domestically. The uninterrupted travel restrictions and the prevention and control of the COVID-19 pandemic resulted in the increasingly tight deployment of human resources, the limited working efficiency and the increasing cost. Despite the severe COVID-19 pandemic in Malaysia, Pakistan, Turkey and other regions under the Belt and Road Initiative, it shall guarantee the implementation and operating services of projects. Guangzhou Global Link appropriately deployed resources of all parties, overcame various difficulties, followed the requirements of all operators and train manufacturers and carried out the implementation and services of projects in an orderly manner.

During the period, Guangzhou Global Link increased inputs in the development of products under “new standards” of the “specifications on standard metros” in urban rail transit proposed by the CRRC. The “new standards” formulated in the industry represents an industrial upgrading in the localization of urban rail transit, poses higher product and technology requirements on relevant train supporting enterprises and is an essential condition for entering the industrial chains in the future. The enterprise listed it as a key for R&D inputs in the current and following years.

Due to the impacts of the COVID-19 pandemic, it was difficult for the enterprise to expand markets and visit customers. As a result, the number of newly signed order contracts during the year decreased as compared with previous years.

During the year under review, the Group continued to vigorously develop the current customer relationship management (“CRM”) business. Based on the customer relations and business experience of the management of the Group in the CRM industry for years as well as the current telecommunications, catering customer bases and market questionnaire surveys, the Group vigorously negotiated with potential customers in financial, broadcasting communications, banking and other industries to actively expand customers and revenue sources. During the period under review, the current CRM business achieved rapid growth, representing approximately 63% of the Group’s total revenue.

The Group cooperated with customers in Guangdong Province, Hong Kong and Macau in the China (the “Greater Bay Area”) and provided them with CRM services. With the development and expansion of such customers, their demand for the Group’s services has been increasing. Leveraging on new and existing customers, the Group has established a solid customer base and the industry has witnessed the Group’s achievements in the development of the CRM business.

While carrying out the CRM business, the Group actively responded to unfavorable factors such as the increasing labor cost in China. It outsourced certain CRM businesses and dispatched human resources to reduce the risk on the operating cost of the Group. As the CRM business is labor intensive, it is extremely essential for enterprises to prevent and control the COVID-19 pandemic under the severe situation of the pandemic. Therefore, the Group followed the requirements of local health authorities on working environment and personal protection to guarantee the health of all staff and achieve the sound development of the Group’s CRM business.

BUSINESS OUTLOOK

Based on the international and domestic development trends, it will still face the COVID-19 pandemic with high transmissibility in the following years. The volatility of the financial markets caused by the increasingly intensified Russia-Ukraine war will pose barriers threatening economic activities. As a result of the slower economic growth in China, the large-scale investment in rail transit in China will decrease as compared with previous years. Currently, various urban rail transit projects in central cities have been postponed and reduced and it will affect the operating benefits of supporting enterprises in the industry. The trade tension between China and the US is still affecting China’s exports and overseas rail transit markets are affected by the COVID-19 pandemic. Certain countries experienced slower economic growth and even negative growth, resulting in downward adjustments to inputs in overseas rail transit markets. As a result, with the adjustments to rail transit in overseas markets and the Chinese market, it will cause significant effects to the rail transit business of the Group. The Group maintains a prudent attitude to the development of the rail transit business. In addition to increasing R&D inputs to boost the competitiveness of the enterprise, the Group will more vigorously expand market development and expect that the revenue from the rail transit business will maintain the current level in the future.

The Chinese government is devoted to promoting outsourcing services. The contract amount implemented in the service outsourcing industry increased significantly as compared with the previous year. The Group will follow the general orientation that the government promotes outsourcing services, actively cooperate with various industries and seek potential business opportunities to provide high-quality CRM services for enterprises. While following the government policies on the prevention and control of the COVID-19 pandemic, the Group will reasonably adjust the working arrangements of employees, implement measures on guaranteeing staff health and allow the CRM service base of the Group to continuously provide outstanding services to customers. Meanwhile, it will boost efforts in business expansion, seek more business opportunities, vigorously negotiate with potential customers in financial, broadcasting communications, banking and other industries and improve the quality of services to meet customers’ requirements and expect to increase the overall revenue of the Group through expanding the CRM business.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed above, the Group did not have any material acquisitions, disposals and significant investments during the year under review.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since the last accounting year.

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2022, the Group had total time deposit, cash and cash equivalents, amounted to approximately HK\$88,645,000 (2021: approximately HK\$93,850,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had net current assets of approximately HK\$92,991,000 (2021: approximately HK\$112,741,000), of which approximately HK\$88,645,000 (2021: approximately HK\$93,850,000) were time deposit, cash and cash equivalents. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

FOREIGN EXCHANGE EXPOSURE

The Group exposes to certain foreign currency risk primarily with respect to United States dollars and Hong Kong dollars. No hedging or other alternatives have been implemented. The Group continues to monitor its exposure closely and will take measures to lower the foreign currency risk when necessary.

EMPLOYEE AND SALARIES POLICY

As at 31 March 2022, the Group had 177 employees (2021: 229 employees), with 168 employees and 9 employees employed in the PRC and Hong Kong, respectively.

	At 31 March 2022	At 31 March 2021
	<i>Number of staff</i>	<i>Number of staff</i>
Management, finance and administration	29	34
Research and development	39	80
Sales and after-sales maintenance	109	115
Total	177	229

The total staff costs, including Directors' emoluments, amounted to approximately HK\$23,395,000 (2021: approximately HK\$23,178,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

The Group provides various employee benefits, including Mandatory Provident Fund Scheme, social insurance, medical insurance and accident insurance.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year under review.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of Goldstream Investment Limited (formerly known as International Elite Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 1328) completed the subscription of 1,000,000,000 shares of the Company on 21 April 2016. For details, please refer to the announcements of the Company dated 29 February 2016 and 21 April 2016 and the circular published by the Company dated 30 March 2016 (the "2016 Circular").

The gross proceeds from the subscription were HK\$80.0 million. The net proceeds of the subscription, after deduction of expenses and professional fees, amounted to approximately HK\$79.0 million (the "2016 Subscription Proceeds"), amongst which approximately HK\$66.1 million had been utilised as at 31 March 2022. The breakdown of the Company's actual use of the 2016 Subscription Proceeds as at 31 March 2022 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 31 March 2022 <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	28.2
Working capital	7.9	7.9
Total	<u>79.0</u>	<u>66.1</u>

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

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

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

CORPORATE GOVERNANCE

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company has complied with all the code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules throughout the year under review.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group’s financial matters to the Board. As at the date of this announcement, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming.

The Group’s annual audited results during the year ended 31 March 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
LI Kin Shing
Chairman

Hong Kong, 22 June 2022

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. LI Kin Shing, Mr. MA Yuanguang and Mr. WONG Kin Wa; and (ii) three independent non-executive Directors, namely Mr. LEUNG Kwok Keung, Mr. CHEUNG Sai Ming and Mr. LIU Chun Bao.