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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)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2019**

**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 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 of the Group for the year ended 31 March 2019 was approximately HK\$95,626,000, representing an increase of approximately 2.7%, as compared with that for the year ended 31 March 2018.
- Loss attributable to equity shareholders of the Company was approximately HK\$10,467,000 for the year ended 31 March 2019, representing an increase of 119% as compare to the loss of approximately HK\$4,777,000 for the corresponding period last year.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2019.

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 2019 together with the audited comparative figures for the year ended 31 March 2018 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>95,626</b>	93,150
Cost of sales		<u>(67,620)</u>	<u>(68,639)</u>
<b>Gross profit</b>		<b>28,006</b>	24,511
Other revenue and other net gain	5	<b>4,579</b>	3,893
Selling expenses		<b>(19,102)</b>	(15,614)
Administrative expenses		<b>(13,985)</b>	(11,521)
Impairment loss of intangible assets		<b>(6,446)</b>	–
Other operating expenses		<u>(3,250)</u>	<u>(5,993)</u>
<b>Loss from operation</b>		<b>(10,198)</b>	(4,724)
Finance costs	6(c)	<u>(269)</u>	<u>(54)</u>
<b>Loss before taxation</b>	6	<b>(10,467)</b>	(4,778)
Income tax	8	<u>–</u>	<u>–</u>
<b>Loss for the year</b>		<u><b>(10,467)</b></u>	<u>(4,778)</u>
<b>Other comprehensive (loss)/income for the year:</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating financial statements of foreign operations		<u>(1,428)</u>	<u>2,049</u>
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<u><b>(1,428)</b></u>	<u>2,049</u>
<b>Total comprehensive loss for the year</b>		<u><b>(11,895)</b></u>	<u>(2,729)</u>
<b>Loss attributable to:</b>			
Equity shareholders of the Company		<b>(10,467)</b>	(4,777)
Non-controlling interests		<u>–</u>	<u>(1)</u>
		<u><b>(10,467)</b></u>	<u>(4,778)</u>
<b>Total comprehensive loss attributable to:</b>			
Equity shareholders of the Company		<b>(11,895)</b>	(2,728)
Non-controlling interests		<u>–</u>	<u>(1)</u>
		<u><b>(11,895)</b></u>	<u>(2,729)</u>
<b>Loss per share</b>		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	10	<u><b>(0.50)</b></u>	<u>(0.23)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,399</b>	1,641
Intangible assets		<b>12,241</b>	21,937
		<u><b>13,640</b></u>	<u>23,578</u>
<b>Current assets</b>			
Inventories		<b>911</b>	1,919
Contract assets		<b>781</b>	–
Trade and other receivables	<i>11</i>	<b>52,995</b>	68,678
Deposits and prepayments		<b>9,931</b>	6,148
Restricted bank deposits		<b>2,332</b>	–
Cash and cash equivalents		<b>71,272</b>	72,153
		<u><b>138,222</b></u>	<u>148,898</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>34,311</b>	37,666
Contract liabilities		<b>464</b>	–
Provision		<b>13,609</b>	17,123
Advances drawn on bills receivables discounted with recourse		<b>1,163</b>	–
Provision for taxation		<b>7,030</b>	7,740
		<u><b>56,577</b></u>	<u>62,529</u>
<b>Net current assets</b>		<u><b>81,645</b></u>	<u>86,369</u>
<b>Total assets less current liabilities</b>		<u><b>95,285</b></u>	<u>109,947</u>
<b>Net assets</b>		<u><b>95,285</b></u>	<u>109,947</u>
<b>Capital and reserves</b>			
Equity attributable to equity shareholders of the Company			
Share capital		<b>20,888</b>	20,888
Reserves		<b>74,397</b>	89,086
		<u><b>95,285</b></u>	<u>109,974</u>
Non-controlling interests		<u>–</u>	<u>(27)</u>
<b>Total equity</b>		<u><b>95,285</b></u>	<u>109,947</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2019*

	Attributable to equity shareholders of the Company							Total	Non- controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>			
1 April 2017	20,888	158,967	2,135	9,184	186	(89,465)	10,807	112,702	(26)	112,676
Loss for the year	-	-	-	-	-	(4,777)	-	(4,777)	(1)	(4,778)
Exchange differences on translating financial statements of foreign operations	-	-	-	2,049	-	-	-	2,049	-	2,049
Total comprehensive income/(loss) for the year	-	-	-	2,049	-	(4,777)	-	(2,728)	(1)	(2,729)
Lapse of warrants	-	-	-	-	(186)	186	-	-	-	-
Appropriation to statutory reserve	-	-	-	-	-	(2,077)	2,077	-	-	-
At 31 March 2018 and 1 April 2018	20,888	158,967	2,135	11,233	-	(96,133)	12,884	109,974	(27)	109,947
Impact on initial application of										
- HKFRS 9	-	-	-	-	-	(3,685)	-	(3,685)	-	(3,685)
- HKFRS 15	-	-	-	-	-	1,035	-	1,035	-	1,035
Adjusted balances at 1 April 2018	20,888	158,967	2,135	11,233	-	(98,783)	12,884	107,324	(27)	107,297
Loss for the year	-	-	-	-	-	(10,467)	-	(10,467)	-	(10,467)
Exchange differences on translating financial statements of foreign operations	-	-	-	(1,428)	-	-	-	(1,428)	-	(1,428)
Total comprehensive loss for the year	-	-	-	(1,428)	-	(10,467)	-	(11,895)	-	(11,895)
Release upon disposal of a subsidiary	-	-	-	(144)	-	-	-	(144)	27	(117)
Appropriation to statutory reserve	-	-	-	-	-	(1,701)	1,701	-	-	-
At 31 March 2019	<u>20,888</u>	<u>158,967</u>	<u>2,135</u>	<u>9,661</u>	<u>-</u>	<u>(110,951)</u>	<u>14,585</u>	<u>95,285</u>	<u>-</u>	<u>95,285</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 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 HKICPA has issued several amendments to HKFRSs that are first effective 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.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers
- HK(IFRIC) Int-22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more details by standard below.

	<b>31 March 2018 as originally presented</b>	<b>Effects of the adoption of HKFRS 9</b>	<b>Effects of the adoption of HKFRS 15</b>	<b>1 April 2018</b>
	<i>HK\$'000</i>	<i>(note a) HK\$'000</i>	<i>(note b) HK\$'000</i>	<i>HK\$'000</i>
<b>Current assets</b>				
Trade and other receivables	68,678	(3,685)	(328)	64,665
Contract assets	–	–	1,363	1,363
<b>Current liabilities</b>				
Contract liabilities	–	–	4,068	4,068
Trade and other payables	37,666	–	(4,068)	33,598
<b>Equity</b>				
Accumulated losses	(96,133)	(3,685)	1,035	(98,783)
Non-controlling interests	(27)	–	–	(27)

**(a) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation**

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

**(i) Classification of financial assets and financial liabilities**

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

**(ii) Credit losses**

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);
- contract assets as defined in HKFRS 15;



The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	<i>HK\$'000</i>
Loss allowance at 31 March 2018 under HKAS 39	9,368
Additional credit loss recognised at 1 April 2018 on:	
– Trade receivables	3,685
Loss allowance at 1 April 2018 under HKFRS 9	13,053

There was no material impact on cash and cash equivalents, bills receivables and contract assets for the initial application of the new impairment requirements under HKFRS 9 compared with under HKAS 39.

**(iii) Transition**

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):
  - the determination of the business model within which a financial asset is held;
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

**(b) HKFRS 15, Revenue from contracts with customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The following table summaries the impact of transition to HKFRS 15 on accumulated losses at 1 April 2018:

<b>Decrease in accumulated losses</b>	<i>HK\$'000</i>
Revenue recognition for supply, development and integration of passenger information management system under made-to-order arrangements	<u>1,035</u>

Further details of the nature and effect of the changes on previous accounting policies are set out below:

**(i) *Timing of revenue recognition***

Previously, revenue from the supply, development and integration of passenger information management system was generally recognised at a point in time when the risks and rewards of ownership of the merchandise had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have significant impact on when the Group recognises revenue from the supply, development and integration of passenger information management system, except as described below:

(i) *Revenue from supply, development and integration of passenger information management system under made-to-order arrangements*

Some of the Group's contracts with customers are made-to-order arrangements where the Group supplies, develops and integrates the passenger information management system in accordance with the customers' specification and under the contract the Group has the right to be paid for work done to date if the customer were to cancel the contract before the order was fully completed. These contracts therefore satisfy the criteria for category C above for recognising revenue over time during the process, whereas previously the Group did not recognise revenue until the products were delivered to the customers' premises. Accordingly, revenue for these contracts is recognised in profit or loss earlier under HKFRS 15 than under HKAS 18.

As a result of this change in accounting policy, the Group has made adjustments to opening balances at 1 April 2018 which decreased accumulated losses by HK\$1,035,000 and increased contract assets by HK\$1,035,000.

(ii) *Presentation of contract assets and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

- (i) "Retention receivable" amounting to HK\$328,000, which were previously included in trade and other receivables are now included under contract assets; and

- (ii) “Deposits received from customers” amounting to HK\$4,068,000, which were previously included in trade and other payables are now included under contract liabilities.
- (iii) As explained in note 3(b)(i) above, adjustments to opening balances have been made to increase contract assets by HK\$1,035,000 in respect of the supply, development and integration of passenger information management system.
- (iii) *Disclosure of estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018*

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group’s consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2019 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	<b>Amounts reported in accordance with HKFRS 15 HK\$’000</b>	<b>Hypothetical amounts under HKAS 18 and 11 HK\$’000</b>	<b>Difference: Estimated impact of adoption of HKFRS 15 on 31 March 2019 HK\$’000</b>
<b>Line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 impacted by the adoption of HKFRS 15:</b>			
Revenue	95,626	96,338	(712)
Cost of sales	(67,620)	(67,620)	–
<b>Gross profit</b>	<b>28,006</b>	<b>28,718</b>	<b>(712)</b>
<b>Loss from operations</b>	<b>(10,198)</b>	<b>(9,486)</b>	<b>(712)</b>
<b>Loss before taxation</b>	<b>(10,467)</b>	<b>(9,755)</b>	<b>(712)</b>
Income tax	–	–	–
<b>Loss for the year</b>	<b>(10,467)</b>	<b>(9,755)</b>	<b>(712)</b>
<b>Loss attributable to equity shareholders of the Company</b>	<b>(10,467)</b>	<b>(9,755)</b>	<b>(712)</b>
<b>Loss per share (basic and diluted)</b>	<b>(0.50)</b>	<b>(0.47)</b>	<b>(0.03)</b>
<b>Total comprehensive loss for the year</b>	<b>(11,895)</b>	<b>(11,183)</b>	<b>(712)</b>
<b>Total comprehensive loss attributable to equity shareholders of the Company</b>	<b>(11,895)</b>	<b>(11,183)</b>	<b>(712)</b>

	<b>Amounts reported in accordance with HKFRS 15 HK\$'000</b>	<b>Hypothetical amounts under HKSAs 18 and 11 HK\$'000</b>	<b>Difference: Estimated impact of adoption of HKFRS 15 on 31 March 2019 HK\$'000</b>
<b>Line items in the consolidated statement of financial position as at 31 March 2019 impacted by the adoption of HKFRS 15:</b>			
Contract assets	781	–	781
Retention receivables, included under “trade and other receivables”	2,723	3,181	(458)
<b>Total current assets</b>	<b>138,222</b>	<b>137,899</b>	<b>323</b>
Contract liabilities	464	–	464
Deposits received from customers, included under “trade and other payables”	–	464	(464)
<b>Total current liabilities</b>	<b>56,577</b>	<b>56,577</b>	<b>–</b>
<b>Net current assets</b>	<b>81,645</b>	<b>81,322</b>	<b>323</b>
<b>Total assets less current liabilities</b>	<b>95,285</b>	<b>94,962</b>	<b>323</b>
<b>Net assets</b>	<b>95,285</b>	<b>94,962</b>	<b>323</b>
Reserves	74,397	74,074	323
<b>Equity attributable to equity shareholders of the Company</b>	<b>95,285</b>	<b>94,962</b>	<b>323</b>
<b>Total equity</b>	<b>95,285</b>	<b>94,962</b>	<b>323</b>
<b>Line items in the reconciliation of loss before taxation to net cash used in operating activities for the year ended 31 March 2019 impacted by the adoption of HKFRS 15</b>			
Loss before taxation	(10,467)	(9,755)	(712)
Decrease in contract assets	288	–	288
Decrease in contract liabilities	(3,333)	–	(3,333)
Decrease in trade and other receivables	(31,103)	(31,527)	424
Increase in trade and other payables	41,518	38,185	3,333

The significant differences arise as a result of the changes in accounting policies described above.

(c) **HK(IFRIC) Int-22, Foreign currency transactions and advance consideration**

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) Int-22 does not have any material impact on the financial position and the financial result of the Group.

**4. REVENUE**

Revenue is presented net of value-added tax, trade discounts and returns.

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue from the supply, development and integration of passenger information management system	<u><b>95,626</b></u>	<u>93,150</u>

**5. OTHER REVENUE AND OTHER NET GAIN**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income *	<b>766</b>	537
Government grants	<b>815</b>	–
Other income	<u><b>864</b></u>	<u>260</u>
Other revenue	<u><b>2,445</b></u>	<u>797</u>
Investment income	–	41
Reversal of allowance for doubtful debt	–	3,028
Reversal of provision for long service payments	–	27
Reversal of provision for product warranties, net	<b>1,882</b>	–
Exchange gain	<u><b>252</b></u>	<u>–</u>
Other net gain	<u><b>2,134</b></u>	<u>3,096</u>
	<u><b>4,579</b></u>	<u>3,893</u>

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

## 6. LOSS BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>a) Staff costs, including directors' emoluments</b>		
Salaries and wages	21,253	20,027
Contributions to retirement benefit schemes	2,811	2,662
Provision for staff welfare benefits	216	1,233
	<u>24,280</u>	<u>23,922</u>
<b>b) Other items</b>		
Auditors' remuneration	678	650
Provision for/(reversal of) allowance for doubtful debts	1,428	(3,028)
Provision for impairment of deposits	71	299
Reversal of provision for long service payments	–	(27)
Cost of inventories sold*	67,620	68,639
Research and development costs <sup>#</sup>	10,983	9,844
Depreciation	808	617
Amortisation of intangible assets (included in other operating expenses) <sup>##</sup>	3,250	3,250
Gain on disposal of a subsidiary	(318)	–
Impairment losses on intangible assets	6,446	–
Investment income	–	(41)
(Reversal of)/provision for product warranties, net <sup>##</sup>	(1,882)	2,743
Net exchange (gain)/loss	(252)	518
Minimum lease payments under operating lease – land and buildings	1,934	1,649

\* Cost of inventories sold includes approximately HK\$10,591,000 (2018: HK\$9,331,000) 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\$10,983,000 (2018: HK\$9,844,000) which was included in cost of sales.

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

### c) Finance Cost

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank charges	2	54
Advances drawn on bills receivables	267	–
	<u>269</u>	<u>54</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.

Both segment revenue of the PRC and Hong Kong comprises the revenue from supply, development and integration of passenger information management system.

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:

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. 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 2019 and 2018 is set out below:



	The PRC		Hong Kong		Total	
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Disaggregated by timing of revenue recognition</b>						
– Overtime	–	–	–	363	–	363
– Point in time	<u>95,626</u>	<u>92,787</u>	<u>–</u>	<u>–</u>	<u>95,626</u>	<u>92,787</u>
	<u>95,626</u>	<u>92,787</u>	<u>–</u>	<u>363</u>	<u>95,626</u>	<u>93,150</u>
<b>Reportable segment profit/(loss)</b>	<u>18,265</u>	<u>17,260</u>	<u>96</u>	<u>(3,033)</u>	<u>18,361</u>	<u>14,227</u>
Research and development costs	(10,983)	(9,844)	–	–	(10,983)	(9,844)
Bank interest income	15	504	751	33	766	537
Investment income	–	41	–	–	–	41
Depreciation	(807)	(615)	(1)	(2)	(808)	(617)
Amortisation of intangible assets	(3,250)	(3,250)	–	–	(3,250)	(3,250)
(Provision for)/reversal of allowance for doubtful debts	(1,428)	3,028	–	–	(1,428)	3,028
Reversal of/(provision for) product warranties, net	1,882	(2,743)	–	–	1,882	(2,743)
Provision for impairment of deposits	(71)	(299)	–	–	(71)	(299)
Gain on disposal of a subsidiary	318	–	–	–	318	–
Impairment loss on intangible assets	<u>(6,446)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,446)</u>	<u>–</u>
<b>Reportable segment assets</b>	<u>97,961</u>	<u>110,602</u>	<u>57,205</u>	<u>65,411</u>	<u>155,166</u>	<u>176,013</u>
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>672</u>	<u>1,285</u>	<u>1</u>	<u>–</u>	<u>673</u>	<u>1,285</u>
<b>Reportable segment liabilities</b>	<u>49,674</u>	<u>54,946</u>	<u>3,177</u>	<u>3,380</u>	<u>52,851</u>	<u>58,326</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Revenue:</b>		
Total reportable segments' revenue	95,626	93,150
Elimination of inter-segment revenue	<u>—</u>	<u>—</u>
Consolidated revenue	<u>95,626</u>	<u>93,150</u>
<b>Profit/(loss):</b>		
Total reportable segments' profit	18,361	14,227
Elimination of inter-segment profit	<u>—</u>	<u>—</u>
Reportable segment profit derived from Group's external customers	18,361	14,227
Bank interest income	766	537
Available-for-sale investments: reclassified from other comprehensive income on disposals	—	41
Gain on disposal of a subsidiary	318	—
Unallocated head office and corporate expenses	<u>(29,912)</u>	<u>(19,583)</u>
Consolidated loss before tax expenses	<u>(10,467)</u>	<u>(4,778)</u>
<b>Assets</b>		
Total reportable segments' assets	155,166	176,013
Elimination of inter-segment receivables	<u>(3,304)</u>	<u>(3,537)</u>
Consolidated total assets	<u>151,862</u>	<u>172,476</u>
<b>Liabilities</b>		
Total reportable segments' liabilities	52,851	58,326
Elimination of inter-segment payables	<u>(3,304)</u>	<u>(3,537)</u>
Current tax liabilities	49,547	54,789
	<u>7,030</u>	<u>7,740</u>
Consolidated total liabilities	<u><u>56,577</u></u>	<u><u>62,529</u></u>

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

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Supply, development and integration of passenger information management system	<u><b>95,626</b></u>	<u>93,150</u>

**(d) Other geographical information**

	<b>Non-current assets</b>	
	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The PRC	<b>13,634</b>	23,572
Hong Kong	<u><b>6</b></u>	<u>6</u>
	<u><b>13,640</b></u>	<u>23,578</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 asset 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 three (2018: two) customers in the PRC operating and reportable segment amounted to approximately HK\$39,301,000, HK\$23,359,000 and HK\$17,438,000 (2018: HK\$51,045,000 and HK\$19,745,000), which individually represent more than 10% of the Group's total revenue.

Two customers contributed 10% or more to the Group's total revenue for both 2019 and 2018.

## 8. INCOME TAX

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current year provision:		
PRC enterprise income tax	–	–
Deferred taxation		
Origination and reversal of temporary differences	–	–
	<u>–</u>	<u>–</u>

No Hong Kong Profits Tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the year (2018: Nil).

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

### (b) Reconciliation between tax expenses and accounting loss at the applicable tax rates:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss before taxation	<u>(10,467)</u>	<u>(4,778)</u>
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	(3,617)	(2,700)
Tax effect of non-taxable income	(188)	(83)
Tax effect of non-deductible expenses	2,270	1,415
Tax effect of unused tax losses not recognised	4,791	1,178
Tax effect of utilisation of tax loss previously not recognised	(3,206)	–
Tax effect of temporary differences not recognised	<u>(50)</u>	<u>190</u>
Tax expense	<u>–</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 (2018: Nil).

## 10. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$10,467,000 (2018: HK\$4,777,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2018: 2,088,808,000 ordinary shares) in issue during the year.

### (b) Diluted loss per share

The basic and diluted loss per share are the same for the year ended 31 March 2019, as there are no dilutive potential ordinary shares in issue during the year.

The basic and diluted loss per share were the same for the year ended 31 March 2018, as the warrants outstanding during the year were anti-dilutive.

## 11. TRADE AND OTHER RECEIVABLES

	<b>31 March 2019 HK\$'000</b>	1 April 2018 HK\$'000	31 March 2018 HK\$'000
Trade receivables	<b>51,304</b>	72,454	72,782
Bills receivables	<b>6,528</b>	3,994	3,994
Trade and bills receivables	<b>57,832</b>	76,448	76,776
Less: Allowance for doubtful debts	<b>(9,139)</b>	(13,053)	(9,368)
	<b>48,693</b>	63,395	67,408
Other receivables	<b>3,136</b>	1,270	1,270
Bills receivables discounted with recourse (note b)	<b>1,166</b>	–	–
	<b>52,995</b>	64,665	68,678

At 31 March 2019, included in trade receivables are retention receivable of approximately HK\$2,723,000 (2018: HK\$4,780,000), which were withheld and would be released upon the expiry of maintenance periods.

All of the trade and other receivables are expected to be recovered within one year, except for retention receivables of approximately HK\$1,492,000 (2018: HK\$2,007,000) at 31 March 2019 which were expected to be recovered after more than one year.

Certain bills receivables of approximately HK\$1,166,000 (2018: Nil) and Nil (2018: HK\$2,495,000) were pledged to a bank for securing the advances drawn on bills receivables discounted with recourse; and the bills issued by the bank on behalf of the Group to suppliers of the Group, respectively.

(a) **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:

	<b>31 March 2019 HK\$'000</b>	1 April 2018 HK\$'000	31 March 2018 HK\$'000
Within 90 days	<b>17,549</b>	42,820	43,174
Between 91 and 180 days	<b>8,579</b>	10,489	12,226
Between 181 and 365 days	<b>13,980</b>	903	1,278
Between 1 and 2 years	<b>5,654</b>	4,358	5,282
Over 2 years	<b>208</b>	406	668
	<b>45,970</b>	58,976	62,628
Retention receivables	<b>2,723</b>	4,419	4,780
	<b>48,693</b>	63,395	67,408

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

(b) **Bills receivables discounted with recourse**

The amounts represent bills receivables discounted to banks with recourse with a maturity period of less than 30 days (2018: Nil). The Group recognises the full amount of the discount proceeds as liabilities.

The aged analysis based on the invoice date is presented as follows:

	<b>2019 HK\$'000</b>	2018 HK\$'000
Within 90 days	<b>1,166</b>	-

## 12. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables (note (b)(i))	26,238	23,963
Other payables	2,136	2,261
Bills payable (note (b)(ii))	2,332	2,495
Accrued wages	1,174	946
Payables for value-added tax	2,431	3,933
Deposits received from customers	—	4,068
	<u>34,311</u>	<u>37,666</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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>(i) Trade payables</b>		
Within 90 days	2,902	15,869
Between 91 and 180 days	3,933	4,870
Between 181 and 365 days	17,504	2,248
Between 1 and 2 years	1,331	758
Over 2 years	568	218
	<u>26,238</u>	<u>23,963</u>
<b>(ii) Bills payables</b>		
Within 90 days	—	2,495
Between 91 and 180 days	2,332	—
	<u>2,332</u>	<u>2,495</u>

As at 31 March 2019, bills payables of HK\$2,332,000 (2018: HK\$2,495,000) were secured by restricted bank deposits of HK\$2,332,000 (2018: Nil) and bills receivables of Nil (2018: HK\$2,495,000).

## 13. COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Turnover**

It was the most busy year for the Group in terms of product delivery with passenger information systems according to the delivery plans of signed contracts for the supply of goods over the past year, totaling supply of goods for 11 train routes in domestic and foreign cities. Sales for the year was approximately HK\$95,626,000, representing an increase of approximately 2.7% as compared with the corresponding period of last year.

#### **Gross profit and loss attributable to equity shareholders**

For the year ended 31 March 2019, the Group recorded gross profit of approximately HK\$28,006,000 with gross profit margin of approximately 29%. Loss after tax was approximately HK\$10,467,000. Loss attributable to equity shareholders of the Company amounted to approximately HK\$10,467,000.

#### **Selling expenses**

Selling expenses for the year were approximately HK\$19,102,000, representing an increase of approximately 22% as compared with HK\$15,614,000 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 Group compared to the corresponding period of last year.

#### **Administrative expenses**

The administrative expenses for the year amounted to approximately HK\$13,985,000, representing an increase of approximately 21% as compared with approximately HK\$11,521,000 for the corresponding period of last year, mainly attributable to an increase in provision for doubtful receivables for the year compared to the corresponding period of last year.

#### **Impairment of intangible asset**

Impairment of HK\$6,446,000 has been made for the intangible asset CA-SIM during the year.

#### **Other operating expenses**

Other operating expenses for the year represented the amortisation of intangible asset CA-SIM of approximately HK\$3,250,000.



## **Other revenue and other net gain**

Other revenue and other net gain amounted to approximately HK\$4,579,000, representing an increase of HK\$686,000 as compared with HK\$3,893,000 for the corresponding period of last year, mainly attributable to the reversal of provision for product warranties made by the Group for the prior year for train information system products.

## **BUSINESS REVIEW**

In this year, Guangzhou GL was busy in delivery of the signed supply contracts, mainly to vehicle manufacturers of the CRRC, including Guangzhou Metro Lines 14/21, Northern Extension Line of Guangzhou Metro Line 8, Southern Extension Line of Wuhan Metro Line 2, Caidian Line of Wuhan Metro Line and Changsha Metro Line 4, Ankara Line of Turkey, HEMU bullet train and ETS bullet train in Malaysia and other system equipment for “One Belt, One Road” projects. At the same time, the Group has invested a lot of engineering services and technical training for local owners in opening new lines of Guangzhou Metro, Wuhan Metro, Changsha Metro, Malaysia Metro, Turkey Metro and other projects. The Group’s engineers have been praised by CRRC for their tirelessness, profession and dedication in work. Over the past few years, our Group has successively delivered more and more system contracts and new lines. Accordingly, the maintenance and guarantee workload in contract quality assurance period has been increasing, and the number of technical support, project management and engineering service personnel has also been increasing.

With the development of the industry, there have been many changes in the technical requirements of on-board information system for rail transit from owners. Especially in the major cities in which urban rail transit has already formed a large-scale network, it is generally required vehicles to be driverless, and higher technical standards for system products such as intellectualization, whole life cycle management and so on. The Group used its own accumulated resources to overcome the factors such as the rising comprehensive cost for hiring employees, and made appropriate investment in product innovation in a positive way. At the same time, in order to meet the product requirements of the industry and “One Belt, One Road”, the Group had its new products certified by third party professional organizations in several aspects, so that it could adapt to the technical standards and requirements of the industry.

During the year under review, due to the implementation of related measures such as “deleveraging and capacity removal”, the approval for investment in urban rail transit projects slowed down for a period of time. Due to the prudent investment and the prevention of debt risk, local governments had fewer tender projects for vehicles for new lines in a certain period of time in this year. Therefore, the number of new contracts signed by the Group in a certain period of time in this year was also lower than that in the same period of previous years. By the end of this year, local governments, in accordance with national policies, have started projects one after another, so bidding and tendering was also starting in all places one after another.

## **BUSINESS OUTLOOK**

The year 2019 marks the 70th anniversary of the PRC. This year is also the key year for building a well-off society in an all-round way. A new round of deepening reform is sailing, and the macroeconomic is stable and improving. The Group will seize the opportunity of the market and make every effort to promote the development of Panyu project with a positive attitude, so as to put the “CA-SIM” patented technology into use as soon as possible in conjunction with the smart city construction planning of the government of Panyu District, Guangzhou City.

The Group will focus on the development of the field of smart transportation, and has completed the acquisition of Connect Cool Technology Limited on 10 May 2019, which enables the Group to tap into the transportation payment solutions industry in the PRC. It will continue to actively seek business opportunities in the field of smart transportation and promote the growth and development of the Group in this field.

The report on the work of the government in 2019 pointed out that “we face many challenges and demands in this year’s work, and we should highlight and grasp the key points”. We will continue our work in ten areas, including tax reduction and fee reduction. The Group is located within “Guangdong-Hong Kong-Macao Greater Bay Area” and along “One Belt, One Road”. This is favourable for its development. The country is constantly deepening its reform policy to benefit manufacturing industries, technological enterprises and service industries. We are convinced that in the period of continuous improvement of business environment, the Group will make greater achievements in the new year in the spirit of keeping pace with the times, actively innovating and devoting itself to the development of the industry.

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS**

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 2019, the Group had total cash and bank balances, amounted to approximately HK\$71,272,000 (2018: approximately HK\$72,153,000).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group had net current assets of approximately HK\$81,645,000 (2018: approximately HK\$86,369,000), of which approximately HK\$71,272,000 (2018: approximately HK\$72,153,000) were 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.

## 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 2019, the Group had 182 employees (2018: 225 employees), with 173 employees and 9 employees employed in the PRC and Hong Kong, respectively.

	<b>At 31 March 2019</b>	At 31 March 2018
	<b>Number of staff</b>	Number of staff
Management, finance and administration	<b>33</b>	33
Research and development	<b>78</b>	78
Sales and after-sales maintenance	<b>71</b>	114
Total	<b><u>182</u></b>	<u>225</u>

The total staff costs, including Directors' emoluments, amounted to approximately HK\$24,280,000 (2018: approximately HK\$23,922,000) 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**

### **(a) Performance bond**

During the year ended 31 March 2017, the performance bond was given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bond was discharged during the ended 31 March 2018.

### **(b) Litigation**

During the year ended 31 March 2017, the Group had litigation in respect of disputes arising on the ordinary course of business. The disputes had settled during the year ended 31 March 2018 and the court ordered to release the freezed bank deposits of HK\$853,000 in April 2017.

The Group did not have any other significant contingent liabilities as at 31 March 2019.

## **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.

## **EVENTS AFTER THE REPORTING PERIOD**

In the announcement of the Company dated 4 April 2019, the Group disclosed that it entered into an agreement, pursuant to which the Group agreed to acquire 60% equity interest of Connect Cool Technology Limited which held the entire equity interest of Shanghai Xunshan Information Technology Limited (a company established in the PRC). The acquisition was completed on 10 May 2019. Save as the acquisition of Connect Cool Technology Limited, no material events were undertaken by the Group subsequent to 31 March 2019.

## USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of 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 “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\$58.2 million had been utilised as at 31 March 2019. The breakdown of the Company’s actual use of the Subscription Proceeds as at 31 March 2019 is as follows:

	<b>Proposed use of the Subscription Proceeds as disclosed in the Circular</b> <i>HK\$ million</i>	<b>Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 March 2019</b> <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	20.3
Working capital	<u>7.9</u>	<u>7.9</u>
Total	<u><u>79.0</u></u>	<u><u>58.2</u></u>

## **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 and Corporate Governance Report in Appendix 15 to the GEM Listing Rules throughout the period 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 2019 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, 20 June 2019

*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.*