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Global Link

國 聯 通 信 控 股 有 限 公 司

Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement will remain on the GEM website at 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.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2011 was approximately HK\$111,474,000, representing an increase of approximately 24%, as compared with that for the year ended 31 March 2010.
- Profit attributable to equity shareholders of the Company was approximately HK\$29,262,000 for the year ended 31 March 2011.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2011.

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 2011 together with the audited comparative figures for the year ended 31 March 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue	4	111,474	89,693
Cost of sales		<u>(62,943)</u>	<u>(61,756)</u>
Gross profit		48,531	27,937
Other revenue and net income	5	1,448	1,929
Selling expenses		(7,539)	(5,127)
Administrative expenses		(10,319)	(6,411)
Finance costs	6(a)	<u>(141)</u>	<u>(11)</u>
Profit before taxation	6	31,980	18,317
Income tax	8	<u>(4,133)</u>	<u>(3,261)</u>
Profit for the year		27,847	15,056
Other comprehensive income:			
Exchange differences on translating foreign operations		<u>3,846</u>	<u>–</u>
Total comprehensive income for the year		<u>31,693</u>	<u>15,056</u>
Profit attributable to:			
Equity shareholders of the Company		29,262	16,435
Non-controlling interests		<u>(1,415)</u>	<u>(1,379)</u>
		<u>27,847</u>	<u>15,056</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		33,141	16,435
Non-controlling interests		<u>(1,448)</u>	<u>(1,379)</u>
		<u>31,693</u>	<u>15,056</u>
Earnings per share (in HK cents):			
– Basic	10	<u>3.25 cents</u>	<u>2.11 cents</u>
– Diluted	10	<u>3.23 cents</u>	<u>2.05 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>2,984</u>	<u>2,319</u>
Current assets			
Inventories		8,251	–
Trade and other receivables	11	90,773	50,370
Deposits and prepayments		3,559	1,862
Pledged bank deposits		–	889
Cash and bank balances		<u>44,418</u>	<u>16,966</u>
		<u>147,001</u>	<u>70,087</u>
Current liabilities			
Interest-bearing borrowings – secured	13	10,925	–
Trade and other payables	12	19,513	21,845
Provision for taxation		<u>6,504</u>	<u>4,170</u>
		<u>36,942</u>	<u>26,015</u>
Net current assets		<u>110,059</u>	<u>44,072</u>
NET ASSETS		<u><u>113,043</u></u>	<u><u>46,391</u></u>
CAPITAL AND RESERVES			
Equity attributable to equity shareholders			
of the Company			
Share capital		9,580	7,775
Reserves		<u>105,310</u>	<u>39,015</u>
		114,890	46,790
Non-controlling interests		<u>(1,847)</u>	<u>(399)</u>
TOTAL EQUITY		<u><u>113,043</u></u>	<u><u>46,391</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained profits/ losses (accumulated) HK\$'000	Statutory reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2009	7,775	25,498	2,135	1,979	1,195	(11,810)	3,583	30,355	-	30,355
Profit for the year	-	-	-	-	-	16,435	-	16,435	(1,379)	15,056
Total comprehensive income for the year	-	-	-	-	-	16,435	-	16,435	(1,379)	15,056
Capital injection by non-controlling interests in a new subsidiary	-	-	-	-	-	-	-	-	980	980
Transfer to statutory reserves	-	-	-	-	-	(2,066)	2,066	-	-	-
At 31 March 2010	<u>7,775</u>	<u>25,498^(#)</u>	<u>2,135^(#)</u>	<u>1,979^(#)</u>	<u>1,195^(#)</u>	<u>2,559^(#)</u>	<u>5,649^(#)</u>	<u>46,790</u>	<u>(399)</u>	<u>46,391</u>
At 1 April 2010	7,775	25,498	2,135	1,979	1,195	2,559	5,649	46,790	(399)	46,391
Profit for the year	-	-	-	-	-	29,262	-	29,262	(1,415)	27,847
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	3,879	-	-	-	3,879	(33)	3,846
Total comprehensive income for year	-	-	-	3,879	-	29,262	-	33,141	(1,448)	31,693
Issuance of shares by placing	1,550	34,100	-	-	-	-	-	35,650	-	35,650
Issuance of shares by exercising of share options	255	664	-	-	-	-	-	919	-	919
Issuing expenses in connection with placing	-	(1,610)	-	-	-	-	-	(1,610)	-	(1,610)
At 31 March 2011	<u>9,580</u>	<u>58,652^(#)</u>	<u>2,135^(#)</u>	<u>5,858^(#)</u>	<u>1,195^(#)</u>	<u>31,821^(#)</u>	<u>5,649^(#)</u>	<u>114,890</u>	<u>(1,847)</u>	<u>113,043</u>

^(#) These accounts comprise the consolidated reserves of approximately HK\$105,310,000 (2010: HK\$39,015,000) in the consolidated statement of financial position.

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 6-7F., No. 1037, Gaopu Road, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKAS 32 (Amendment)	Classification of right issues
HKAS 39 (Amendments)	Eligible hedged items
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners
HK-Int 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of the above new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied any new and revised standards and interpretations that have been issued but are not yet effective for the current accounting period (see note 3).

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2011.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ³
HKFRS 9	Financial Instruments ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
HKAS 24 (As revised in 2009)	Related Party Disclosures ⁶
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

- ¹ Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
- ² Effective for annual periods beginning on or after 1 July 2010.
- ³ Effective for annual periods beginning on or after 1 July 2011.
- ⁴ Effective for annual periods beginning on or after 1 January 2013.
- ⁵ Effective for annual periods beginning on or after 1 January 2012.
- ⁶ Effective for annual periods beginning on or after 1 January 2011.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. REVENUE

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue from the supply, development and integration of message communication system, passenger information management system and electricity monitoring system	<u>111,474</u>	<u>89,693</u>

5. OTHER REVENUE AND NET INCOME

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
a) Other revenue		
Bank interest income	<u>170</u>	<u>90</u>
Total interest income on financial assets not at fair value through profit or loss	170	90
Government grants	–	167
Refund on value-added tax*	1,265	204
Sundry income	<u>13</u>	<u>19</u>
	<u>1,448</u>	<u>480</u>
b) Other net income		
Bad debts recovery	–	200
Reversal of allowance for doubtful debts	–	906
Waiver of trade payable	<u>–</u>	<u>343</u>
	<u>1,448</u>	<u>1,929</u>

- * In accordance with Caishui (2000 (25)) issued on 12 May 2000 by the Ministry of Finance, State Administration of Taxation and China Customs, from 24 June 2000 to the end of 2010, certain value-added tax paid by software developing enterprises on self-developed software products will be refunded and the tax refund will be used by those enterprises for the research and development of software products. A PRC subsidiary of the Group has been recognised as a software enterprise and is entitled to this preferential treatment.

6. PROFIT BEFORE TAXATION

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
a) Finance costs		
Interest on bank borrowings wholly repayable within five years	141	–
Total interest expenses on financial liabilities not at fair value through profit or loss	141	–
Bank charges	–	11
	<u>141</u>	<u>11</u>
b) Staff costs, including directors' emoluments		
Salaries and wages	11,458	7,993
Contribution to retirement benefit schemes	737	252
Provision for staff welfare benefits	320	228
	<u>12,515</u>	<u>8,473</u>
c) Other items		
Auditors' remuneration	250	220
Allowance for doubtful debts	1,187	225
Cost of inventories sold*	53,798	53,772
Research and development costs#	8,793	6,539
Depreciation	751	386
Loss on disposal of property, plant and equipment	142	75
Exchange loss	217	28
Minimum lease payments under operating lease – land and buildings	<u>1,249</u>	<u>1,102</u>

- * Cost of inventories sold includes HK\$6,295,000 (2010: HK\$3,522,000) 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 HK\$8,793,000 (2010: HK\$6,539,000) which was included in cost of sales.

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-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.

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 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 statement of 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 2011 and 2010 is set out below.

	PRC		Hong Kong		Elimination		Total	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Reportable segment revenue								
Inter-segment revenue	57	-	331	263	(388)	(263)	-	-
Revenue from external customers	110,223	89,416	1,251	277	-	-	111,474	89,693
	110,280	89,416	1,582	540	(388)	(263)	111,474	89,693
Reportable segment profit	48,357	27,711	174	226	-	-	48,531	27,937
Interest revenue	80	89	90	1	-	-	170	90
Interest expenses	141	8	-	3	-	-	141	11
Depreciation	642	299	109	87	-	-	751	386
Allowance for doubtful debts	1,187	225	-	-	-	-	1,187	225
Income tax expenses	4,133	3,286	-	(25)	-	-	4,133	3,261
Reportable segment assets	126,028	72,468	99,871	34,234	(75,914)	(34,296)	149,985	72,406
Reportable segment assets includes:								
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,441	1,278	-	537	-	-	1,441	1,815
Reportable segment liabilities	34,585	24,208	82,919	43,084	(87,066)	(45,447)	30,438	21,845

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue		
Total reportable segments' revenue	111,862	89,956
Elimination of inter-segment revenue	<u>(388)</u>	<u>(263)</u>
Consolidated turnover	<u>111,474</u>	<u>89,693</u>
Profit		
Total reportable segments' profit	48,531	27,937
Elimination of inter-segment profits	<u>-</u>	<u>-</u>
Reportable segment profit derived from the Group's external customer	48,531	27,937
Other revenue and net income	1,448	1,929
Depreciation	(751)	(386)
Finance costs	(141)	(11)
Allowance for doubtful debts	(1,187)	(225)
Unallocated head office and corporate expenses	<u>(15,920)</u>	<u>(10,927)</u>
Consolidated profit before tax expenses	<u>31,980</u>	<u>18,317</u>
Assets		
Total reportable segments' assets	225,899	106,702
Elimination of inter-segment receivables	<u>(75,914)</u>	<u>(34,296)</u>
Consolidated total assets	<u>149,985</u>	<u>72,406</u>
Liabilities		
Total reportable segments' liabilities	117,504	67,292
Elimination of inter-segment payables	<u>(87,066)</u>	<u>(45,447)</u>
Current tax liabilities	<u>30,438</u>	<u>21,845</u>
	<u>6,504</u>	<u>4,170</u>
Consolidated total liabilities	<u>36,942</u>	<u>26,015</u>

c) Revenue from major products and services

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Supply, development and integration of message communication systems	1,767	3,716
Supply, development and integration of passenger information management system	107,943	85,844
Electricity monitoring system	1,764	133
	<u>111,474</u>	<u>89,693</u>

d) Information about major customers

Included in revenues arising from supply, development and integration of passenger information management system were three major customers of the Group, which contributed 10% or more to the Group's revenue for the year ended 31 March 2011 approximately HK\$65,316,000, HK\$13,468,000 and HK\$12,458,000 respectively (2010: HK\$32,743,000, HK\$16,374,000 and HK\$10,900,000 respectively).

No other single customer contributed 10% or more to the Group's revenue for both 2011 and 2010.

8. INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current year provision:		
PRC enterprise income tax	5,534	3,286
Over-provision in prior year:		
PRC enterprise income tax	<u>(1,401)</u>	<u>(25)</u>
	<u>4,133</u>	<u>3,261</u>

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the year. (2010: Nil)

PRC subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") is subject to PRC Enterprise Income Tax at 25% (2010: 25%). However, on 16 December 2008, Guangzhou GL was approved as a high and new technology enterprise and allowed a favorable EIT rate of 15% for three years.

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.

Reconciliation between tax expenses and accounting profit at the applicable tax rates:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit before taxation	<u>31,980</u>	<u>18,317</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	7,880	4,737
Tax effect of profits entitled to tax exemption in the PRC	(3,697)	(2,745)
Tax effect of non-taxable income	(364)	(79)
Tax effect of non-deductible expenses	533	1,423
Tax effect of unused tax losses not recognised	1,196	–
Tax effect of temporary differences not recognised	10	–
Over-provision in prior years	(1,401)	(25)
Others	(24)	(50)
Tax expenses	<u>4,133</u>	<u>3,261</u>

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2010: Nil).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of approximately HK\$29,262,000 (2010: HK\$16,435,000) and the weighted average number of approximately 900,903,000 ordinary shares (2010: 777,474,000 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2011 <i>'000</i>	2010 <i>'000</i>
Issued ordinary shares at the beginning of the year	777,474	777,474
Effect of new shares issued	109,986	–
Effect of share options exercised	13,443	–
Weighted average number of ordinary shares at the end of the year	<u>900,903</u>	<u>777,474</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of approximately HK\$29,262,000 (2010: HK\$16,435,000) and the weighted average number of ordinary shares of approximately 906,462,000 shares (2010: 800,486,000 shares) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011	2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	900,903	777,474
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	<u>5,559</u>	<u>23,012</u>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<u>906,462</u>	<u>800,486</u>

11. TRADE AND OTHER RECEIVABLES

	<u>The Group</u>	
	2011	2010
	HK\$'000	HK\$'000
Trade receivables and bills receivables	91,387	50,375
Less: allowance for doubtful debts	<u>(1,667)</u>	<u>(701)</u>
	89,720	49,674
Other receivables	<u>1,053</u>	<u>696</u>
	<u>90,773</u>	<u>50,370</u>

All of the trade and other receivables are expected to be recovered within one year. As at 31 March 2011, trade receivables amounting to approximately HK\$13.6 million (2010: Nil) were pledged to a bank to secure general banking facilities granted to a subsidiary of the Company.

- (a) Included in trade and other receivables are trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	The Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not yet due	14,742	5,984
Between 0 and 90 days	27,443	21,283
Between 91 and 180 days	26,081	9,902
Between 181 and 365 days	20,669	12,425
Between 1 and 2 years	785	80
	89,720	49,674

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

Included in trade receivables are retention monies receivable of approximately HK\$5,753,000 (2010: HK\$5,984,000), which are withheld and will be released upon the expiry of maintenance periods.

(b) **Impairment of trade receivables**

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

Movement in the allowance for doubtful debts are as follows:

	The Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	701	1,382
Impairment losses recognised	1,187	225
Impairment losses reversed	–	(906)
Uncollectible amounts written off	(290)	–
Exchange realignment	69	–
At the end of the year	1,667	701

As at 31 March 2011, trade and bills receivables of the Group amounting to HK\$1,667,000 (2010: HK\$701,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period or were due from companies with financial difficulties. The Group does not hold any collateral over these balances.

(c) **Trade and bills receivables that are not impaired**

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2011	2010
	HK\$'000	HK\$'000
Neither past due nor impaired	42,185	27,267
Past due but not impaired:		
Less than 3 months past due	26,081	9,902
Over 3 months past due	21,454	12,505
	89,720	49,674

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK\$42,185,000 (2010: HK\$27,267,000) relate to a number of independent customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	The Group	
	2011	2010
	HK\$'000	HK\$'000
Trade payables	9,406	14,414
Other payables	10,088	7,209
Deposits received from customers	19	222
	19,513	21,845

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as at the end of the reporting period:

	The Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Between 0 and 90 days	1,620	3,763
Between 91 and 180 days	34	8,056
Between 181 and 365 days	612	293
Between 1 and 2 years	4,674	1
Over 2 years	2,466	2,301
	9,406	14,414

13. INTEREST-BEARING BORROWINGS – SECURED

The analysis of the carrying amount of secured bank loans is as follows:

	The Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities		
Portion of bank loans due for repayment within one year	10,925	–

The effective interest rate (which are also equal to contracted interest rate) on the Group's bank borrowings are as follows:

	2011	2010
Effective interest rates	4.86%	–

As at 31 March 2011, the bank loans (2010: Nil) was secured by trade receivables amounting to approximately HK\$13.6 million (2010: Nil) of a subsidiary of the Company.

As at 31 March 2011, the Group has available un-utilised banking facilities of approximately HK\$980,000 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group turnover was approximately HK\$111,474,000, representing a 24% increase as compared to last year. Gross profit was approximately HK\$48,531,000, representing a 74% increase as compared to last year. Net asset value was approximately HK\$113,043,000 representing a 144% increase as compared to last year.

Coping with the industry development plan and to effectively keep and expand its high market share advantage, the Group, taking its strength into account, has invested significant resources and project implementation focusing on innovation and enhancement of core competitive power.

During the year, the Group has allocated significant human and financial resources for the IRIS certificate process and implemented several projects on product innovation development. Through proper strategy and execution, the Group has rich results in intellectual asset: - 3 system software copyrights and 12 external appearance patents approved by the relevant department in the PRC; 11 practicable patents and 4 innovative patents were pending approval. Guangzhou GL has been again listed “Top 50 independent innovation enterprises engaging in rail transit 2010” in the “2010 China rail transit development and innovation contest”.

The Group has continuously enhanced the cooperative base with China South Locomotive and Rolling Stock Corporation Limited (“CSR”) and China Northern Locomotive and Rolling Stock Industry (Group) Corporation (“CNR”) and has started cooperation with overseas enterprises engaged in railway transportation operation, manufacturing as well as repair and maintenance, which built a base for the expansion of both local and overseas market.

BUSINESS REVIEW

Current year was a year that most cities railway transportation lines started operation. It was also the most busy year for the Group in terms of product delivery and coordination with train owners and manufacturers to implement operation. The Group has implemented effective operation management in project services, market development, product innovation and horizontal alliance which drove its overall operation into a new level.

1. Based on the schedule of product delivery and system operation started, completed the overall arrangement with major train manufacturers as well as the project service network in cities. 13 new lines have started operation in overseas and cities including Beijing, Guangzhou, Shenzhen, Xi’an, Wuhan and Hangzhou. Having numerous products in service made customers understood well about the Group and also have demonstration effect for new customers from cities to select our product.

2. Taking the country's investment progress in cities railway transportation into consideration, establishing a sales network is one of the most important part in the Group's operation, and at the same time, it has increased market promotion activities. Through its operating result effect from numerous projects implemented in past years, the Group's train information system were well recognised by train manufacturers, train owners, industry's integrated enterprises and railway transportation construction enterprises. During the year, the Group has signed new contracts for 12 projects covering the PRC's Northern, Central, Eastern and Southern areas. Newly signed contracts include projects for city railway multiple units train and integrated software solution for overseas market, and is a market breakthrough for the Group.
3. One of the Group's leading strategies is to create the enterprise the top expert in the view channel information system software solution profession. To achieve the goal, the Group kept being innovative and launched practical products adopted by customers. During the year, the Group allocated resources to implement its innovative investment plan. The relevant PRC department has approved the applications of the Group for 3 system software copyrights and 12 external appearance patents, while 11 practicable patents and 4 innovative patents are still pending approval. It steadily formed the strength in intellectual asset which enhanced the competitive power. Guangzhou GL has been again listed as the "Top 50 independent innovation enterprises engage in rail transit 2010" in the "2010 China rail transit development and innovation contest", and is the only awarded enterprise in such product type.
4. To better develop overseas market, enhance the core competitive power of the Group and establish a firm base for future product development in the railway transportation series, the Group has started the IRIS certificate process set up by the UNIFE. The Group, together with the South China University of Technology, formed the "Jointly Established South China University of Technology student's creative Practice and Employment Training Base", which will serve as a channel to attract talents to the Group.

BUSINESS OUTLOOK

The Group adopted professional provider in railway transportation train information system total solution as its brand through years of operation development the Group has obtained contract for more than 40 lines in the country and more than 20 lines have started operation. Global Link as a brand name is fully recognised by customers in the industry. Following the country's large scale investment in railway transportation construction and the export of locally manufactured trains, the Group will keep its high market share in the industry. Operated lines will reach onerous repair in two or three years and maintenance contract period and the corresponding services and parts supplied will derive revenue for the Group.

Driven by the persisting innovation, product development for system application in new area is in progress, which will enlarge the differentiation gap between the Group with its competitors and gain new market opportunity for the Group. The Group believes the promotion of intelligent electricity network product and electricity protection projects will bring in more revenue in the coming year.

The integration of industrial chain has substantial progress, and future integration will further promote the brand name of Global Link. The Group's product will cover wider range of target customers and bring in new drivers for its continuous development.

Going forward, the PRC's railway transportation construction is a high investment scale industry under the 12th Five Year Plan. The PRC government may have amendments on the investment and construction plan for high speed railway, however, projects that were integrating daily living and city environment have started implementation and is believed that any such amendment would have minimal impact on railway transportation projects that have already been implemented.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any material acquisitions, disposals and significant investments during the year under review.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since the last accounting year.

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2011, the Group had a total cash and bank balances, amounted to approximately HK\$44,418,000 (2010: approximately HK\$16,966,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group had net current assets of approximately HK\$110,059,000 (2010: approximately HK\$44,072,000), of which approximately HK\$44,418,000 (2010: approximately HK\$16,966,000) 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.

GEARING RATIO

The gearing ratio, as measured by total interest bearing liabilities divided by total equity, was 9.7% (2010: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. Accordingly, the directors of the Company do not consider that the Group is significantly exposed to foreign exchange risk and therefore it is not necessary to implement any hedging policy for the Group.

EMPLOYEE AND SALARIES POLICY

As at 31 March 2011, the Group has 178 staffs (2010: 111 staffs), with 170 and 8 staffs employed in the PRC and Hong Kong respectively.

	At 31 March 2011	At 31 March 2010
	<i>Number of staff</i>	<i>Number of staff</i>
Management, finance and administration	39	16
Research and development	119	76
Marketing and sales	20	19
Total	<u>178</u>	<u>111</u>

The total staff costs, including Directors' emoluments, amounted to approximately HK\$12,515,000 (2010: approximately HK\$8,473,000) 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 share option scheme, Mandatory Provident Fund Scheme, social insurance and accident insurance for frequent travel staff.

CONTINGENT LIABILITIES

At 31 March 2011, contingent liabilities not provided for in the financial statements were as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees in respect of performance bonds in favour of contract customers	<u>-</u>	<u>889</u>

At 31 March 2010, banking facilities of HK\$889,000 were granted by a bank to a wholly owned subsidiary of the Company. Those facilities were secured by pledged bank deposit and balance in the aggregate sum of approximately HK\$889,000. In 2011, the guarantee was released upon the settlement of the performance bonds during the year.

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.

CORPORATE GOVERNANCE

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group. The Audit Committee comprises three members, Mr. Hu Tiejun, Mr. Lu Ting Jie and Mr. Leung Kwok Keung. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Hu Tiejun.

The Group’s annual audited results during the year ended 31 March 2011 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
Ma Yuanguang
Chairman

Hong Kong, 23 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. Ma Yuanguang, Mr. Hu Zhi Jian and Mr. Lo Kam Hon, Gary; the non-executive director of the Company is Mr. Wing Kee Eng, Lee; and the independent non-executive directors of the Company are Mr. Hu Tiejun, Mr. Lu Ting Jie and Mr. Leung Kwok Keung.