国联通信

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 2023

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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 2023 was approximately HK$139,978,000, representing a decrease of approximately 22%, as compared with that for the year ended 31 March 2022.
- Loss attributable to equity shareholders of the Company was approximately HK$11,815,000 for the year ended 31 March 2023, as compared with the loss of approximately HK$21,192,000 for the last corresponding year.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2023.

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 2023 together with the audited comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue	*4*	**139,978**	180,316
Cost of sales		**(133,546)**	(171,459)
Gross profit		**6,432**	8,857
Other revenue and other net gain	*5*	**5,782**	1,668
Selling expenses		**(9,909)**	(12,935)
Administrative expenses		**(9,037)**	(11,265)
Impairment loss on trade receivables and contract assets		**(3,819)**	(6,773)
Loss on deregistration of a subsidiary		**(635)**	–
Other operating expenses		**–**	(103)
Loss from operation		**(11,186)**	(20,551)
Finance costs	*6(c)*	**(629)**	(645)
Loss before taxation	*6*	**(11,815)**	(21,196)
Income tax	*8*	**–**	4
Loss for the year		**(11,815)**	(21,192)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating financial statements of foreign operations		**(887)**	917
Exchange reserves released upon deregistration of a subsidiary		**635**	–
Other comprehensive (loss)/income for the year, net of income tax		**(252)**	917
Total comprehensive loss for the year		**(12,067)**	(20,275)
Loss attributable to:			
Equity shareholders of the Company		**(11,815)**	(21,192)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(12,067)**	(20,275)
Loss per share	*10*	***HK cents***	*HK cents*
– Basic and diluted		**(3.6)**	(6.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**3,541**	1,773
Intangible assets		**–**	–
		3,541	1,773
Current assets			
Inventories		**998**	2,626
Contract assets		**6,900**	6,203
Trade and other receivables	*11*	**45,816**	68,072
Deposits and prepayments		**6,288**	11,823
Time deposit		**62,954**	13,122
Cash and cash equivalents		**24,108**	75,523
		147,064	177,369
Current liabilities			
Trade and other payables	*12*	**52,694**	61,502
Contract liabilities		**1,401**	2,591
Advances drawn on factored trade receivables with recourse		**–**	10,762
Lease liabilities		**1,398**	787
Provision		**878**	1,300
Provision for taxation		**6,889**	7,436
		63,260	84,378
Net current assets		**83,804**	92,991
Total assets less current liabilities		**87,345**	94,764
Non-current liabilities			
Lease liabilities		**1,645**	310
Trade and other payables	*12*	**3,313**	–
		4,958	310
Net assets		**82,387**	94,454
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		**32,638**	32,638
Reserves		**49,749**	61,816
Total equity		**82,387**	94,454

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to equity shareholders of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Statutory reserves** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2021	32,638	188,107	2,135	9,175	(131,909)	14,583	114,729
Loss for the year	–	–	–	–	(21,192)	–	(21,192)
Exchange differences on translating financial statements of foreign operations	–	–	–	917	–	–	917
Total comprehensive (loss)/income for the year	–	–	–	917	(21,192)	–	(20,275)
At 31 March 2022 and 1 April 2022	32,638	188,107	2,135	10,092	(153,101)	14,583	94,454
Loss for the year	–	–	–	–	(11,815)	–	(11,815)
Exchange differences on translating financial statements of foreign operations	–	–	–	(887)	–	–	(887)
Exchange reserves release upon deregistration of a subsidiary	–	–	–	635	–	–	635
Total comprehensive loss for the year	–	–	–	(252)	(11,815)	–	(12,067)
Statutory reserves release upon deregistration of a subsidiary	–	–	–	–	2,983	(2,983)	–
At 31 March 2023	32,638	188,107	2,135	9,840	(161,933)	11,600	82,387

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 Room 3815, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from the supply, development and integration of passenger information management system	**59,046**	66,049
CRMS income	**80,932**	114,267
Total revenue	**139,978**	180,316

5. OTHER REVENUE AND OTHER NET GAIN

	2023	2022
	HK$'000	*HK$'000*
Bank interest income *	**1,771**	635
Gain on disposal of other financial assets	**58**	–
Government grants	**442**	–
Other income	**3,058**	1,033
Other revenue	**5,329**	1,668
Reversal of provision for product warranties, net	**326**	–
Exchange gain	**127**	–
Other net gain	**453**	1,668
	5,782	1,668

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

6. LOSS BEFORE TAXATION

	2023 *HK$'000*	2022 *HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
(a) Staff costs, including directors' emoluments		
Salaries, wages and other benefits	**18,147**	21,182
Contributions to retirement benefit schemes	**2,047**	2,213
	20,194	23,395
(b) Other items		
Auditors' remuneration		
– audit service	**690**	663
Impairment loss on trade receivables and contract assets	**3,819**	6,773
Cost of inventories sold *	**52,927**	58,612
Research and development costs #	**8,870**	10,842
Depreciation of property, plant and equipment		
– self-owned assets	**237**	264
– right-of-use assets	**1,392**	1,265
Loss on deregistration of a subsidiary	**635**	–
(Reversal of provision)/provision for product warranties, net ##	**(326)**	103
Net exchange (gain)/loss	**(127)**	66

* *Cost of inventories sold includes approximately HK$7,549,000 (2022: HK$11,382,000) 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$8,870,000 (2022: HK$10,842,000) which was included in cost of sales.

(Reversal of provision)/provision for product warranties, net 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 costs

	2023 *HK$'000*	2022 *HK$'000*
Interest expenses	**520**	569
Interest on lease liabilities	**109**	76
	629	645

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 2023 and 2022 is set out below:

	The PRC		Hong Kong		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition						
– Overtime	**–**	–	**–**	–	**–**	–
– Point in time	**130,933**	152,434	**10,734**	29,369	**141,667**	181,803
	130,933	152,434	**10,734**	29,369	**141,667**	181,803
Reportable segment profit	**6,175**	7,737	**257**	629	**6,432**	8,366
Research and development costs	**(8,870)**	(10,842)	**–**	–	**(8,870)**	(10,842)
Bank interest income	**5**	96	**1,766**	539	**1,771**	635
Gain on disposal of other financial assets	**58**	–	**–**	–	**58**	–
Loss on deregistration of a subsidiary	**(635)**	–	**–**	–	**(635)**	–
Depreciation	**(1,629)**	(1,528)	**–**	(1)	**(1,629)**	(1,529)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets	**(3,952)**	(6,773)	**133**	–	**(3,819)**	(6,773)
Reversal of provision/(provision) for product warranties, net	**326**	(103)	**–**	–	**326**	(103)
Reportable segment assets	**67,089**	88,389	**91,622**	93,207	**158,711**	181,596
Reportable segment assets includes: Additions to non-current assets (other than financial instruments and deferred tax assets)						
– Property, plant and equipment	**3,526**	817	**–**	–	**3,526**	817
Reportable segment liabilities	**59,385**	78,250	**10,050**	1,456	**69,435**	79,706

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

	2023	2022
	HK$'000	*HK$'000*
Revenue:		
Total reportable segments' revenue	**141,667**	181,803
Elimination of inter-segment revenue	**(1,689)**	(1,487)
Consolidated revenue	**139,978**	180,316
Profit/(loss):		
Total reportable segments' profit	**6,432**	8,366
Elimination of inter-segment profit	**–**	–
Reportable segment profit derived from Group's external customers	**6,432**	8,366
Bank interest income	**1,771**	635
Unallocated head office and corporate expenses	**(20,018)**	(30,197)
Consolidated loss before tax expenses	**(11,815)**	(21,196)
Assets		
Total reportable segments' assets	**158,711**	181,596
Elimination of inter-segment receivables	**(8,106)**	(2,454)
Consolidated total assets	**150,605**	179,142
Liabilities		
Total reportable segments' liabilities	**69,435**	79,706
Elimination of inter-segment payables	**(8,106)**	(2,454)
	61,329	77,252
Current tax liabilities	**6,889**	7,436
Consolidated total liabilities	**68,218**	84,688

(c) Revenue from major products and services

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

	2023	2022
	HK$'000	*HK$'000*
Supply, development and integration of passenger information management system	**59,046**	66,049
CRMS income	**80,932**	114,267
	139,978	180,316

(d) Other geographical information

	Non-current assets	
	2023	2022
	HK$'000	*HK$'000*
The PRC	**3,541**	1,773
Hong Kong	**–**	–
	3,541	1,773

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 (2022: two) customers in the PRC operating and reportable segment amounted to HK$62,536,000 and HK$16,127,000 (2022: HK$57,263,000 and HK$26,767,000), and revenue from nil (2022: one) customer in the HK operating and reportable segment amounted to nil (2022: HK$21,222,000) which individually represent more than 10% of the Group's total revenue.

Two (2022: three) customers contributed 10% or more to the Group's total revenue for 2023.

8. INCOME TAX

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

	2023	2022
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**–**	–
Over-provision in prior years	**–**	(4)
	–	(4)

(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 2023 and 2022, 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 2023 and 2022 is taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK$6,000 (2021/22: 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 at the applicable tax rates:

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation	**(11,815)**	(21,196)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	**(2,761)**	(3,542)
Tax effect of non-taxable income	**(290)**	(91)
Tax effect of non-deductible expenses	**1,121**	473
Tax effect of unused tax losses not recognised	**1,885**	1,897
Tax effect of utilisation of tax loss previously not recognised	**42**	–
Over-provision in prior years	**–**	(4)
Tax effect of temporary differences not recognised	**3**	1,263
Tax credit	**–**	(4)

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2022: 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 loss of HK$11,815,000 (2022: loss of HK$21,192,000) and the weighted average number of approximately 326,380,750 ordinary shares (2022: 326,380,750 ordinary shares) in issue during the year.

(b) Diluted loss per share

The basic and diluted loss per share are the same for the years ended 31 March 2023 and 2022, as there are no dilutive potential ordinary shares in issue during the year.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**50,955**	69,734
Bills receivables	**1,966**	1,850
Trade and bills receivables	**52,921**	71,584
Less: Allowance for doubtful debts	**(8,915)**	(9,926)
	44,006	61,658
Other receivables	**1,810**	6,414
	45,816	68,072

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:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**35,353**	24,963
Between 91 and 180 days	**3,044**	29,290
Between 181 and 365 days	**4,043**	2,138
Between 1 and 2 years	**1,566**	5,267
	44,006	61,658

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

At 31 March 2023, carrying amount of trade receivables amounted to HK$nil (2022: HK$11,840,000) 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:

	2023	2022
	HK$'000	*HK$'000*
Carrying amount of transferred assets	–	11,840
Carrying amount of associated liabilities	–	(10,762)
Net position	–	1,078

12. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Current liabilities		
Trade payables	**45,130**	49,154
Other payables	**4,460**	4,816
Borrowings from a related party	**–**	3,576
Accrued wages	**1,170**	1,138
Payables for value-added tax	**1,934**	2,818
	52,694	61,502
Non-current liabilities		
Borrowings from a related party	**3,313**	–
	56,007	61,502

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:

	2023	2022
	HK$'000	*HK$'000*
Trade payables		
Within 90 days	**19,820**	29,337
Between 91 and 180 days	**7,624**	7,131
Between 181 and 365 days	**10,861**	8,043
Between 1 and 2 years	**4,889**	3,465
Over 2 years	**1,936**	1,178
	45,130	49,154

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

During the year under review, the impact of the recurring COVID-19 pandemic in China dragged down the normal economic activities and economic recovery, posing a challenge to the stability of the services provided by the Group's CRM to some extent. Sales of the CRM business under the Company amounted to approximately HK$80,932,000, representing a decrease of approximately 29% as compared with approximately HK$114,267,000 in the last corresponding period. Guangzhou Global Link, a subsidiary of the Company, delivered 6 new line projects, including: Guangzhou Metro Line 2 South Extension, Huangpu Line 2, Wuhan Metro Line 2 Overhaul, Wuhan Metro Line 7, and Harbin Metro Lines 2 and 3. Guangzhou Global Link continued to carry out the renovation of the vehicle passenger information systems of Shenzhen Line 3 and concurrently provided sales of spare parts and accessories to the main vehicle manufacturing enterprises under the CRRC and more than ten metro groups such as those in Guangzhou, Shenzhen, Hangzhou, Dongguan and Wuhan. The sales of rail transit amounted to approximately HK$59,046,000, representing a decrease of approximately 11% as compared with approximately HK$66,049,000 in the last corresponding period. The sales of the Group amounted to approximately HK$139,978,000, representing a decrease of approximately 22% as compared with approximately HK$180,316,000 in the last corresponding period.

Gross profit and loss attributable to equity shareholders

For the year ended 31 March 2023, the Group recorded gross profit of approximately HK$6,432,000, and the loss attributable to equity shareholders during the year amounted to approximately HK$11,815,000.

Selling expenses

During the year under review, selling expenses were approximately HK$9,909,000, representing a decrease of approximately 23% as compared with the last corresponding period.

Administrative expenses

During the year under review, administrative expenses were approximately HK$9,037,000, representing a decrease of approximately 20% 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$5,782,000, representing an increase of approximately 247% as compared to the last corresponding period. The increase was mainly due to the increase in bank interest income and other revenue during the year as compared to the last corresponding period.

BUSINESS REVIEW

During the year under review, multiple factors such as global interest rate hikes, escalating geopolitical risks and issues arising from the post-pandemic period, noticeably staggered the development of the Hong Kong economy, which was marked by downturns and oscillations throughout the year. In addition, the domestic resurgence of COVID-19 has also dragged down the pace of economic activities and economic revival.

As China adjusted the anti-pandemic measures in response to changes in the COVID-19 situation, the rate of COVID-19 infections in Guangzhou, where the CRM service center of the Group is located, rose sharply. As a result, staff attendance dropped to a record low, which seriously affected the customer service and technical support provided by the CRM service. Amidst the challenges to, and impact on the normal operation of CRM service from COVID-19, the management of the Company proactively adopted countermeasures by actively communicating and negotiating with customers and encouraging staff to remain at their post with reasonable distribution, to mitigate the impact on the customer service brought by COVID-19.

Guangzhou Global Link Communications Inc. ("Guangzhou Global Link"), a subsidiary of the Group, conscientiously analyzed the changes of business environment both at home and abroad to develop corresponding measures and strategies based on the features of the industry in which it operates under the guidance of local government policy. Guangzhou Global Link actively responded to the difficulties such as travel restriction and large number of employee infections at the end of the year due to COVID-19. During the period, Guangzhou Global Link delivered new line projects, including Guangzhou Metro Line 2 South Extension, Huangpu Line 2, Wuhan Metro Line 2 Overhaul, Wuhan Metro Line 7, and Harbin Metro Lines 2 and 3. Guangzhou Global Link continued to carry out the renovation of the vehicle passenger information systems of Shenzhen Line 3 and concurrently provided sales of spare parts and accessories to the main vehicle manufacturing enterprises under the CRRC and more than ten metro groups such as those in Guangzhou, Shenzhen, Hangzhou, Dongguan and Wuhan.

During the year under review, the opening, operation and safety maintenance for overseas "One Belt and One Road" and more than ten domestic urban systems by Guangzhou Global Link remained a major component of our business operation. Faced with increasing comprehensive costs arising from validity periods for travel, transportation and work as a result of complex factors, as well as long lag in accounts receivable after delivery of products and other unfavorable factors, the management of the Company tried every means to overcome the difficulties and encouraged all employees to work together to tide over the difficulties, with good project delivery and safeguarding train operation as the most important premise, so as to gain understanding and support from enterprises under CRRC and local property owners.

BUSINESS OUTLOOK

In the coming year, in view of the gradual release of the cumulative impact of the Federal Reserve's series of monetary tightening actions in 2022, and the impact of geopolitics and interest rate hikes by the world's major central banks, Mainland China and Hong Kong's economic and social development will continue to face certain pressure; the Policy Addresses of the central and HKSAR governments for the coming year will continue to focus on how to stimulate economic vitality and steady development. We believe that all production, operation and consumption activities are expected to increasingly return to normal. With increasing demand for CRM business from various industries, we look forward to bringing new business opportunities to the development of the Group's CRM business.

The international economic environment remains complicated and volatile with existing geopolitical implications. As the threat of COVID-19 diminishes, the economic activities of all industries in Mainland China are recovering and macro policies are being put into motion. The triple pressure of shrinking demand, supply shocks and weakening expectations will be alleviated and the market will gradually recover. The economic development will manifest positive signs of a resurging trend. Nevertheless, current internal momentum for economic growth is weak and demand is still insufficient. The economic transformation and upgrading face new resistance, and many difficulties and challenges still need to be overcome for promoting high-quality development. Due to the impact of COVID-19 for more than three years, new investments in various regions are also under restrictions. Urban rail transit construction and investment is not expected to have major growth. At present, rail transit projects in various major cities are still dominated by the implementation of the "Thirteenth Five-Year" plan. Projects under the "Fourteenth Five-Year" plan can be only commenced in the next 2 to 3 years. A large number of projects will materialize in the later phase of the planning period, thus, the Group will make corresponding business strategies according to such market trends in the industry.

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 2023, the Group had total time deposit, cash and cash equivalents, amounting to approximately HK$87,062,000 (2022: approximately HK$88,645,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had net current assets of approximately HK$83,804,000 (2022: approximately HK$92,991,000), of which approximately HK$87,062,000 (2022: approximately HK$88,645,000) 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 2023, the Group had 180 employees (2022: 177 employees), with 171 employees and 9 employees employed in the PRC and Hong Kong, respectively.

	At 31 March 2023 ***Number of staff***	At 31 March 2022 *Number of staff*
Management, finance and administration	**29**	29
Research and development	**42**	39
Sales and after-sales maintenance	**109**	109
Total	**180**	177

The total staff costs, including Directors' emoluments, amounted to approximately HK$20,194,000 (2022: approximately HK$23,395,000) 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 2023.

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$30.2 million had been utilised as at 31 March 2023. The breakdown of the Company's actual use of the 2016 Subscription Proceeds as at 31 March 2023 is as follows:

	Proposed use of the 2016 Subscription Proceeds as disclosed in the 2016 Circular *HK$ million*	**Actual use of the 2016 Subscription Proceeds as at 31 March 2023** *HK$ million*	**Remaining balance of the 2016 Subscription Proceeds as at 31 March 2023** *HK$ million*
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	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	30.2	10.9
Working capital	7.9	7.9	0
Total	79.0	68.1	10.9

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 2016 Subscription Proceeds by 31 March 2025. 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 2016 Subscription Proceeds based on market conditions and opportunities.

There has been a delay in the expected timeline for the use of funds from the 2016 Subscription Proceeds allocated for the purpose of the development of the "Smart City" project by using the Group's existing Certificate Authority-SIM (CA-SIM) technology. The delay arose mainly for the following reasons:

(i) The Group has been upgrading and developing its CA-SIM products and the related mobile applications to be compatible with 5G network specifications, which are required for the integrated "Smart City" solution in the PRC. The 4G network version of the CA-SIM products are outdated and no longer acceptable to the market and end-users for lack of 5G network compatibility. While the research and development efforts are underway, the Company currently expects the improved and redesigned CA-SIM products and the related mobile applications can be introduced and marketed to the end-users by the end of 2023.

(ii) The continuing impact of the COVID-19 on the development and implementation of the "Smart City" project in various candidate districts or cities in the PRC, in particular, there has been a delay in the Group's effort in securing the policy support from the relevant government authorities in potential pilot cities for the "Smart City" project. On this end, the Group will continue to actively engage negotiations and discussions with the relevant government authorities in the PRC and in overseas countries for business collaboration opportunities.

The Company will continue to work closely with business partners in the development and implementation of the "Smart City" project and will update shareholders on further progress as and when appropriate.

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

As at 31 March 2023, 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 of the said subscription were approximately HK$40.0 million (the "2019 Subscription Proceeds"). On 7 March 2023, after careful consideration and detailed evaluation of the Group's operations and business strategy, the Directors had resolved to change the use of the remaining unutilised net proceeds from the Subscription in the amount of approximately HK$35.4 million to be used as general working capital of the Group, details of which is included in the announcement of the Company dated 7 March 2023. The breakdown of the Company's actual use of the 2019 Subscription Proceeds as at 31 March 2023 is as follows:

	Proposed use of the 2019 Subscription proceeds as disclosed in the Circular *HK$ million*	**Revised use of the 2019 Subscription proceeds** *HK$ million*	**Actual use of the 2019 Subscription proceeds as at 31 March 2023** *HK$ million*	**Remaining balance of the 2019 Subscription proceeds as at 31 March 2023** *HK$ million*
General working purposes and in particular the procurement of the POS equipment with the Company's patented 2.4G technology software installed to meet the potential orders from the Group's business partner	40.0	4.6	4.6	0
General working capital of the Group	0	35.4	8.4	27.0
Total	40.0	40.0	13.0	27.0

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 such, due to the slower than expected business development progress and the general market outlook for the POS Equipment, the Directors have resolved to terminate the business development relating to the POS Equipment. The Directors are of the view that to change the use of the 2019 Subscription Proceeds originally allocated to this segment to be used for general working capital of the group would enable the Group to apply its financial resources more efficiently and to capture other business opportunities for the Group's revenue growth.

The Directors note that the Group continued to develop the customer relationship management ("CRM") business vigorously and the current CRM business achieved rapid growth for the financial year ended 31 March 2023 with approximately HK$80.9 million in revenue recorded for the CRM segment, representing approximately 58% of the Group's total revenue for the financial year ended 31 March 2023. The Directors are of the view that the CRM segment will continue to see growth in revenue generation and better profit margin in the future if allocated with additional working capital to support its business development and process streamlining.

The Directors confirm that there are no material changes in the nature of the business of the Group. The Directors consider that the change of use of the unutilised 2019 Subscription Proceeds will allow the Company to deploy its financial resources more effectively and is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

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$27.0 million by the end of 2024. 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 2023, there is no plan to further change the intended use of the 2019 Subscription Proceeds.

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 2023 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, 21 June 2023

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.