



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)

INTERIM RESULTS ANNOUNCEMENT 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 website of Stock Exchange 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 for the six months ended 30 September 2023 was approximately HK\$65,849,000 representing approximately 0.4% decrease from that of the Last Corresponding Period.

Loss attributable to equity shareholders of the Company for the six months ended 30 September 2023 was approximately HK\$935,000 and net loss of approximately HK\$1,365,000 was recorded in the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“**Global Link**” or the “**Group**”) for the three months and the six months ended 30 September 2023 together with the unaudited comparative figures for the corresponding period in 2022 (“**Last Corresponding Period**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	2 & 4	36,782	36,749	65,849	66,098
Cost of sales		<u>(32,543)</u>	<u>(33,332)</u>	<u>(59,312)</u>	<u>(61,380)</u>
Gross profit		4,239	3,417	6,537	4,718
Other income		3,302	1,669	4,078	3,578
Selling expenses		(2,495)	(2,479)	(5,066)	(4,951)
Administrative expenses		(3,978)	(2,123)	(6,091)	(4,230)
Other operating expenses		(154)	(110)	(270)	(165)
Profit/(loss) from operation		914	374	(812)	(1,050)
Finance costs		(61)	(42)	(123)	(315)
Profit/(loss) before taxation	3	853	332	(935)	(1,365)
Income tax	5	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Profit/(loss) for the period		<u>853</u>	<u>332</u>	<u>(935)</u>	<u>(1,365)</u>
Other comprehensive income/ (loss):					
Exchange differences on translating foreign operations		<u>7</u>	<u>(492)</u>	<u>3</u>	<u>(1,075)</u>
Total comprehensive income/ (loss) for the period		<u>860</u>	<u>(160)</u>	<u>(932)</u>	<u>(2,440)</u>
Profit/(loss) attributable to:					
Equity shareholders of the Company		853	332	(935)	(1,365)
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>853</u>	<u>332</u>	<u>(935)</u>	<u>(1,365)</u>
Total comprehensive income/ (loss) attributable to:					
Equity shareholders of the Company		860	(160)	(932)	(2,440)
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>860</u>	<u>(160)</u>	<u>(932)</u>	<u>(2,440)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share:	7				
– Basic and diluted		<u>0.26</u>	<u>0.10</u>	<u>(0.29)</u>	<u>(0.42)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	2,624	3,541
		2,624	3,541
Current assets			
Inventories		6,821	998
Contract assets		8,766	6,900
Trade and other receivables	9	42,367	45,816
Deposits and prepayments		6,863	6,288
Time deposit		64,227	62,954
Cash and cash equivalents		22,025	24,108
		151,069	147,064
Current liabilities			
Trade and other payables	10	57,703	52,694
Contract liabilities		1,147	1,401
Lease liabilities		653	1,398
Provision		1,107	878
Provision for taxation		6,572	6,889
		67,182	63,260
Net current assets		83,887	83,804
Total assets less current liabilities		86,511	87,345
Non-current liabilities			
Lease liabilities		1,569	1,645
Trade and other payables	10	3,487	3,313
Net assets		5,056	4,958
		81,455	82,387
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		32,638	32,638
Reserves		48,817	49,749
Total equity		81,455	82,387

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(1,579)	3,558
Net cash generated/(used in) from investing activities	217	(19,554)
Net cash used in financing activities	<u>(804)</u>	<u>(6,251)</u>
Net decrease in cash and cash equivalents	(2,166)	(22,247)
Cash and cash equivalents at 1 April	24,108	75,523
Effect of foreign exchange rate changes	<u>83</u>	<u>(683)</u>
Cash and cash equivalents at 30 September	<u><u>22,025</u></u>	<u><u>52,593</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	Accumulated Losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total equity (unaudited) HK\$'000
As at 1 April 2022	32,638	188,107	2,135	10,092	(153,101)	14,583	94,454
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(1,365)	-	(1,365)
Other comprehensive loss exchange differences on translating foreign operations	-	-	-	(1,075)	-	-	(1,075)
As at 30 September 2022	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>9,017</u>	<u>(154,466)</u>	<u>14,583</u>	<u>92,014</u>
As at 1 April 2023	32,638	188,107	2,135	9,840	(161,933)	11,600	82,387
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	(935)	-	(935)
Other comprehensive loss exchange differences on translating foreign operations	-	-	-	3	-	-	3
As at 30 September 2023	<u>32,638</u>	<u>188,107</u>	<u>2,135</u>	<u>9,843</u>	<u>(162,868)</u>	<u>11,600</u>	<u>81,455</u>

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. REVENUE

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

3. PROFIT/(LOSS) BEFORE TAXATION

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment				
– self-owned assets	29	61	74	125
– right-of-use assets	360	315	724	616
Staff costs including directors' emolument	5,410	4,909	10,688	9,653

4. SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by board of directors of the Company, the chief operating decision-makers ("CODM") for the purposes of resource allocation and performance assessment. The Group's operating segments are organised and structured according to the geographical locations where the Group's customers are located. The geographical locations include the People's Republic of China (the "PRC") (place of domicile of the Group) and Hong Kong.

Segment revenue of PRC comprises the revenue from supply, development and integration of passenger information management system and Customer relationship management services ("CRMS") income while the segment revenue of Hong Kong comprises the revenue from supply, development and integration of passenger information management systems and CRMS income.

No reportable operating segment has been aggregated.

(a) **Segment results**

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs e.g. directors' salaries, interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge is not allocated to reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation attributable to those segments.

Sales between segments are carried out on arm's length basis. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2023 and 2022 is set out below:

	PRC		Hong Kong		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition						
– Overtime	–	–	–	–	–	–
– Point in time	63,899	61,479	3,624	5,351	67,523	66,830
	63,899	61,479	3,624	5,351	67,523	66,830
Reportable segment profit	5,817	6,048	720	492	6,537	6,540
Interest revenue	31	32	1,588	465	1,619	497
Depreciation	(798)	(741)	–	–	(798)	(741)

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

	For the six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Total reportable segments' revenue	67,523	66,830
Elimination of inter-segment revenue	(1,674)	(732)
	<hr/>	<hr/>
Consolidated revenue	<u>65,849</u>	<u>66,098</u>
Profit		
Total reportable segments' profit	6,537	6,540
Elimination of inter-segment profit	–	(732)
	<hr/>	<hr/>
Reportable segment profit derived from Group's external customer	6,537	5,808
Bank interest income	1,619	497
Unallocated head office and corporate expenses	(9,091)	(7,670)
	<hr/>	<hr/>
Consolidated loss before tax expenses	<u>(935)</u>	<u>(1,365)</u>

5. INCOME TAX

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong was 16.5% for the six months ended 30 September 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%.

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 profit for the period (2022: Nil).

A PRC subsidiary of the Company, Guangzhou Global Link Communications Inc. (“**Guangzhou Global Link**”), was qualified as “High and new technology enterprise” and subject to concessionary rate of PRC enterprise income tax (the “**PRC EIT**”) at 15%, which was granted for further three years starting from December 2020. The remaining PRC subsidiaries were qualified as “Small Low-profit Enterprise” and subject to a concessionary PRC EIT rate.

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

There was no significant unprovided deferred taxation for the six months ended 30 September 2023.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2023 (2022: Nil).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the three months ended 30 September 2023 of approximately HK\$853,000 (2022: approximately HK\$332,000) and the weighted average number of approximately 326,380,800 ordinary shares (2022: approximately 326,380,800 ordinary shares) in issue during the period calculated.

The calculation of basic (loss)/earnings per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the six months ended 30 September 2023 of approximately HK\$935,000 (2022: approximately HK\$1,365,000) and the weighted average number of approximately 326,380,800 ordinary shares (2022: approximately 326,380,800 ordinary shares) in issue during the period calculated.

(b) Diluted earnings/(loss) per share

The basic and diluted earnings/(loss) per share are the same for the three months and six months ended 30 September 2023 and for the three months and six months ended 30 September 2022, as there no diluted potential ordinary shares in issue during the period.

8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2023 (Unaudited) HK\$'000
Opening balance	3,541
Additions	129
Depreciation	(798)
Exchange realignment	(248)
	<hr/>
Closing balance	2,624

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Trade receivables	39,979	44,006
Other receivables	2,388	1,810
	<hr/>	<hr/>
	42,367	45,816

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

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Within 90 days	34,451	35,353
Between 91 to 180 days	3,104	3,044
Between 181 to 365 days	152	4,043
Between 1 to 2 years	2,272	1,566
	<u>39,979</u>	<u>44,006</u>

Customers are generally granted with credit terms of 90 days.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Current liabilities		
Trade payables	51,834	45,130
Other payables	5,869	7,564
	<u>57,703</u>	<u>52,694</u>
Non-current liabilities		
Borrowings from a related party	3,487	3,313
	<u>61,190</u>	<u>56,007</u>

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

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Within 90 days	17,049	19,820
Between 91 to 180 days	13,342	7,624
Between 181 to 365 day	12,497	10,861
Between 1 to 2 years	7,393	4,889
Over 2 years	1,553	1,936
	<u>51,834</u>	<u>45,130</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

For the six months ended 30 September 2023 (the “**period under review**”), the international environment remained complicated and acute, however, the PRC Government adhered to its reform and development direction in seeking progress while maintaining stability, implemented new development concepts in a complete, accurate and comprehensive manner, and led to a stable rebound in overall economic operation. As of 30 September 2023, Mainland China’s GDP grew by 5.2% year-on-year, reaching RMB1.3 trillion.

On 20 September, the executive meeting of the State Council proposed to perform solidly in all key tasks and improve the quality, efficiency and international competitiveness of industrial development comprehensively. It committed itself to continuously focusing on both the transformation and upgrading of traditional industries and the cultivation and expansion of strategic emerging industries. It also adhered to deepening reform and expanding opening-up, fully mobilized the zest of all kinds of business entities, and effectively enhanced the power and vitality of facilitating new industrialization. More specific work goals were proposed in the operation of various industries.

Guangzhou Global Link Communications Inc. (“**Guangzhou Global Link**”), a subsidiary of the Group, was mainly engaged in ensuring the delivery of system products to a number of train manufacturers under the CRRC Group during the period. The train information system products delivered during the period were mainly for the Wuhan Metro Lines 5 and 7; and Harbin Metro Lines 1, 2 and 3. Along with the delivery of the systems, Guangzhou Global Link’s work in equipment opening and online debugging also entered a busy stage, especially the trial operation implementation of unmanned vehicles, a practical test of the enterprise’s product technology. During the period under review, Guangzhou Global Link also carried out the overhaul of the train information system for Shenzhen Metro Line 3 and Wuhan Metro Line 4, and provided several batches of spare parts to Guangzhou Metro at the same time.

The Istanbul airport line project in Turkey, a “Belt and Road” project, has been delayed for several years due to the pandemic and was restarted during the period under review. In response to the requirements of the Turkish government that a certain percentage of the vehicle delivery must be locally produced, Guangzhou Global Link seriously examined the comprehensive capability of local partners, diligently planned with repetitive integration, and conducted materials delivery as well as local production according to the requirements of the master project.

With the promotion of relevant policies by the PRC government, the business confidence of private enterprises has been boosted and their belief in high-quality development is strengthened. The promulgation of the Special Action Programme for Clearing Outstanding Enterprise Debts (《清理拖欠企業賬款專項行動方案》), which was considered and approved by the executive meeting of the State Council, was conducive to the improvement of the operating conditions of SMEs. As certain cities lack sufficient passenger traffic volume to support rail transport operations, resulting in relatively low daily operating income and even affected staff salary payments, this will affect other cities in assessing the feasibility of investing in project construction more prudently. The relevant authorities launched a number of policies on the domestic real estate sector during this period of time and it is believed that the gradual implementation of these measures will increase employment opportunities and stabilize the market sentiment in the relevant sectors, thereby enabling them to enjoy healthy development.

With the lifting up of China's pandemic prevention measures, there has been a significant increase in the exchanges of economic activities among various countries, resulting in a steady rebound in the overall economic performance of the Greater Bay Area. Despite Hong Kong continues its economic recovery, the Group's customer relationship management ("CRM") business has not benefited from the lifting up of pandemic prevention measures due to the sluggish global economic environment and high global interest rates, as well as the current downturn and turbulence in the Hong Kong economy due to the Sino-US trade war and the technology war. In facing new challenges, our colleagues have been making concerted efforts to proactively explore new service areas, focusing on the new economic model of interconnection and diversification, and cooperating with clients such as instant messaging management platforms and APP operation platforms, to provide targeted CRM services to these new clients and open up new sources of revenue, which are expected to become a growth point for the Group's CRM business revenue.

Financial Review

For the six months ended 30 September 2023, the turnover of the Group was approximately HK\$65,849,000, slightly lower than that for the Last Corresponding Period. Loss attributable to equity shareholders of the Company for this quarter amounted to approximately HK\$935,000.

During the period under review, in terms of the rail transit business, Guangzhou Global Link was mainly engaged in the delivery of the signed supply contracts to the train manufacturers under CRRC. During the period, it delivered projects such as new purchase of Guangzhou Metro Line 2, the renovation of Shenzhen Metro Line 3, Phase III of Harbin Metro Line 1, Harbin Metro Line 2, Harbin Metro Line 3, Wuhan Qianchuan Metro Line, the overhaul of Wuhan Metro Line 2, the overhaul of Wuhan Metro Line 5 and Istanbul Airport Line in Turkey. Meanwhile, it also supplied various spare parts and accessories to Guangzhou Metro, Wuhan Metro, Hangzhou MTR, Fuzhou Metro and Hong Kong MTR. The total delivery volume increased as compared with the Last Corresponding Period, with a turnover of approximately HK\$34,568,000 from the rail transit business for the period, representing an increase of approximately 21% as compared to the turnover of approximately HK\$28,668,000 for the Last Corresponding Period. The Group's CRM business for the period was affected by the economic downturn in Hong Kong. Although the number of customers increased, the turnover from CRM was approximately HK\$31,281,000, representing a decrease of approximately 16% as compared with the Last Corresponding Period.

Selling expenses for the period amounted to approximately HK\$5,066,000, representing an increase of approximately 2.3% as compared to approximately HK\$4,951,000 for the Last Corresponding Period.

Administrative expenses amounted to approximately HK\$6,091,000, representing an increase of approximately HK\$1,861,000 as compared to approximately HK\$4,230,000 for the Last Corresponding Period, which was mainly due to the provision for bad and doubtful debts amounted to approximately HK\$1,329,000 during the period.

Other operating expenses for the period amounted to approximately HK\$270,000, which mainly represented the provision for after-sales repair and maintenance of the train information system equipment for rail transit business.

Other income amounted to approximately HK\$4,078,000, representing an increase of approximately HK\$500,000 as compared to approximately HK\$3,578,000 for the Last Corresponding Period, which was mainly due to the increases in reversal of provision for accounts receivable and interest income during the period as compared with the Last Corresponding Period.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of Goldstream Investment Limited (formerly known as International Elite Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 1328) completed the subscription of 1,000,000,000 shares of the Company on 21 April 2016. 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\$69.2 million had been utilised as at 30 September 2023. The breakdown of the Company’s actual use of the 2016 Subscription Proceeds as at 30 September 2023 is as follows:

	Proposed use of the 2016 Subscription Proceeds as disclosed in the 2016 Circular <i>HK\$ million</i>	Actual use of the 2016 Subscription Proceeds as at 30 September 2023 <i>HK\$ million</i>	Remaining balance of the 2016 Subscription Proceeds as at 30 September 2023 <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	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	31.3	9.8
Working capital	7.9	7.9	0
Total	<u>79.0</u>	<u>69.2</u>	<u>9.8</u>

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 development of the “Smart City” project by using the Group’s existing Certificate Authority-SIM (CA-SIM) technology. The latest progress of the project is summarised below:

- (i) The Group previously disclosed that the Group has been upgrading and developing the CA-SIM products and the related mobile applications to be compatible with the 5G network specifications to meet the demand of the market end-users. After due and careful consideration, the Group decided to suspend further research and development efforts on the 5G network version of the CA-SIM products in the first half of the financial year 2023, taking into account that (1) the Group has encountered technical development difficulties related to the 5G network version of the CA-SIM; (2) more funding is needed to continue the research and development work in order to overcome such technical bottleneck; and (3) the Group has assessed that the additional costs associated with continuing the research and development work would be substantial and therefore the 5G network version is less commercially feasible for the Group.
- (ii) Following the relaxation of the COVID-19-related restrictive measures in the PRC and globally in early 2023, the Group has continued to actively negotiate and discuss with the relevant government authorities in certain overseas countries for “Smart City” development business opportunities and pilot programme cooperation, the potential implementation and development of the Group’s “Smart City” projects will be primarily based on the Group’s existing 4G network compatible products.

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 30 September 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 30 September 2023 is as follows:

	Proposed use of the 2019 Subscription proceeds as disclosed in the Circular <i>HK\$ million</i>	Revised use of the 2019 Subscription proceeds <i>HK\$ million</i>	Actual use of the 2019 Subscription proceeds as at 30 September 2023 <i>HK\$ million</i>	Remaining balance of the 2019 Subscription proceeds as at 30 September 2023 <i>HK\$ million</i>
General working purposes and in particular the procurement of the POS equipment with the Company’s patented 2.4G technology software installed 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	35.4	0
Total	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>0</u>

As at 30 September 2023, the Board confirmed that the 2019 Subscription Proceeds has been fully utilised in accordance with the intentions previously announced by the Company in the 2019 Circular and the announcement dated 7 March 2023.

Capital structure

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review financial forecast of the Group on a regular basis. As at 30 September 2023, the Group had a total time deposit, cash and bank balances, amounted to approximately HK\$86,252,000.

Employee information

As at 30 September 2023, the Group had 175 employees (2022: 189 employees), 166 and 9 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2023, staff cost including Directors' remuneration was approximately HK\$10,688,000 (2022: approximately HK\$9,653,000).

Liquidity, financial resources and gearing ratio

As at 30 September 2023, the Group had net current assets of approximately HK\$83,887,000, of which approximately HK\$86,252,000 were time deposit, cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Gearing ratio is calculated as the net debt (being total liabilities less bank and cash balances) divided by the total capital. As at 30 September 2023, the Group had time deposit, cash and cash equivalents of approximately HK\$86,252,000. As at 30 September 2023, the Group had total borrowings of approximately HK\$3,487,000, and the total equity attributable to equity shareholders of the Company was approximately HK\$81,455,000, therefore, the gearing ratio of the Group was negative, hence the Group' the gearing ratio was not applicable (2022: Not applicable).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2023.

Save as disclosed hereof, the information in relation to those matters set out in Rule 18.41 of the GEM Listing Rules has not changed materially from the information disclosed in the most recent published annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors and chief executives, if any, were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	1,055,600 ordinary Shares Long position	0.32%
Li Kin Shing ⁽¹⁾	Company	Beneficial owner	164,877,714 ordinary Shares Long position	50.52%
		Interest of corporation controlled by the director	25,465,320 ordinary Shares Long position	7.80%
		Interest of the spouse	38,749,356 ordinary Shares Long position	11.87%
Wong Kin Wa	Company	Beneficial owner	186,150 ordinary Shares Long position	0.06%

Note:

- (1) Mr. Li Kin Shing (“**Mr. Li**”) is personally interested in 164,877,714 Shares. Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 38,749,356 Shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 25,465,320 Shares. Therefore, Mr. Li is also deemed to be interested in the Shares held by Ever Prosper International Limited under the SFO.

Save as disclosed above, as at 30 September 2023, so far as is known to the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, so far as is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Interests in ordinary shares of the Company – long position

Name	Capacity	Number of securities	Approximate percentage of shareholding
Kwok King Wa ⁽¹⁾	Beneficial owner	38,749,356	11.87%
	Interest of the spouse	164,877,714	50.52%
	Interest of corporation controlled by her	25,465,320	7.80%
Ever Prosper International Limited ⁽²⁾	Beneficial owner	25,465,320	7.80%

Notes:

- (1) Ms. Kwok is personally interested in 38,749,356 Shares. Mr. Li is personally interested in 164,877,714 Shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Ms. Kwok is deemed to be interested in her spouse's shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 25,465,320 Shares. Therefore, Ms. Kwok is also deemed to be interested in the Shares held by Ever Prosper International Limited under the SFO.
- (2) The 25,465,320 Shares are held by Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively. Mr. Li is the spouse of Ms. Kwok.

Save as disclosed above, as at 30 September 2023, so far as is known to the Directors, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company applied the principles and complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the period under review.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, or has any other conflict of interests with the Group as at the date of the announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the period under review.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, all being independent non-executive Directors. The Group's unaudited results for the six months ended 30 September 2023 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the relevant legal and regulatory requirements, and that adequate disclosures have been made.

The audit committee further reviewed the Company's internal control and risk management system and is of the view that the internal control and risk management in place are effective and adequate for the Group as a whole.

By order of the Board
Li Kin Shing
Chairman

Hong Kong, 10 November 2023

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