



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 2016

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*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at [www.glink.hk](http://www.glink.hk).*

## **HIGHLIGHTS**

Turnover for the six months ended 30 September 2016 was approximately HK\$33,097,000, representing a 61% increase from that of the Last Corresponding Period.

Profit attributable to equity shareholders of the Company for the six months ended 30 September 2016 was approximately HK\$640,000 and net loss of HK\$9,993,000 was recorded in the Last Corresponding Period.

## **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

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 2016 together with the unaudited comparative figures for the corresponding period in 2015 (“**Last Corresponding Period**”) as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	For the three months ended		For the six months ended	
		30 September		30 September	
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	2 & 4	<b>20,670</b>	10,156	<b>33,097</b>	20,589
Cost of sales		<u>(14,900)</u>	<u>(10,823)</u>	<u>(26,835)</u>	<u>(23,128)</u>
<b>Gross profit</b>		<b>5,770</b>	(667)	<b>6,262</b>	(2,539)
Other income		<b>1,791</b>	245	<b>5,487</b>	1,587
Selling expenses		<b>(1,967)</b>	(1,504)	<b>(4,610)</b>	(3,117)
Administrative expenses		<b>(1,912)</b>	(3,173)	<b>(4,874)</b>	(5,924)
Other operating expenses		<b>(813)</b>	–	<b>(1,625)</b>	–
<b>Profit/(loss) before taxation</b>	3	<b>2,869</b>	(5,099)	<b>640</b>	(9,993)
Income tax	5	<b>(640)</b>	–	–	–
<b>Profit/(loss) for the period</b>		<b><u>2,229</u></b>	<b><u>(5,099)</u></b>	<b><u>640</u></b>	<b><u>(9,993)</u></b>
<b>Other comprehensive (loss)/income:</b>					
Exchange differences on translating foreign operations		<b>(150)</b>	(1,157)	<b>(910)</b>	(1,157)
<b>Total comprehensive income/(loss) for the period</b>		<b><u>2,079</u></b>	<b><u>(6,256)</u></b>	<b><u>(270)</u></b>	<b><u>(11,150)</u></b>
<b>Profit/(loss) attributable to:</b>					
Equity shareholders of the Company		<b>2,229</b>	(5,099)	<b>640</b>	(9,993)
Non-controlling interests		–	–	–	–
		<b><u>2,229</u></b>	<b><u>(5,099)</u></b>	<b><u>640</u></b>	<b><u>(9,993)</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity shareholders of the Company		<b>2,079</b>	(6,256)	<b>(270)</b>	(11,150)
Non-controlling interests		–	–	–	–
		<b><u>2,079</u></b>	<b><u>(6,256)</u></b>	<b><u>(270)</u></b>	<b><u>(11,150)</u></b>
<b>Earnings/(loss) per share (in HK cents):</b>	7				
– Basic		<b><u>0.107</u></b>	<u>(0.47)</u>	<b><u>0.032</u></b>	<u>(0.92)</u>
– Diluted		<b><u>0.106</u></b>	<u>(0.47)</u>	<b><u>0.031</u></b>	<u>(0.92)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>30 September</b> <b>2016</b> <b>(Unaudited)</b> <i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	1,725	1,929
Intangible asset		26,813	28,437
<b>Current assets</b>			
Inventories		13,367	7,451
Trade and other receivables	9	39,909	40,986
Deposits and prepayments		2,876	2,584
Pledged bank deposit		1,176	1,220
Cash and bank balances		90,099	12,482
		147,427	64,723
<b>Current liabilities</b>			
Trade and other payables	10	21,177	17,910
Provision		11,709	12,721
Provision for taxation		7,203	7,473
		40,089	38,104
<b>Net current assets</b>		<b>107,338</b>	26,619
<b>Total assets less current liabilities</b>		<b>135,876</b>	56,985
<b>Non-current liabilities</b>			
Provision for long service payments		56	56
		56	56
<b>Net assets</b>		<b>135,820</b>	56,929
<b>Capital and reserves</b>			
Equity attributable to equity shareholders of the Company			
Share capital		20,888	10,888
Reserves		114,958	46,067
		135,846	57,955
Non-controlling interests		(26)	(26)
<b>Total equity</b>		<b>135,820</b>	56,929

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in) from operating activities	(1,011)	(5,092)
Net cash (used in)/generated from investing activities	(81)	191
Net cash generated from financing activities	<u>79,160</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	78,068	(4,901)
Cash and cash equivalents at 1 April	12,482	18,677
Effect of foreign exchange rate changes	<u>(451)</u>	<u>(1,157)</u>
Cash and cash equivalents at 30 September	<u><u>90,099</u></u>	<u><u>12,619</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company									
	Share capital (unaudited) <i>HK\$'000</i>	Share premium (unaudited) <i>HK\$'000</i>	Merger reserve (unaudited) <i>HK\$'000</i> <i>(note a)</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Warrant reserve (unaudited) <i>HK\$'000</i>	(Accumulated Losses)/	Statutory reserves (unaudited) <i>HK\$'000</i> <i>(note b)</i>	Total (unaudited) <i>HK\$'000</i>	Non- controlling interests (unaudited) <i>HK\$'000</i>	Total equity (unaudited) <i>HK\$'000</i>
						retained				
						profits				
At 1 April 2015	10,888	89,807	2,135	12,129	186	(38,773)	10,807	87,179	(25)	87,154
Total comprehensive loss for the period	-	-	-	-	-	(9,993)	-	(9,993)	-	(9,993)
Other comprehensive loss Exchange differences on translating foreign operations	-	-	-	(1,157)	-	-	-	(1,157)	-	(1,157)
As at 30 September 2015	<u>10,888</u>	<u>89,807</u>	<u>2,135</u>	<u>10,972</u>	<u>186</u>	<u>(48,766)</u>	<u>10,807</u>	<u>76,029</u>	<u>(25)</u>	<u>76,004</u>
At 1 April 2016	<b>10,888</b>	<b>89,807</b>	<b>2,135</b>	<b>10,693</b>	<b>186</b>	<b>(67,561)</b>	<b>10,807</b>	<b>56,955</b>	<b>(26)</b>	<b>56,929</b>
Total comprehensive income for the period	-	-	-	-	-	640	-	640	-	640
Other comprehensive loss Exchange differences on translating foreign operations	-	-	-	(910)	-	-	-	(910)	-	(910)
Issue of new shares	<u>10,000</u>	<u>69,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,161</u>	<u>-</u>	<u>79,161</u>
As at 30 September 2016	<u><b>20,888</b></u>	<u><b>158,968</b></u>	<u><b>2,135</b></u>	<u><b>9,783</b></u>	<u><b>186</b></u>	<u><b>(66,921)</b></u>	<u><b>10,807</b></u>	<u><b>135,846</b></u>	<u><b>(26)</b></u>	<u><b>135,820</b></u>

*Note:*

- (a) The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiary arising from group reorganisation in 2002.
- (b) Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of subsidiary 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 Growth Enterprise Market 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	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	124	135	252	273
Minimum lease payments under operating lease – land and buildings	288	380	670	765
Staff costs including directors' emolument	4,738	4,121	9,345	8,758

### 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 while the segment revenue of Hong Kong comprises the revenue from supply, development and integration of passenger information management systems.

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 2016 and 2015 is set out below.

	<u>PRC</u>		<u>Hong Kong</u>		<u>Total</u>	
	<b>For the six months ended 30 September</b>		<b>For the six months ended 30 September</b>		<b>For the six months ended 30 September</b>	
	<b>2016</b>	2015	<b>2016</b>	2015	<b>2016</b>	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment revenue</b>						
Inter-segment revenue	<b>165</b>	186	-	-	<b>165</b>	186
Revenue from external customers	<b>32,658</b>	19,558	<b>439</b>	1,031	<b>33,097</b>	20,589
	<b>32,823</b>	19,744	<b>439</b>	1,031	<b>33,262</b>	20,775
<b>Reportable segment profit/(loss)</b>	<b>11,322</b>	(2,231)	<b>298</b>	668	<b>11,620</b>	(1,563)
Interest revenue	<b>40</b>	80	<b>14</b>	162	<b>54</b>	242
Depreciation	<b>251</b>	272	<b>1</b>	1	<b>252</b>	273

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

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Revenue</b>		
Total reportable segments' revenue	33,262	20,775
Elimination of inter-segment revenue	<u>(165)</u>	<u>(186)</u>
Consolidated turnover	<u><b>33,097</b></u>	<u>20,589</u>
<b>Profit/(Loss)</b>		
Total reportable segments' profit/(loss)	11,620	(1,563)
Elimination of inter-segment profit/(loss)	<u>(165)</u>	<u>—</u>
Reportable segment profit/(loss) derived from Group's external customer	11,455	(1,563)
Bank interest income	54	242
Unallocated head office and corporate expenses	<u>(10,869)</u>	<u>(8,672)</u>
Consolidated profit/(loss) before tax expenses	<u><b>640</b></u>	<u>(9,993)</u>

5. INCOME TAX

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the period. (2015: Nil)

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

Except for Guangzhou GL as mentioned above, remaining subsidiaries located in the PRC is subject to the PRC EIT rate of 25% (2015: 25%) on its assessable profits.

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

There was no significant unprovided deferred taxation for the six months ended 30 September 2016.

## 6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2016 (2015: 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 2016 of approximately HK\$2,229,000 (2015: loss attributable to equity shareholders of the Company approximately HK\$5,099,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2015: 1,088,808,000 ordinary shares) in issue during the period calculated.

The calculation of basic earnings/(loss) per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the six months ended 30 September 2016 of approximately HK\$640,000 (2015: loss attributable to equity shareholders of the Company approximately HK\$9,993,000) and the weighted average number of approximately 1,979,518,000 ordinary shares (2015: 1,088,808,000 ordinary shares) in issue during the period calculated.

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

The calculation of the diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	<b>Number of shares</b>	
	<b>For the three months ended 30 September 2016 (Unaudited) '000</b>	<b>For the six months ended 30 September 2016 (Unaudited) '000</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>2,088,808</b>	<b>1,979,518</b>
Effect of dilutive potential ordinary shares on the warrants	<u><b>3,172</b></u>	<u><b>45,049</b></u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><u><b>2,091,980</b></u></u>	<u><u><b>2,024,567</b></u></u>

The basic and diluted loss per share are the same for three months and six months ended 30 September 2015, as the warrants outstanding during the period are anti-dilutive.

## 8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2016 (Unaudited) HK\$'000
Opening balance	1,929
Additions	135
Depreciation	(252)
Exchange realignment	(87)
	<hr/>
Closing balance	<u>1,725</u>

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Trade receivables and bills receivables	38,023	39,019
Other receivables	1,886	1,967
	<hr/>	<hr/>
	<u>39,909</u>	<u>40,986</u>

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Between 0 to 90 days	21,220	21,862
Between 91 to 180 days	1,334	10,492
Between 181 to 365 days	6,919	1,138
Between 1 to 2 years	947	1,285
Over 2 years	578	34
	<hr/>	<hr/>
	<u>30,998</u>	<u>34,811</u>
Retention receivables	7,025	4,208
	<hr/>	<hr/>
	<u>38,023</u>	<u>39,019</u>

Customers are generally granted with credit terms of 90 days.

## 10. TRADE AND OTHER PAYABLES

	As at 30 September 2016 (Unaudited) <i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>HK\$'000</i>
Trade payables	15,016	10,818
Other payables	3,921	6,369
Deposits received from customers	2,240	723
	<u>21,177</u>	<u>17,910</u>

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

	As at 30 September 2016 (Unaudited) <i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>HK\$'000</i>
Between 0 to 90 days	8,723	6,331
Between 91 to 180 days	4,407	2,111
Between 181 to 365 days	1,197	2,103
Between 1 to 2 years	608	185
Over 2 years	81	88
	<u>15,016</u>	<u>10,818</u>

## 11. COMMITMENTS

As at 30 September 2016, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	As at 30 September 2016 (Unaudited) <i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>HK\$'000</i>
Not later than one year	1,096	1,104
In second to fifth years inclusive	1,270	2,646
	<u>2,366</u>	<u>3,750</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and outlook

During the period under review, the PRC government had focused on the economic structural reform on the supply side, including cutting over-capacity and inventory, deleveraging and saving cost while at the same time proactively guiding better qualified and effective supply on the production side to solve step by step fundamental issues about restricted supply with obsolete structure. Depending on the policy of “Mass Entrepreneurship and Mass Innovation”, governments at different levels facilitated the development of new supplies and created emerging demands.

The appearance of “Internet +” in the 2015 Report on the Work of the Government meant it is a part of the top-level design and as one of key strategies for national economic and social development. With this trend, governments at all levels were exploring the “Internet +” new model, so did social enterprises. Under the context of the deleveraging policy advocated by the government, state-owned enterprises obtained precious opportunities for reform, by which industrial integration and reform of mixed ownership has been speeded up. During the period, the PPP project industry and its scale, reviewed and approved by SASAC reflected the intensity and resolution of the government to reform. With the implementation of relevant projects, the relationship between the government and enterprise would gradually evolve into a profit and risk shared one with overall cooperation.

During the period under review, the Group continued to make the development of the operating business of Smart City, and promotion of “Internet +” the strategic focus for the corporates’ operation transformation. Firstly, surrounding the core contents of the “Four People’s Livelihood” project for Smart City construction in Panyu District, Guangzhou, our enterprise will stick to the principal of combining the reality and communicate and discuss with each function of local government, and make great effort to achieve the practicality of project construction and sustainability of service. Secondly, according to the mixed ownership model promoted greatly by the country, our Group proactively discussed the feasibility of PPP model with local government with the perspective of long-term development. The aim of which is to make full use of the respective advantageous resources, while at the same time to adapt the system to the vitality of the Smart City in such regions in terms of project construction, serving the society and the public. In addition, with extensive adaptability of CA-SIM patent technology and mobile Internet application as well as the increase of relevant application areas, it is expected that governments in many places and its relevant functional institutions will conduct cooperation in respect of construction or operation. The Group, together with International Elite (stock code: 1328), will negotiate with relevant government institutions, striving to make the advantageous resources in technology be fully shared so as to achieve win-win cooperation in the construction project of Smart City.

During the period, relevant national ministries and commissions formulated three-year action plans for transportation infrastructure construction, and increased investment significantly, especially the scale of railway transportation construction was so great that much attention was inspired within the industry. In respect of urban railway transportation construction, combined with various factors and conditions (such as the local geography, population, economy, urban development plan), the local

government has established the construction model, types of vehicles and operating service system. The scientific urban management awareness will be the incentive to create innovative enterprises within the industry chain. The new market demand will bring changes in the competition.

The contract delivery of railway transportation vehicular information system operated mainly by Guangzhou Global Link Communications Inc. was conducted orderly as planned. With the advancement of “The Belt and Road Initiative” by the country, CRRC Group’s participated in tenders in the international market more frequently than previous years, and therefore, those enterprise’s work relating to the tenders in cooperating with vehicle manufacture enterprises correspondingly increased. With regards to the manufacture of various types of new power vehicles, our accessory systems also have much immediate need for adaptation development and innovation. Therefore, investments in research and development of products will continue.

### **Financial review**

The Group’s turnover increased by approximately 61% to approximately HK\$33,097,000 for the six months ended 30 September 2016 as compared to the same period last year. Profit attributable to equity share holders of the Company for the quarter was approximately HK\$640,000, as compared to a loss of HK\$9,993,000 in the corresponding period last year.

During the period under review, the Group’s sales mainly comprised passenger information systems for projects such as Guangzhou Line 7, Fuzhou Line, Guangzhou Line 4 South extension, Guangzhou Line 9, Wuhan Line 2 Extension, Wuhan Line 6 and replacement items for other projects. The above products for projects have been delivered in accordance with the delivery plan under the signed supply contracts. Raw materials consumed for producing the delivered products was under effective control.

During the period, selling expenses were increased. In rail transportation industry, for certain tendering and bidding projects to be conducted, business communication activities between the Group and train manufacturers and owners became frequent. Furthermore, in relation to the expansion of Smart City construction in Panyu District, Guangzhou, increase in the promotion of CA-SIM access control including the recruitment of additional team members.

Amortization of CA- SIM patent of HK\$1,625,000 was classified into other operation expenses, while the same period of last year was classified into administrative expenses. During the period, administrative expenses were under effective control as a result of strict implementation of established financial budget.

The Group focused on managing our cash flow and the collection of accounts receivable, the collection, not only decreased accounts receivable and increased liquidity, but also allow the written-back of the provision of doubtful receivables which have been made in previous period, during the period under review. Therefore, other revenues significant increased as compared with the same period last year.

## **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 2016, the Group had a total cash and bank balances, amounted to approximately HK\$90,099,000.

## **Employee information**

As at 30 September 2016, the Group had 199 employees (2015: 164 employees), 191 and 8 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2016, staff cost including Directors' remuneration was approximately HK\$9,345,000 (2015: approximately HK\$8,758,000).

## **Liquidity, financial resources and gearing**

As at 30 September 2016, the Group had net current assets of approximately HK\$107,338,000, of which approximately HK\$90,099,000 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.

## **Contingent liabilities**

As at 30 September 2016, the Group had no material contingent liabilities.

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.

## **Subscription Agreement and Mandatory General Offer**

During the period under review, Honor Crest Holdings Limited, a direct wholly owned subsidiary of International Elite Ltd. (stock code: 1328)("IEL") completed the subscription of 1,000,000,000 shares of the Company. For details please refer to the announcements of the Company dated 29 February 2016 and 21 April 2016.

Pursuant to Rule 26.1 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, Honor Crest Holdings Limited is required to make an unconditional mandatory cash offer for all the issued shares of the Company (the "Offer"). For details please refer to the Company's announcement dated 29 February 2016.

Subsequent to completion of the Offer, IEL and parties acting in concert with it were interested in total of 1,128,020,000 shares of the Company, representing approximately 54.00% of the entire issued share capital of the Company. For details please refer to the joint announcement of the Company and IEL dated 19 May 2016.

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

As at 30 September 2016, 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:

<b>Name of Director</b>	<b>Company/ name of associated corporation</b>	<b>Capacity</b>	<b>Number and class of securities</b>	<b>Approximate percentage of shareholdings</b>
Ma Yuanguang	Company	Beneficial owner	255,121,200 ordinary shares Long position	12.21%

Save as disclosed above, as at 30 September 2016, 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 2016, 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:

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholding</b>
Honor Crest Holdings Limited <sup>(1)</sup>	Beneficial owner	1,000,020,000	47.87%
International Elite Ltd. <sup>(2)</sup>	Beneficial owner	128,000,000	6.13%

*Note:*

- (1) Honor Crest Holdings Limited is a directly wholly-owned subsidiary of International Elite Ltd.
- (2) Our Director, Mr. Li Kin Shing, is the controlling shareholder of International Elite Limited

Save as disclosed above, as at 30 September 2016, 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, 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 2016.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 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 2016 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, 11 November 2016

*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.*