



國 聯 通 信 控 股 有 限 公 司

## **Global Link Communications Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT 2018**

#### **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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” 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](http://www.glink.hk).*

## **HIGHLIGHTS**

Turnover for the nine months ended 31 December 2018 was approximately HK\$83,422,000 representing approximately 45% increase from that of the corresponding period in 2017.

Loss attributable to equity shareholders of the Company for the nine months ended 31 December 2018 was approximately HK\$347,000 representing approximately 91% decrease from that of the corresponding period in 2017.

## **UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

The board of directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the three months and the nine months ended 31 December 2018 together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Revenue</b>	2	<b>19,856</b>	30,452	<b>83,422</b>	57,564
Cost of sales		<u>(12,154)</u>	<u>(22,739)</u>	<u>(56,679)</u>	<u>(45,268)</u>
<b>Gross profit</b>		<b>7,702</b>	7,713	<b>26,743</b>	12,296
Other revenue		995	3,106	3,887	7,875
Selling expenses		(6,282)	(4,525)	(15,055)	(10,726)
Administrative expenses		(3,123)	(2,591)	(9,046)	(7,946)
Finance costs		(40)	–	(210)	–
Other operating expenses		<u>(1,733)</u>	<u>(2,250)</u>	<u>(6,666)</u>	<u>(5,372)</u>
<b>(Loss)/profit before taxation</b>		<b>(2,481)</b>	1,453	<b>(347)</b>	(3,873)
Income tax	3	–	–	–	–
<b>(Loss)/profit for the period</b>		<u><b>(2,481)</b></u>	<u>1,453</u>	<u><b>(347)</b></u>	<u>(3,873)</u>
<b>Other comprehensive (loss)/income:</b>					
Exchange differences on translating foreign operations		<u>(193)</u>	338	<u>(2,524)</u>	897
<b>Total comprehensive (loss)/income for the period</b>		<u><b>(2,674)</b></u>	<u>1,791</u>	<u><b>(2,871)</b></u>	<u>(2,976)</u>
<b>(Loss)/profit attributable to:</b>					
Equity shareholders of the Company		<u>(2,481)</u>	1,453	<u>(347)</u>	(3,873)
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u><b>(2,481)</b></u>	<u>1,453</u>	<u><b>(347)</b></u>	<u>(3,873)</u>
<b>Total comprehensive (loss)/income attributable to:</b>					
Equity shareholders of the Company		<u>(2,674)</u>	1,791	<u>(2,871)</u>	(2,976)
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u><b>(2,674)</b></u>	<u>1,791</u>	<u><b>(2,871)</b></u>	<u>(2,976)</u>
<b>(Loss)/Earnings per share (in HK cents):</b>	5				
– Basic		<u><b>(0.119)</b></u>	<u>0.070</u>	<u><b>(0.017)</b></u>	<u>(0.185)</u>
– Diluted		<u><b>(0.119)</b></u>	<u>N/A</u>	<u><b>(0.017)</b></u>	<u>(0.185)</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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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

### 2. REVENUE

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

### 3. INCOME TAX

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 period (2017: Nil).

A PRC subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") was qualified as a high and new technology enterprise from October 2014 and extended in December 2017 and was entitled to a concessionary rate of PRC enterprise income tax (the "PRC EIT") at 15% over 3 years.

The Company's subsidiaries located in the PRC is subject to the PRC EIT rate of 25% (2017: 25%) on its assessable profits.

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

There was no significant unprovided deferred taxation for the nine months ended 31 December 2018.

### 4. DIVIDEND

The Board does not recommend a dividend for the nine months ended 31 December 2018 (2017: Nil).

## 5. (LOSS)/EARNINGS PER SHARE

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

The calculation of basic (loss)/earnings per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the three months ended 31 December 2018 of approximately HK\$2,481,000 (2017: profit attributable to equity shareholders of the Company approximately HK\$1,453,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2017: 2,088,808,000 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 nine months ended 31 December 2018 of approximately HK\$347,000 (2017: loss attributable to equity shareholders of the Company approximately HK\$3,873,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2017: 2,088,808,000 ordinary shares) in issue during the period calculated.

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

As there were no diluted shares during the three months and the nine months ended 31 December 2018, the diluted loss per share was same as basic loss per share.

No diluted profit per share has been presented for the three months ended 31 December 2017 since the assumed exercise of the Company's outstanding warrants would have no dilutive effect on profit per share.

The basic and diluted loss per share are the same for nine months ended 31 December 2017, as the warrants outstanding during the period are anti-dilutive.

## 6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 (note a)	Exchange reserve (unaudited) HK\$'000	Warrant reserve (unaudited) HK\$'000	(Accumulated losses)/ Retained earnings (unaudited) HK\$'000	Statutory reserve (unaudited) HK\$'000 (note b)	Total (unaudited) HK\$'000
As at 1 April 2017	20,888	158,967	2,135	9,184	186	(89,465)	10,807	112,702
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	-	(3,873)	-	(3,873)
Other comprehensive loss								
Exchange differences on translating foreign operations	-	-	-	897	-	-	-	897
As at 31 December 2017	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>10,081</u>	<u>186</u>	<u>(93,338)</u>	<u>10,807</u>	<u>109,726</u>
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	-	-	-	-	-	(347)	-	(347)
Other comprehensive loss								
Exchange differences on translating foreign operations	-	-	-	(2,524)	-	-	-	(2,524)
As at 31 December 2018	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>8,709</u>	<u>-</u>	<u>(96,480)</u>	<u>12,884</u>	<u>107,103</u>

*Note:*

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospects

The period under review coincided with the 40th Anniversary of China's Reform and Opening Up, which is worth a grand celebration. The Chinese government has been persevering in its reform and opening up during the last 40 years, which has brought about earth-shaking changes across the industries. In particular, China's economy maintained its sustained and steady growth, and the continuous enhancement of its comprehensive strength has attracted worldwide admiration. While the Sino-US trade friction has intensified the global economic uncertainty, the Chinese government successively introduced a series of policies such as "The Private Economy Shall Grow Stronger, Not Weaker", "Taking Special Actions to Increase Financial Support to the Private Businesses to Ease Their Difficulty in Financing" and "Taking Innovation-Driven Development as a Major Strategy for the Future with Unremitting Determination" under the guidance of its core strategic policy of unremitting reform and opening up.

During the period under review, the construction of smart cities remained the focus of the Group's continuous investment and development. Guangzhou Global Link Intelligent Information Technology Co., Ltd., a subsidiary of the Company, continued to promote the launch and operation of the mobile phone People's Welfare Cards projects in Panyu District, under which it was preparing for the launch of its one-card-for-all mobile phone system, and supporting the government's initiatives to promote the application of the mobile phone People's Welfare Cards in the fields of medical care, smart community and public transportation.

During the period under review, Guangzhou GL, a subsidiary of the Company, focused on the delivery of the contracts, including Changsha Metro Line 4, Southern Extension of Wuhan Metro Line 2, Northern Extension of Guangzhou Metro Line 8, Guangzhou Metro Line 14 and Guangzhou Metro Line 21. It was under substantial pressure in guaranteeing the launch of new metro lines in multiple cities during the quarter. In December, Guangzhou City launched Phase 1 of Line 14, the western section of Line 21 and the Yangang-Lijiao section of Guangzhou-Foshan Line, while Phase 1 of Changsha Metro Line 4 was put into trial operation. Meanwhile, Guangzhou GL provided maintenance technology training for the operation and maintenance staff of KTM Berhad (KTMB) on the in-vehicle information system of the DMU project. The engineering service staff worked tirelessly, and received high comments from CRRC Zhuzhou Locomotive Co., Ltd. for their professionalism and dedication demonstrated in their after-sales service in 2018.

In response to the new demands of local owners and vehicle manufacturers, Guangzhou GL continued its research and development of new products, new applications and new features during the period under review, aiming to consolidate and enhance the competitiveness of its in-vehicle information system through innovation, so as to meet the evolving demands of the customers in the industry. Under the effect of various factors, most urban rail transportation projects were held up in the stage of being considered or pending approval, and the number of new projects open for bidding in each city reduced as compared with the previous years. As a result, the number of new contracts secured by the suppliers during the period under review also decreased as compared with the same period of the previous year.

As for the international economic situation, Sino-US trade friction remained a significant factor shaping the economic development of the whole world. The Chinese government has been repeatedly stressing its determination in carrying on its reform and opening up and introduced a number of policies and measures, which will turn out to be constructive in helping the domestic economy achieve steady growth, promoting economic development with good results, expediting the replacement of old features with new ones and ensuring its economy operating on a reasonable track.

The Group will maintain its unremitting efforts in the construction of the “Smart Cities” projects. From the perspective of the state, the Central Economic Work Conference was held on 19 December 2018, where China’s top decision-makers ranked “Accelerating the Pace of 5G Commercialization” the third thing to consider on the agenda when implementing the key tasks in 2019. On 27 and 28 December 2018, the National Industrialization and Informatization Work Conference was held in Beijing. Eight principal tasks for 2019 were identified at the meeting, with special requirement on accelerating the commercial deployment of 5G, accelerating development of the industrial chain, and accelerating innovation in application. The White Paper on the 5G Industry and Application Development released by CCID Research Institute under the Ministry of Industry and Information Technology in 2018 pointed out that the 5G industry chain contains and will usher in a trillion-dollar market. In 2019, the 5G market size was expected to grow to around RMB17.56 billion.

It can be expected that the commercialization of 5G will gradually lead to the upgrade of a large number of SIM cards, creating a favorable market for the Company’s CA-SIM business.

As learnt from the work reports of local governments in 2018, the governments will increase their policy support for the parking industry, allocating more resources and introducing preferential incentives to alleviate the parking burden of the people. The Company will leverage its technical advantages in CA-SIM card to build platforms of unnoticed passage and parking space sharing in commercial and community parking lots, and invest resources in technical research and project operation in the field of smart parking.

The Group has been consistently placing its investment in innovation high on the agenda of its business operations, especially the development of application of CA-SIM products with independent intellectual property rights, and spared no efforts in integrating resources and showcasing its technological edges and core competitive strength in the construction of smart cities. Due to the increasing number of the urban rail transportation projects ready for delivery and those with new line launch in 2018, the tasks of operation guarantee and engineering service in each city became more demanding, for which we will pursue better services for the relevant projects with higher quality standards.



## Financial Review

For the nine months ended 31 December 2018, the Group's turnover was approximately HK\$83,422,000, representing an increase of approximately 45% as compared with HK\$57,564,000 for the corresponding period of last year. Loss attributable to equity shareholders of the Company for the quarter amounted to approximately HK\$347,000, as compared to the loss of HK\$3,873,000 for the corresponding period of last year.

The products delivered by the Group for the period under review included Changsha Line 4, Southern Extension of Wuhan Metro Line 2, Northern Extension of Guangzhou Metro Line 8, Guangzhou Line 14 and Guangzhou Line 21 according to signed contracts. The turnover increased significantly compared to the corresponding period of last year, due to an increase in the amount of delivery of the products.

Selling expenses for the period were approximately HK\$15,055,000, representing an increase of approximately 40% as compared with HK\$10,726,000 for the corresponding period of last year. The increase was mainly attributable to an increase in export shipping costs and local import tariffs borne by the members of the Group compared to the corresponding period of last year.

Administrative expenses for the period were approximately HK\$9,046,000, representing an increase of approximately HK\$1,100,000 as compared to the corresponding period of last year.

Other operating expenses amounted to approximately HK\$6,666,000, which comprised of amortization of patent right of CA-SIM of approximately HK\$2,437,000 and provisions for product after-sales maintenance of approximately HK\$4,229,000. Due to an increase in turnover for the period, provisions for after-sales maintenance increased accordingly, which in turn resulted in an increase in other operating expenses, as compared to the corresponding period of last year.

Other income amounted to approximately HK\$3,887,000, representing a decrease of approximately 51% as compared to the corresponding period of last year. The decrease was mainly attributable to a decrease in write-back of doubtful receivables for the period compared to the corresponding period of last year.

## 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\$56.0 million had been utilised as at 31 December 2018. The breakdown of the Company's actual use of the Subscription Proceeds as at 31 December 2018 is as follows:

	<b>Proposed use of the Subscription Proceeds as disclosed in the Circular <i>HK\$ million</i></b>	<b>Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 December 2018 <i>HK\$ million</i></b>
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	29.4
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	19.0
Working capital	<u>7.9</u>	<u>7.6</u>
Total	<u><u>79.0</u></u>	<u><u>56.0</u></u>

Based on the current market condition, the Board is planning to utilise approximately HK\$11.0 million, HK\$11.2 million and HK\$2.4 million on (i) urban rail transit business projects, (ii) development of the “Smart City” projects and relevant research and development, and (iii) working capital, respectively, in the financial year ending 31 March 2019.

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

As at 31 December 2018, 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 31 December 2018, to the best knowledge of the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

<b>Name of Director</b>	<b>Company/name of associated corporation</b>	<b>Capacity</b>	<b>Number and class of securities</b>	<b>Approximate percentage of shareholdings</b>
Ma Yuanguang	Company	Owner	10,556,000 ordinary shares Long position	0.51%
Li Kin Shing <sup>(1)</sup>	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 31 December 2018, to the best knowledge of the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2018, to the best knowledge of the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

#### **Interests in ordinary shares of the Company - long position**

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholding</b>
Kwok King Wa <sup>(1)</sup>	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 <sup>(2)</sup>	Beneficial owner	254,653,200	12.19%
Jovial Elite Limited <sup>(3)</sup>	Beneficial owner	111,690,000	5.35%

*Note:*

- (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%, 46.5% and 3.5% by Mr. Li, Ms. Kwok and Ms. Li Yin 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 100% controlled by Hony Capital Fund 2008 GP, L.P.. Hony Capital Fund 2008 GP, L.P. is 100% controlled by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is 80% controlled by Hony Managing Partners Limited. Hony Managing Partners Limited is 100% controlled by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49% controlled by Mr. Zhao John Huan.

Save as disclosed above, as at 31 December 2018, so far as known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

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

Save as disclosed in this announcement, as at 31 December 2018, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2018.

## **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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the nine months ended 31 December 2018.

## **COMPETING INTERESTS**

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

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, all being independent non- executive Directors. The Group's unaudited results for the nine months ended 31 December 2018 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, 12 February 2019

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