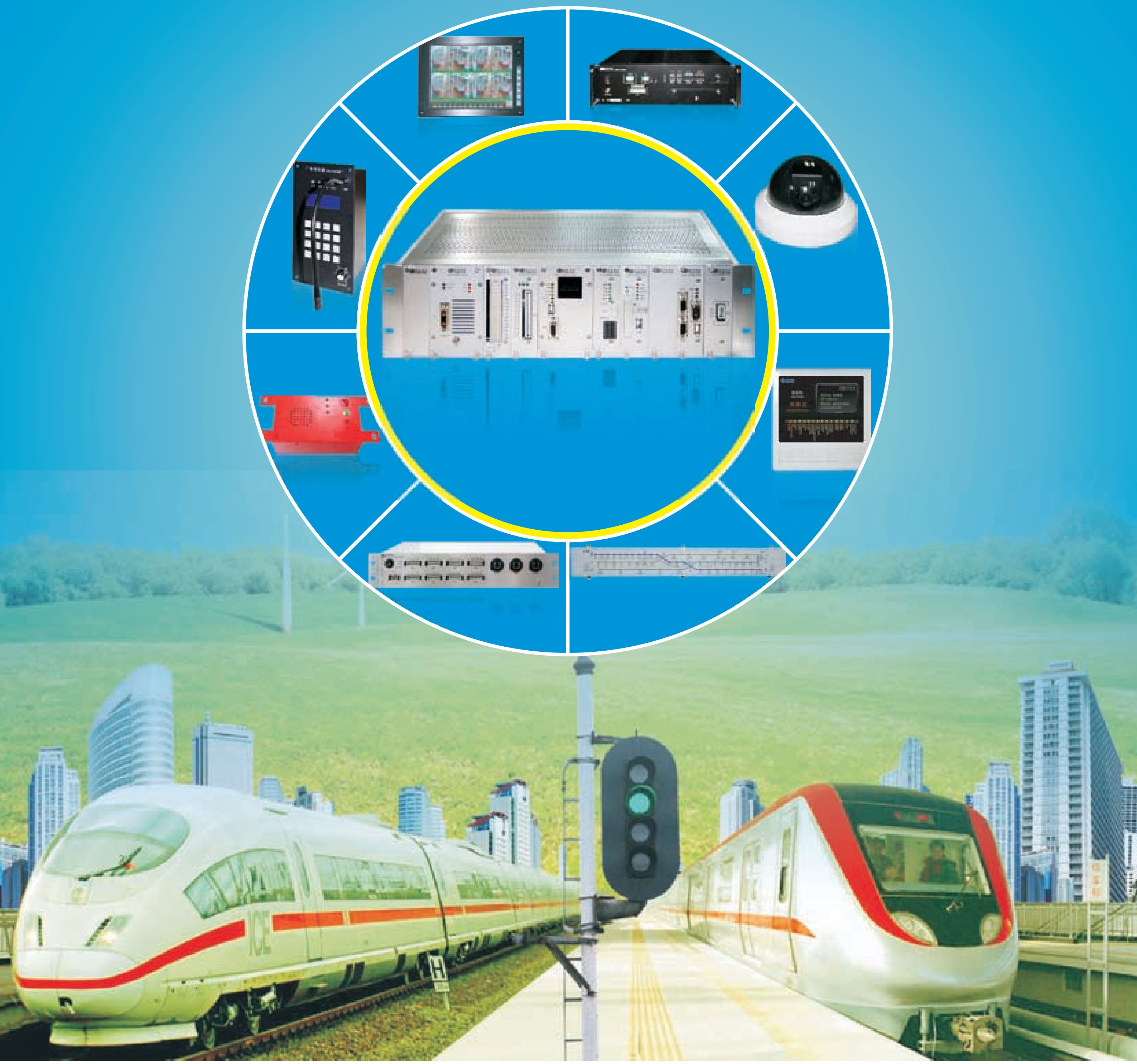
國聯通信控股有限公司

Global Link Communications Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)



誠信　專業　創新

国联通信
Global Link

Stock Code:8060
Http://www.glink.hk

年報 2010/11 ANNUAL REPORT

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CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ma Yuanguang *(Chairman)*
Hu Zhi Jian
Lo Kam Hon, Gary

NON-EXECUTIVE DIRECTOR

Wing Kee Eng, Lee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Tiejun
Lu Ting Jie
Leung Kwok Keung

AUTHORIZED REPRESENTATIVES

Ma Yuanguang
Lo Kam Hon, Gary *FCCA, CPA*

COMPLIANCE OFFICER

Ma Yuanguang

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Lo Kam Hon, Gary *FCCA, CPA*

AUDIT COMMITTEE

Hu Tiejun
Lu Ting Jie
Leung Kwok Keung *FCCA, FCPA, ACA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2102, Manley Commercial Building
367-375 Queen's Road Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

6-7/F., No.1037
Gaopu Road
Tianhe District, Guangzhou City, Guangdong Province
The People's Republic of China.

PRINCIPAL BANKERS

China Construction Bank
Guangzhou Ruan Jian Yuan Sub-branch
China Construction Bank
Guangzhou Kaifa District Gong Ye Yuan Sub-branch
China Construction Bank Guangzhou Yuexiu Sub-branch
China Minsheng Banking Corp. Ltd.
Ti Yu Xi Sub-branch
The Bank of East Asia Limited
Guangzhou Branch
Chiyu Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. BOX 705
George Town
Grand Cayman
Cayman Islands
British West Indies

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

Crowe Horwath (HK)
CPA Limited
34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay,
Hong Kong

STOCK CODE

8060

CHAIRMAN'S STATEMENT

I represent the board (the "Board') of directors (the "Directors") of Global Link Communications Holdings Limited (the "Company"), to present the audited financial statements of the Company and its subsidiaries ("Global Link" or the "Group") for the year ended 31 March 2011 for shareholders' review.

Flourishing development in construction of city railway transportation

The year 2010, was the last year of the 11th Five Year Plan and the country's operation mileage of city railway transportation have increased by 1,000 kilometers in the last 5 years. At the end of 2010, 12 core cities including Beijing, Shanghai, Guangzhou and Shenzhen have operated city railway transportation lines with a total mileages of 1,300 kilometers. Following the implementation of the 12th Five Year Plan, construction of city railway transportation is crucial for the development of cities and areas in the Peoples' Republic of China (the "PRC"). At present, in the PRC, 33 cities are planning to construct underground railway and 28 cities have got the official consent. Around 2015, 79 city railway transportation lines will be under construction with a total mileages at 2,259.84 kilometers. According to the statistics report from a research organisation in the industry, over 110 lines of city railway transportation lines were either in construction, prepare to construct or planned to construct, with total investment over 1,100 billion.

Persist in innovation to enhance core competitive edge

Year 2010 is a year in which most new city railway transportation lines were opened in the PRC, with operation railway mileage in Beijing, Shanghai and Guangzhou of around 1,000 kilometers, and the industry was developed at an unprecedented striding base. The Group through its brand name in the industry and integrated strength have achieved gratifying increase in operating results.

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 Global Link Communications Inc. ("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.

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.

On the Group's continuous innovation base, the diversity with competitors will become more obvious. The great operating results and client base ranging from local, overseas and several new cities will lead the Group to a new level. The broadly planned cooperation and industry restructuring will better elaborate the Group's competitive edge and enable the Group to achieve better return.

I would like to express my sincere gratitude to the Directors, senior management and employees for their cautious and conscientious, spirit of selflessness and striving effort and to our shareholders and allied parties for their full support.

Ma Yuanguang
Chairman

Hong Kong, 23 June 2011

During the year, following the fast growing development of the PRC economy, with the increasing city scale and population. Safety, speedy, efficient and low pollution railway transportation is an important infrastructure to speed up urbanization and sustain the domestic economic development. Following the constructions in the 11th Five Year Plan period, the relevant beneficial effect and advantage for the community were fully revealed. The Group has established detailed operation strategy, taking into account its own resources and the demand from the industry's future development, and based upon the PRC government's investment in the railway transportation construction and the specific project plan in the 12th Five Year Plan's integrated transportation system drawn up by the Natural Development and Reform Commission. The Group focused on the railway transportation market and its core product is train information systems, and at the same time, actively develops the intelligent electricity and electricity protection market. With its core market in the PRC, the Group's major customers include backbone train manufacturers of the CSR and CNR, city railway transportation companies and national electricity companies, and part of the products have been exported to overseas markets.

MARKET OVERVIEW

The year under review was the last year of the PRC government's 11th Five Year Plan. The construction investment in express railway, cities highway and railway transportation in cities were the highest in the history. With the established 12th Five Year Plan, investment in the construction of railway transportation will still be at peak in the next 5 years. Construction of cities highway and railway transportation in cities are the main planned investment of the PRC government as it enhanced urbanization process, where amendment will be made in respect of the express railway's construction progress.

Resulted from the constructions in the 11th Five Year Plan period, the PRC's cities railway has structured its passenger transportation network with preliminary scale in the areas of Bohai Bay, Yangtze River Delta and Pearl River Delta, construction of 8 lines have completed and in operation with total investment approximate to 140 billion. 37 lines were under construction with completion scheduled in 2015, with total investment approximate to 740 billion.

As at 2010, 12 core cities including Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Nanjing have operation railway lines with total mileage over 1,300 kilometers. Caused by the speed up of urbanization, the transportation development trend in core cities were through multi city railway lines by establishing operation network and extension of existing lines. Currently, 33 cities have underground railway construction plan, and 28 cities have been approved. Around 2015, 79 city railway transportation lines will be under construction. According to the statistic report from a research organisation in the industry, currently over 110 lines of city railway transportation lines were either under construction, prepared to be constructed or planned to be constructed, with total investment over 1,100 billion, and will be the hot construction investment point under the 12th Five Year Plan.

The huge investment in years has driven PRC's enterprises forward in the area of self innovation and has got rich achievement in railway construction, communication system, signal system and train manufacturing. Advance technology, reliable product and software solution that suited the country's condition were largely launched into operation lines. The increasing home-made rate has resulted in higher market share being captured by PRC's enterprises. The extension and integration of industry chain will provide a broader market for enterprises with operating result and qualification.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

TURNOVER BY REGION

During the year, with core market in the PRC and Guangzhou GL as the base, the Group's main business is rain information system for railway transportation and solutions for telecommunications industry. Main customers are city railway transportation companies. Large scale train manufacturers, conglomerate for railway transportation project, integrated project enterprises, sizeable information services providers and national electricity operators. Following its market development, the Group's product and services will increase their presence steadily in the Hong Kong and overseas market.

The Group's turnover recognised in the PRC amounted to approximately HK$110,223,000 representing 99% of the Group's turnover for the year.

CUSTOMER ANALYSIS

During the year, the Group's customers are mainly PRC underground railway companies, railway trains manufacturers of CSR and CNR, railway operators in Hong Kong, South-east Asia and backbone enterprises for railway transportation construction from the country. The Group also kept its existing local and overseas customers in traditional areas including telecommunication operators and value-added services providers. New customers captured are from relevant area of the PRC's electricity network and electricity companies in cities.

WIDE RANGING ALLIANCE

The Group has established friendly long term alliance with sizable train manufacturers, city railway transportation operators and large scale nationalised enterprises for railway transportation project construction including corresponding technical assistance, product adaptability development and maintenance services, alliance. The Group also started multi area alliance with famous parts and machine manufactures for relevant authentication and OEM, ODM cooperation. An agreement for mutual assistance and protection, with certain degree of exclusivity, were established for the industry, which made the team better competitive edge in the industry.

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).

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.

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.

CHARGE ON THE GROUP'S ASSETS

Other than disclosed in note 17 and 28 to the financial statements, the Group had no charge on its assets for the year under review.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

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.

PUBLIC FLOAT

The Group had maintained sufficient public float in accordance with the GEM Listing Rules throughout the year under review.

SEGMENT INFORMATION

Segment information of the Group are set out in note 8 to the financial statements.

CONTINGENT LIABILITIES

Other than disclosed in note 28 to the financial statements, the Group had no material contingent liabilities as at 31 March 2011 (2010: Nil).

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 Number of staff	At 31 March 2010 Number of staff
Management, finance and administration	**39**	16
Research and development	**119**	76
Marketing and sales	**20**	19
Total	**178**	111

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang (馬遠光), aged 57, is the co-founder of the Group and is also the chairman of the board of Directors. Mr. Ma is responsible for the overall strategic planning of the Group. Mr. Ma has over thirty years' experience in the telecommunications industry. Prior to joining the Group, Mr. Ma had the experience of managing a state-owned telecommunications system production enterprise for eight years. Mr. Ma has cooperated with several multinational hi-tech firms in United States, Canada and Australia, etc. for the introduction of various new products and new technologies to the PRC. Mr. Ma is also the compliance officer and member of the remuneration committee of the Company. Mr. Ma is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited and Tonnex Holdings Limited, all being subsidiaries of the Company. Mr. Ma is also an authorized representative of the Company.

Mr. Hu Zhi Jian (胡志堅) aged 47, is the founding staff of the Group and is also the chief executive officer of the Group. Mr. Hu is responsible for overseeing the research and development and production of the Group. Mr. Hu has engaged in the research and development of communication technologies for more than ten years. Prior to joining the Group, he was the manager of research and development department of various companies and the introduction of technologies. Mr. Hu received a degree from the Automation Department (自動控制系統) of the Huazhong University of Science and Technology (華中工學院). Mr. Hu is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited, Beijing Global Link Weiye Communications and Technologies Limited (北京國聯偉業通信技術有限公司), Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), all being subsidiaries of the Company.

Mr. Lo Kam Hon, Gary (勞錦漢), aged 47, is also the Group's company secretary and qualified accountant. responsible for the Group's financial and cash flow management and budget control. Mr. Lo is a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo joined the Group in February 2003 and has more than twenty years' experience in finance, accountancy and treasury. Mr. Lo is also an authorized representative of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Wing Kee Eng, Lee, aged 58. Mr. Lee joined the Group in May 2002. Mr. Lee has over 27 years of experience in the telecommunications industry. Mr. Lee pursued his career with Harris Corporation where he had been a visiting engineer, senior engineer and the head of sales of the Pan Asia Pacific region. Mr. Lee has also been the vice president of the marketing and business development for various telecom operators in the United States of America.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Tiejun (胡鉄君), aged 60. Mr. Hu joined the Group in November 2002. Mr. Hu holds a Bachelor Degree in Physics from the Zhongshan (Sun Yat-sen) University (中山大學) and has over twenty years' experience in telecommunications, computer systems, data warehouse and information network. Mr. Hu was a director and chief scientist of China Motion Telecom International Limited, a listed company in Hong Kong. Mr. Hu is now a marketing director of WIMAX Forum, which is an industry-led, not-for-profit organization, South East Asia district and a vice-president and general secretary of Worldwide Ethnic Chinese Wireless & Radio Association. Mr. Hu is also the chairman of the remuneration committee and audit committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Professor Lu Ting Jie (呂廷杰), aged 56. Professor Lu joined the Group in November 2002. Professor Lu graduated from the Beijing University of Posts and Telecommunications (北京郵電學院) with a Master's degree, and obtained a Doctorate degree from Japan's Kyoto University (京都大學). Professor Lu is now the principal and tutor for doctorate students at the Economics and Management school of Beijing University of Posts and Telecommunications. He had contributed a number of thesis and articles in the area of economics, communications and telecommunications. Professor Lu is also a member of the audit committee of the Company.

Mr. Leung Kwok Keung (梁覺強), aged 48, is the financial controller of a listed company on the main board of The Stock Exchange of Hong Kong Limited. Mr. Leung joined the Group in September 2004. He is currently an independent non-executive director of Lee Kee Holdings Limited, a Company Listed on the main board of The Stock Exchange of Hong Kong Limited. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Tsinghua University. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He has more than 20 years' experience in finance, accountancy and treasury. Mr. Leung is also a member of the remuneration committee and audit committee of the Company.

SENIOR MANAGEMENT

Mr. Xian Bao Wen (冼寶文), aged 36, joined Guangzhou Global Link Communications Inc, in October 2007 and is the finance controller. Mr. Xian graduated from Guangdong Commercial College with a bachelor degree of Economics. Mr. Xian has worked in a state-owned enterprise which engaged in telecommunication as accountant for almost 7 years. From July 2005 to October 2007 he became an assistant of finance controller in the Superdata Group (used to be GEM's listed Company). Mr. Xian is also a director of Guangzhou Global Link Communications Inc and Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), subsidiaries of the company.

REPORT OF THE DIRECTORS

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 15 to the financial statements.

An analysis of the Group's performance for the year by geographical segments and products and services is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 27.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2011.

RESERVES

The movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 30 and note 24 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 24 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law 2003 (Revised) of the Cayman Islands and the articles of association of the Company, the share premium of the Company is distributable to the shareholders, subject to a solvency test and the provisions of the Company's articles of association. As at 31 March 2011, the Company's reserves available for distribution amounted to approximately HK$33,090,000 (2010: approximately HK$952,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out as follows:

Financial Highlights

	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**111,474**	89,693	31,591	38,401	37,105
Gross profit	**48,531**	27,937	10,893	14,610	11,867
Profit before tax	**31,980**	18,317	1,203	7,964	3,468
Profit attributable to equity holders of the Company	**29,262**	16,435	1,022	6,120	2,774
Total assets	**149,985**	72,406	44,129	40,412	28,609
Total liabilities	**36,942**	26,015	13,774	12,986	19,575
Non-controlling interests	**(1,847)**	(399)	–	–	–
Net assets	**113,043**	46,391	30,355	27,426	9,034

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	28%
– five largest suppliers combined	54%
Sales	
– the largest customer	59%
– five largest customers combined	91%

None of the Directors, any of their associates or any shareholder (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

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.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Ma Yuanguang
Mr. Hu Zhi Jian
Mr. Lo Kam Hon, Gary

Non-executive Director

Mr. Wing Kee Eng, Lee

Independent non-executive Directors

Mr. Hu Tiejun
Professor Lu Ting Jie
Mr. Leung Kwok Keung

In accordance with the Company's articles of association of the Company, Mr. Hu Zhi Jian, Professor Lu Ting Jie and Mr. Leung Kwok Keung will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Directors confirms that it has received from each of its independent non-executive Directors a confirmation of his independence pursuit to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors to be independent.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the income statement for the year are set out in note 26 and note 9(b) to the financial statements respectively.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ma Yuanguang and Mr. Hu Zhi Jian has entered into a service contract with the Company for a term of two years commencing from 1 November 2010. Mr. Lo Kam Hon, Gary has entered into a service contract with the Company for a term of two years commencing from 23 September 2010. Such service contracts may be terminated by either party thereto giving to the other not less than three months' prior written notice.

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2010 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2010. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory obligations.

DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and of individuals with highest emoluments of the Group are set out in note 13 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 9 to 10 of this report.

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

As at 31 March 2011, 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 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	175,773,600 ordinary shares Long position	18.35%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position *(Note 2)*	8.28%
		Beneficial owner	8,889,000 ordinary shares Long position	0.93%

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Lo Kam Hon, Gary	Company	Beneficial owner	120,000 ordinary shares Long position	0.01%
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position *(Note 1)*	0.29%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position	0.09%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.09%

Note:

1. Share options to subscribe for 2,778,000 shares of the Company were granted to Wing Kee Eng, Lee pursuant to the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted and approved by the shareholders of the Company on 24 October 2002.

2. Bright Cosmos Holdings Limited, the entire issued share capital of which is held by Hu Zhi Jian, is interested in the 79,347,600 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2011, so far 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 31 March 2011, so far 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:

Name	Capacity	Class and number of securities	Approximate percentage of shareholdings
Leung Kin Man Kenny	Beneficial owner	49,130,000 ordinary shares Long position	5.13%

Save as disclosed above, as at 31 March 2011, so far is known to the Directors, there was no person (not being a Director or a chief executive of the Company) 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.

SHARE OPTION SCHEMES

Pursuant to the Pre-IPO Share Option Scheme, Directors and certain participants have been granted options to subscribe for shares of the Company at a subscription price of HK$0.036 per share, representing 10% of the placing price of the shares of the Company as at 13 November 2002, details of which are set out as follows:

			Number of share options under the Pre-IPO Share Option Scheme			
Name of grantee	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2010**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2011**
Executive Directors						
Ma Yuanguang	24 October 2002	10,556,000	10,556,000	–	10,556,000	–
Hu Zhi Jian	24 October 2002	8,889,000	8,889,000	–	8,889,000	–
Non-executive Director						
Wing Kee Eng, Lee	24 October 2002	2,778,000	2,778,000	–	–	2,778,000
Independent non-executive Directors						
Hu Tiejun	24 October 2002	833,000	833,000	–	833,000	–
Lu Ting Jie	24 October 2002	833,000	–	–	–	–
Advisers/consultants	24 October 2002	9,054,000	2,887,500	–	417,000	2,470,500
Other employees of the Group	24 October 2002	3,360,000	–	–	–	–
Others *(Note)*	24 October 2002	21,468,000	5,250,000	–	4,861,000	389,000
Total		57,771,000	31,193,500	–	25,556,000	5,637,500

Note:

These refer to the former employees of the Group.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain Directors, employees, consultants and advisers of the Group to the growth of the Group and/or the listing of shares of the Company on the GEM board. Each of the grantees to whom options have been conditionally granted under the Pre-IPO Share Option Scheme will be entitled to exercise (i) 50% of the shares so granted to him/her (rounded down to the nearest whole number) at any time after the expiry of 12 months from the Listing Date, and (ii) the remaining 50% of the options granted to him/her (rounded down to the nearest whole number) at any time after 24 months from the Listing Date, and in each case, not later than 10 years from the date of the grant of the options.

As at the date of this report, there are 5,637,500 outstanding share options granted under the Pre-IPO Share Option Scheme representing approximately 0.59% of the issued share capital of the Company if the said share options are exercised in full.

Under the terms of the share option scheme (the "Share Option Scheme") adopted by the Company on 24 October 2002, the Directors may at their discretion grant options to participants to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions to the Group. The total number of shares of the Company issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period, subject to any performance target specified by the Directors, commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of Directors which shall not be more than 10 years from the date on which the option is deemed to be granted and accepted. A consideration of HK$1 will be payable upon acceptance of the offer. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. The subscription price should, subject to the adjustment as stated on the Share Option Scheme, be a price determined by the Directors and should be at least the highest of (i) the nominal value of a Share; (ii) the closing price per Share as stated on the daily quotation sheets revised by the Stock Exchange on the offer date, which should be a business day; or (iii) the average closing price of the shares as stated in the daily quotation sheets revised by the Stock Exchange for the five-business days immediately preceding the offer date.

Details of movements during the year in the Company's share options pursuant to the Share Option Scheme are as follows:

				Number of share options under Share Option Scheme			
Capacity	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2010**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2011**	**Exercise price**
Executive Directors							
Lo Kam Hon, Gary	10 December 2003	350,000 *(Note 2)*	–	–	–	–	HK$0.132
Employees	10 December 2003	480,000 *(Note 2)*	–	–	–	–	HK$0.132
Advisers/consultants	10 December 2003	2,700,000 *(Note 2)*	800,000	–	–	800,000	HK$0.132
Other *(Note 1)*	10 December 2003	2,980,000 *(Note 2)*	–	–	–	–	HK$0.132
Employees	5 October 2007	16,400,000 *(Note 3)*	–	–	–	–	HK$0.242
Total		22,910,000	800,000	–	–	800,000	

Note:

(1) These refer to the former employees of the Group.

(2) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$0.120.

Each of the grantees to whom options have been conditionally granted under the Share Option Scheme will be entitled to exercise: (i) 50% of the options granted to each grantee (rounded down to the nearest whole number) after 9 December 2004; and (ii) the remaining 50% of the option granted to each grantee (rounded down to the nearest whole number) after 9 December 2005; and in each case, not later than 10 years from the date of grant of the options.

(3) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$0.220, the options had lapsed in October 2009.

The Directors consider that disclosure of value of options granted during the year is not appropriate because in the absence of a readily available market value of the options on the Company's shares, they are unable to arrive at an accurate assessment of the value of the options granted.

As at the date of this report, 800,000 shares of the Company are available for issue under the Share Option Scheme, representing 0.08% of the issued share capital of the Company if the said share options are exercised in full.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus and note 25 to the financial statements.

COMPETING INTERESTS

Save as disclosed in the Prospectus the Directors are not aware of any business or interest of each Director, initial management shareholder or substantial shareholder of the Company or any of his/her respective associate that competes or may compete with the business of the Group and any other conflicts of interest which may such person has or may have with the Group as at 31 March 2011.

BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company was in compliance with the "board practices and procedures" as set out in Appendix 15 of the GEM Listing Rules.

PLACING OF SHARES

The Company allotted and issued an aggregate of 155,000,000 new shares at a subscription price of HK$0.23 each to nine investors under the general mandate of the Company, the subscription of which was completed on 16 July 2010. Please refer to the announcements of the Company dated 6 July 2010 and 16 July 2010 for further details of the allotment of shares.

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.

AUDITORS

Crowe Horwath (HK) CPA Limited was appointed as auditors of the Company with effect from 23 March 2011 to fill the vacancy upon the resignation of AGCA CPA Limited. Apart from the aforesaid, there have been no other changes of the Company's auditors in the past three years.

The financial statements have been audited by Crowe Horwath (HK) CPA Limited who will retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ma Yuanguang
Chairman

Hong Kong, 23 June 2011

INTRODUCTION

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 of the GEM Listing Rules throughout the period under review.

DIRECTORS' SECURITIES TRANSACTIONS

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 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 year ended 31 March 2011.

BOARD OF DIRECTORS AND BOARD MEETING

The board of Directors, which currently comprises seven Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the board of Directors to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the "Biograptical Details of Directors and Senior Management". All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Mr. Ma Yuanguang is the chairman of the board of Directors and an executive Director. Mr. Hu Zhi Jian is the chief executive officer of the Company and an executive Director.

To improve the transparency and independency of the corporate governance, the chairman and chief executive officer of the Company are segregated and are not exercised by the same individual with effect from 30 March 2006.

The executive Directors include Mr. Ma Yuanguang, Mr. Hu Zhi Jian and Mr. Lo Kam Hon, Gary. The non-executive Director is Mr. Wing Kee Eng, Lee. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung are the independent non-executive Directors.

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2010 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2010. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors are independent under various guidelines set out in Rule 5.09 of the GEM Listing Rules.

The board of Directors held a full board meeting for each quarter.

Details of the attendance of the board of Directors are as follows:

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman)*	4/4
Mr. Hu Zhi Jian *(Chief executive officer)*	4/4
Mr. Lo Kam Hon, Gary	4/4
Non-executive Director	
Mr. Wing Kee Eng, Lee	4/4
Independent non-executive Directors	
Mr. Hu Tiejun	4/4
Professor Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4

Apart from the above regular board meetings of the year, the board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

REMUNERATION OF DIRECTORS

The remuneration committee was established in March 2006. The chairman of the committee is Mr. Hu Tiejun, an independent non-executive Director, and other members include Mr. Leung Kwok Keung and Mr. Ma Yuanguang, the majority being independent non-executive Directors.

The role and function of the remuneration committee included the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of Directors of the remuneration of non-executive Directors. The remuneration committee should consider factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration.

During the period under review, a meeting of the remuneration committee was held in March 2011. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	1/1
Mr. Leung Kwok Keung	1/1
Mr. Ma Yuanguang	1/1

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the executive Directors and senior management and appointment letters of the independent non-executive Directors. The remuneration committee of the Company considers that the existing terms of employment contracts of the executive Directors and senior management and appointment letters of the independent non-executive Directors are fair and reasonable.

NOMINATION OF DIRECTORS

The board of Directors considers the past performance and qualification of the candidates for Directors, general market conditions and the Company's articles of association in selecting and recommending candidates for directorship during the year under review.

The board of Directors held a meeting for nomination of Directors on 23 June 2011. Details of the attendance of the meeting are as follows:

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman)*	1/1
Mr. Hu Zhi Jian *(Chief executive officer)*	1/1
Mr. Lo Kam Hon, Gary	1/1
Non-executive Director	
Mr. Wing Kee Eng, Lee	1/1
Independent non-executive Directors	
Mr. Hu Tiejun	1/1
Professor Lu Ting Jie	1/1
Mr. Leung Kwok Keung	1/1

During the meeting, the board of Directors considered and resolved that all the existing Directors should be recommended to be retained by the Company. Further, in accordance with the Company's articles of association and subject to the proposed amendments being passed at the forthcoming annual general meeting, the board of Directors resolved that Mr. Hu Zhi Jian, Professor Lu Ting Jie and Mr. Leung Kwok Keung will retire, and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Company has paid an aggregate of approximately HK$250,000 to the external auditors for its services including audit and tax compliance services.

AUDIT COMMITTEE

The Company established an 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, Professor 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 audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	4/4
Professor Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4

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.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditor's Report on pages 25 to 26 of this report.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

INVESTORS RELATIONS

The Company disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Meeting with media and investors periodically. The Company also replied the enquires from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer to their enquiries.

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF
GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Link Communications Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 27 to 77, which comprise the consolidated and Company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited

Certified Public Accountants
Hong Kong, 23 June 2011

Lau Kwok Hung
Practising Certificate Number: P04169

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	6	**111,474**	89,693
Cost of sales		**(62,943)**	(61,756)
Gross profit		**48,531**	27,937
Other revenue and net income	7	**1,448**	1,929
Selling expenses		**(7,539)**	(5,127)
Administrative expenses		**(10,319)**	(6,411)
Finance costs	9(a)	**(141)**	(11)
Profit before taxation	9	**31,980**	18,317
Income tax	10	**(4,133)**	(3,261)
Profit for the year		**27,847**	15,056
Other comprehensive income:			
Exchange differences on translating foreign operations		**3,846**	–
Total comprehensive income for the year		**31,693**	15,056
Profit attributable to:			
Equity shareholders of the Company		**29,262**	16,435
Non-controlling interests		**(1,415)**	(1,379)
		27,847	15,056
Total comprehensive income attributable to:			
Equity shareholders of the Company		**33,141**	16,435
Non-controlling interests		**(1,448)**	(1,379)
		31,693	15,056
Earnings per share (in HK cents):			
– Basic	12	**3.25 cents**	2.11 cents
– Diluted	12	**3.23 cents**	2.05 cents

The notes on pages 32 to 77 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,984**	2,319
Current assets			
Inventories	16	**8,251**	–
Trade and other receivables	17	**90,773**	50,370
Deposits and prepayments	18	**3,559**	1,862
Pledged bank deposits	19	**–**	889
Cash and bank balances	20	**44,418**	16,966
		147,001	70,087
Current liabilities			
Interest-bearing borrowings – secured	21	**10,925**	–
Trade and other payables	22	**19,513**	21,845
Provision for taxation		**6,504**	4,170
		36,942	26,015
Net current assets		**110,059**	44,072
NET ASSETS		**113,043**	46,391
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital	24	**9,580**	7,775
Reserves	24	**105,310**	39,015
		114,890	46,790
Non-controlling interests		**(1,847)**	(399)
TOTAL EQUITY		**113,043**	46,391

Approved and authorised for issue by the board of directors on 23 June 2011.

Ma Yuanguang
Director

Hu Zhi Jian
Director

The notes on pages 32 to 77 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Investments in subsidiaries	15	**411**	21
Current assets			
Other receivables	17	**43,861**	10,194
Deposits and prepayments	18	**203**	203
		44,064	10,397
Current liabilities			
Other payables	22	**610**	496
		610	496
Net current assets		**43,454**	9,901
NET ASSETS		**43,865**	9,922
CAPITAL AND RESERVES			
Share capital	24	**9,580**	7,775
Reserves	24	**34,285**	2,147
TOTAL EQUITY		**43,865**	9,922

Approved and authorised for issue by the board of directors on 23 June 2011.

Ma Yuanguang
Director

Hu Zhi Jian
Director

The notes on pages 32 to 77 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Retained profits/ (accumulated losses)	Statutory reserve	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	7,775	25,498(#)	2,135(#)	1,979(#)	1,195(#)	2,559(#)	5,649(#)	46,790	(399)	46,391
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 the 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	**9,580**	**58,652(#)**	**2,135(#)**	**5,858(#)**	**1,195(#)**	**31,821(#)**	**5,649(#)**	**114,890**	**(1,847)**	**113,043**

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

The notes on pages 32 to 77 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	HK$'000	*HK$'000*
Operating activities		
Profit before tax	**31,980**	18,317
Adjustments for:		
Depreciation	**751**	386
Interest expenses	**141**	–
Loss on disposal of property, plant and equipment	**142**	75
Waiver of trade payables	**–**	(343)
Allowance for doubtful debts	**1,187**	225
Bad debts recovery	**–**	(200)
Reversal of allowance for doubtful debts	**–**	(906)
Bank interest income	**(170)**	(90)
Operating cash flows before changes in working capital	**34,031**	17,464
(Increase) in inventories	**(8,251)**	–
(Increase) in trade and other receivables	**(36,889)**	(26,178)
(Increase) in deposits and prepayments	**(1,581)**	(447)
(Decrease)/Increase in trade and other payables	**(4,061)**	11,197
Cash (used in)/generated from operations	**(16,751)**	2,036
PRC enterprise income taxes paid	**(1,940)**	(632)
Net cash (used in)/generated from operating activities	**(18,691)**	1,404
Investing activities		
Payment for purchase of property, plant and equipment	**(1,441)**	(1,815)
Interest paid	**(141)**	–
Bank interest received	**170**	90
Net cash (used in) investing activities	**(1,412)**	(1,725)
Financing activities		
Proceeds from share issued under placing	**34,040**	–
Proceeds from share issued under share option schemes	**919**	–
Proceeds from new bank loans	**19,020**	–
Repayment of bank loans	**(8,095)**	–
Capital injection by non-controlling interest in a subsidiary	**–**	980
Net cash generated from financing activities	**45,884**	980
Net increase in cash and cash equivalents	**25,781**	659
Cash and cash equivalents at the beginning of the year	**16,966**	16,307
Effect of foreign exchange rate changes	**1,671**	–
Cash and cash equivalents at the end of the year	**44,418**	16,966
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances (note 20)	**44,418**	16,966

The notes on pages 32 to 77 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 MARCH 2011

1. GENERAL INFORMATION

The Company is 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.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 15 to the financial statements.

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 30).

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Statement of compliance *(continued)*

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand unless otherwise indicated. Hong Kong dollars is the functional currency and presentation currency of the Company.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

c) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Translation of foreign currencies *(continued)*

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in the exchange reserve.

d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. The Group measure non-controlling interests at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(s)).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Property, plant and equipment

All property, plant and equipment are stated in the consolidated and Company's statement of financial position at historical cost less accumulated depreciation and impairment losses (see note 3(s)).

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Furniture and fixtures	6 – 10 years
Office equipment	5 – 10 years
Leasehold improvements	3 years
Tools and equipment	5 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Leased assets *(continued)*

i) Classification of assets leased to the Group (continued)

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) Operating leases charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for doubtful debts (see note 3(s)).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

k) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Supply, development and integration of message communication system, passenger information management system and electricity monitoring system

Revenue from the supply, development and integration of message communication system, passenger information management system and electricity monitoring system are recognised when the merchandise is delivered and the related development and integration services are completed.

ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

iii) Government grants

Government grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Employee benefits

i) Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

iii) Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

iv) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Employee benefits *(continued)*

iv) Share-based payments (continued)

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised when it is transferred to the share premium account.

v) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

n) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

o) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Income tax *(continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settled the carrying amount of its assets and liabilities. Current or deferred tax is charged or credited to in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

p) Provisions and contingent liabilities *(continued*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

q) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group by geographical locations and various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

r) Related parties

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii) the Group and the party are subject to common control;

iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets

i) *Impairment of trade and other receivables*

Current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

i) Impairment of trade and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– investments in subsidiaries

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

ii) Impairment of other assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

t) Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (see note 3(s)), on the same basis as intangible assets that are acquired separately.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of property, plant and equipment

If circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss is recognised in accordance with the accounting policy for impairment of property, plant and equipment as described in note 3(s). The carrying amounts of property, plant and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use.

In assessing value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of selling price and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of selling price and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivable and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the accounts receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required.

iii) Useful lives of property, plant and equipment and depreciation

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a) Key sources of estimation uncertainty *(continued)*

iv) Write down of inventories

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 3(g). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write down or the related reversals of write down made in prior years and affect the Group's net asset value.

v) Provision

A provision is recognised when a present obligation has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. Where the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

vi) Valuation of share options

The Black-Scholes Option Pricing Model was applied to estimate the fair value of share options granted by the Company. This pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

i) Impairment of assets

The Group has to exercise judgements in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

b) Critical accounting judgements in applying the Group's accounting policies *(continued)*

ii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's major financial instruments include trade and other receivables, trade and other payables, interest-bearing borrowings and cash and cash equivalents. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors periodically reviews the Group's exposure to market risk, including changes in interest rates and currency exchange rates. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b) Credit risk

i) As at 31 March 2011, the maximum exposure to credit risk is represented by:

- the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance; and

- the amount of contingent liabilities in relation to financial guarantee(s) issued by the Group as disclosed in note 28.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

b) Credit risk *(continued)*

ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 90 days from the date of billing. For debtors with balances aged more than 90 days past due, further credit would not be granted until all outstanding balances are settled or have the discretion of the management to further extend the credit.

iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. Concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 56% (2010: 27%) and 83% (2010: 80%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

iv) The Company's concentration of credit risk is on advances to subsidiaries. The management of the Company has closely monitored and reviewed the recoverability of the amounts and the directors of the Company consider such risk is considered manageable.

v) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

vi) As set out in note 28, the financial guarantees given by the Group in 2010 and was terminated in 2011.

c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2011, the Group has available un-utilised banking facilities of approximately HK$980,000 (2010: Nil), details of which are disclosed in note 21.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period and the earliest date the Group and the Company required to pay).

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

c) Liquidity risk *(continued)*

The Group

	2011				2010			
	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2011	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing borrowings								
– secured	11,089	–	11,089	10,925	–	–	–	–
Trade and other payables	19,494	–	19,494	19,494	21,623	–	21,623	21,623
	30,583	–	30,583	30,419	21,623	–	21,623	21,623

The Company

	2011				2010			
	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2011	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	220	–	220	220	170	–	170	170

d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank borrowings (for details of these borrowings (see note 21)) and cash flow interest rate risk in relation to variable rate bank balances and deposits. The Company has no significant interest rate risk.

i) Interest rate profile

The following table details the interest rate profile of the Group's bank borrowing and bank balances and deposits at the end of the reporting period:

The Group

	2011		2010	
	Effective interest rates		Effective interest rates	
	%	HK$'000	%	HK$'000
Fixed rate bank borrowings	4.86	10,925	–	–
Variable rate bank balances and deposits	0.36-1.21	44,304	0.36	17,780

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

d) Interest rate risk *(continued)*

ii) Sensitivity analysis

All of the bank borrowings of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rate at the end of the reporting period would not affect profit or loss. The Group has no interest-bearing borrowing in 2010.

At 31 March 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate bank balances and deposits, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately HK$413,000 (2010: HK$155,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest bearing financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2010.

e) Currency risk

Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The Company has no significant currency risk.

	The Group	
	2011 US$ (Equivalent to HK$'000)	2010 US$ (Equivalent to HK$'000)
Cash and cash equivalents	**613**	660
Overall exposure arising from recognised assets and liabilities	**613**	660

Since Hong Kong Dollars ("HK$") is pegged to United States Dollars ("US$"), there is no significant exposure expected on US$ transactions and balances. Accordingly, no sensitivity analysis has been prepared for 2010 and 2011.

No foreign currency risk has been identified for the financial assets and financial liabilities denominated in Renminbi, which is the functional currency of the subsidiaries in PRC to which these transactions relate.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

e) Currency risk *(continued)*

The China Renminbi ("RMB") is not freely convertible into other currency, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Therefore, no sensitivity analysis is prepared for 2010 and 2011.

f) Fair values measurements recognised in the statement of financial position

The fair value of financial assets and financial liabilities are determined as follows:

– the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market price; and

– the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE

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

	2011 ***HK$'000***	2010 *HK$'000*
Revenue from the supply, development and integration of message communication system, passenger information management system and electricity monitoring system	**111,474**	89,693

7. OTHER REVENUE AND NET INCOME

	2011 HK$'000	2010 HK$'000
a) Other revenue		
Bank interest income	**170**	90
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	**13**	19
	1,448	480
b) Other net income		
Bad debts recovery	**–**	200
Reversal of allowance for doubtful debts	**–**	906
Waiver of trade payable	**–**	343
	1,448	1,929

* 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.

8. 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:

8. SEGMENT INFORMATION *(continued)*

(a) Segment results, assets and liabilities *(continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3(q). 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	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'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

8. SEGMENT INFORMATION *(continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Total reportable segments' revenue	**111,862**	89,956
Elimination of inter-segment revenue	**(388)**	(263)
Consolidated turnover	**111,474**	89,693
Profit		
Total reportable segments' profit	**48,531**	27,937
Elimination of inter-segment profits	**–**	–
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	**(15,920)**	(10,927)
Consolidated profit before tax expenses	**31,980**	18,317
Assets		
Total reportable segments' assets	**225,899**	106,702
Elimination of inter-segment receivables	**(75,914)**	(34,296)
Consolidated total assets	**149,985**	72,406
Liabilities		
Total reportable segments' liabilities	**117,504**	67,292
Elimination of inter-segment payables	**(87,066)**	(45,447)
	30,438	21,845
Current tax liabilities	**6,504**	4,170
Consolidated total liabilities	**36,942**	26,015

8. SEGMENT INFORMATION *(continued)*

c) Revenue from major products and services

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

	2011 HK$'000	2010 HK$'000
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
	111,474	89,693

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.

9. PROFIT BEFORE TAXATION

	2011 HK$'000	2010 HK$'000
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
	141	11

9. PROFIT BEFORE TAXATION *(continued)*

	2011 HK$'000	2010 HK$'000
b) Staff costs, including directors' emoluments *(note 13)*		
Salaries and wages	**11,458**	7,993
Contribution to retirement benefit schemes (note 26)	**737**	252
Provision for staff welfare benefits	**320**	228
	12,515	8,473
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	**1,249**	1,102

* 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.

10. INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

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

10. INCOME TAX *(continued)*

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	2010
	HK$'000	*HK$'000*
Profit before taxation	**31,980**	18,317
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	**4,133**	3,261

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit for the year attributable to the equity shareholders of the Company includes a loss of approximately HK$1,016,000 (2010: HK$874,000) which has been dealt with in the financial statements of the Company (note 24(b)).

FOR THE YEAR ENDED 31 MARCH 2011

12. 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	2010
	'000	*'000*
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 *(note 25)*	**13,443**	–
Weighted average number of ordinary shares at the end of the year	**900,903**	777,474

(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 *(note 25)*	**5,559**	23,012
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	**906,462**	800,486

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) The remuneration paid or payable to each of the seven (2010: seven) directors and disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2011				
Executive directors:				
Mr. Ma Yuanguang	**–**	**645**	**12**	**657**
Mr. Hu Zhi Jian	**–**	**523**	**5**	**528**
Mr. Lo Kam Hon, Gary	**–**	**130**	**7**	**137**
	–	**1,298**	**24**	**1,322**
Independent non-executive directors:				
Mr. Hu Tiejun	**46**	**–**	**–**	**46**
Professor Lu Ting Jie	**42**	**–**	**–**	**42**
Mr. Leung Kwok Keung	**71**	**–**	**–**	**71**
	159	**–**	**–**	**159**
Non-executive director:				
Mr. Wing Kee Eng, Lee	**63**	**–**	**–**	**63**
	222	**1,298**	**24**	**1,544**
Year ended 31 March 2010				
Executive directors:				
Mr. Ma Yuanguang	–	499	12	511
Mr. Hu Zhi Jian	–	435	5	440
Mr. Lo Kam Hon, Gary	–	128	6	134
	–	1,062	23	1,085
Independent non-executive directors:				
Mr. Hu Tiejun	40	–	–	40
Professor Lu Ting Jie	37	–	–	37
Mr. Leung Kwok Keung	69	–	–	69
	146	–	–	146
Non-executive director:				
Mr. Wing Kee Eng, Lee	56	–	–	56
	202	1,062	23	1,287

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13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(continued)*

(b) The five highest-paid individuals of the Group for the year ended 31 March 2011 included two (2010: two) directors, details of which are disclosed in note 13(a). Details of the emoluments of the remaining three (2010: three) highest paid individuals are as follows:

	2011	2010
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	**906**	861
Contributions to retirement benefit schemes	**17**	13
	923	874

The number of non-director, highest paid employee whose remuneration fell within the following bands is as follows:

	2011	2010
Nil to HK$1,000,000	**3**	3

During the year ended 31 March 2011, no emoluments were paid or payable by the Group to the directors and the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2010: Nil).

As at 31 March 2011, the directors held share options under the Company's share option schemes. The details of the share options are disclosed under the paragraph "Share option schemes" in the report of the directors and note 25.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture and fixtures	Office equipment	Leasehold improvements	Tools and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 April 2009	100	1,205	213	2,302	842	4,662
Additions	4	186	897	10	718	1,815
Disposals	(82)	(691)	–	(530)	–	(1,303)
At 31 March 2010 and 1 April 2010	22	700	1,110	1,782	1,560	5,174
Additions	17	193	118	16	1,097	1,441
Disposals	(19)	(64)	(229)	(1,848)	–	(2,160)
Exchange realignment	2	49	79	127	74	331
At 31 March 2011	**22**	**878**	**1,078**	**77**	**2,731**	**4,786**
Accumulated depreciation						
At 1 April 2009	80	878	213	2,137	389	3,697
Charge for the year	5	84	106	10	181	386
Written back on disposals	(76)	(651)	–	(501)	–	(1,228)
At 31 March 2010 and 1 April 2010	9	311	319	1,646	570	2,855
Charge for the year	4	123	329	12	283	751
Written back on disposals	(10)	(33)	(229)	(1,746)	–	(2,018)
Exchange realignment	2	24	31	118	39	214
At 31 March 2011	**5**	**425**	**450**	**30**	**892**	**1,802**
Carrying amounts						
At 31 March 2011	**17**	**453**	**628**	**47**	**1,839**	**2,984**
At 31 March 2010	13	389	791	136	990	2,319

15. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted investments, at cost	**411**	21

Details of the Company's subsidiaries as at 31 March 2011 are as follows:

Name of company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
GL Limited	British Virgin Islands	21,052 Ordinary shares of US$1 each	100%	100%	–	Investment holding
Hilltop Holdings Group Limited	British Virgin Islands	10,000 Ordinary shares of US$1 each	100%	–	100%	Investment holding and holding of software rights
Tonnex Holdings Limited	British Virgin Islands	50,000 Ordinary shares of US$1 each	100%	100%	–	Investment holding
廣州勝億交通信息軟件有限公司 *(note (a))*	People's Republic of China ("PRC")	Registered capital RMB5,000,000	100%	–	100%	Research and development of hardware and software for message communication and passenger information management systems
Guangzhou Global Link Communications Inc. *(note (a))*	PRC	Registered capital HK$10,000,000	100%	–	100%	Provision of message communication and passenger information management systems and telecommunications solutions, telecommunications application software and networking solutions

15. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
北京國聯偉業通信技術有限公司 *(note (b))*	PRC	Registered capital RMB1,000,000	95%	–	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions
Global Link Communications (HK) Limited	Hong Kong	100 Ordinary shares of HK$1 each	100%	–	100%	Provision of value-added telecommunications solutions and telecommunications application software
廣州國聯電力科技發展有限公司 *(note (b))*	PRC	Registered capital RMB1,800,000	51%	–	51%	Research and development and sale of electricity monitoring system

Notes:

(a) Guangzhou Global Link Communications Inc. and 廣州勝億交通信息軟件有限公司 are registered as wholly-foreign-owned enterprises under the PRC law.

(b) 北京國聯偉業通信技術有限公司 and 廣州國聯電力科技發展有限公司 are registered as foreign-invested enterprises with limited liabilities.

FOR THE YEAR ENDED 31 MARCH 2011

16. INVENTORIES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Spare parts and accessories	**8,251**	–

The analysis of the amount of inventories recognised as an expenses is as follows:

	2011	2010
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**53,798**	53,772
Write down of inventories	**–**	–
Reversal of write-down of inventories	**–**	–
	53,798	53,772

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables and bills receivables	**91,387**	50,375	**–**	–
Less: allowance for doubtful debts	**(1,667)**	(701)	**–**	–
	89,720	49,674	**–**	–
Other receivables	**1,053**	696	**–**	–
Amounts due from subsidiaries	**–**	–	**43,861**	10,194
	90,773	50,370	**43,861**	10,194

All of the trade and other receivables (including amounts due from subsidiaries) 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 (note 21).

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

17. TRADE AND OTHER RECEIVABLES *(continued)*

(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
	HK$'000	*HK$'000*
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. Further details on the Group's credit policy are set out in note 5(b).

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 (see note 3(s)).

Movement in the allowance for doubtful debts are as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
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

17. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Impairment of trade receivables *(continued)*

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.

18. DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits	**3,212**	1,659	**–**	–
Prepayments	**347**	203	**203**	203
	3,559	1,862	**203**	203

All of the deposits and prepayments are expected to be recovered within one year. At the end of the reporting period, none of the deposits and prepayments are past due but not impaired.

19. PLEDGED BANK DEPOSIT AND BALANCE

As at 31 March 2011, there was no bank deposit and balance pledged to any bank to secure general banking facilities granted to the Group. In 2010, a subsidiary of the Company pledged bank deposits of HK$889,000 to a bank to secure general banking facilities granted to that subsidiary. The pledged deposits has been released during the year.

20. CASH AND CASH EQUIVALENTS

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Cash at bank and on hand	**44,418**	16,966
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**44,418**	16,966

The interest rates on the cash at bank and deposits with banks ranged from 0.36% to 1.21% (2010: 0.36%) per annum.

Included in the cash and bank balances of the Group was approximately HK$15,467,000 (2010: HK$14,705,000) that were bank deposits placed with banks in the PRC and denominated in Renminbi. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

21. INTEREST-BEARING BORROWINGS – SECURED

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

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

At 31 March 2011, total interest-bearing bank loans of HK$10,925,000 were due for repayment as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Portion of bank loans due for repayment within one year	**10,925**	–

21. INTEREST-BEARING BORROWINGS – SECURED *(continued)*

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 rate	**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 (note 17).

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

22. TRADE AND OTHER PAYABLES

	The Group		**The Company**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**9,406**	14,414	**–**	–
Other payables	**10,088**	7,209	**220**	170
Deposits received from customers	**19**	222	**–**	–
Amount due to a subsidiary	**–**	–	**390**	326
	19,513	21,845	**610**	496

All of the trade and other payables (including amount due to a subsidiary) are expected to be settled within one year or are repayable on demand.

Amount due to a subsidiary is unsecured, interest-free and 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
	HK$'000	*HK$'000*
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

23. DEFFERED TAXATION

a) Deferred tax assets not recognised

As at 31 March 2011, the Group had unused tax losses of approximately HK$22,090,000 (2010: HK$17,331,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$3,000, HK$118,000, HK$176,000, HK$2,015,000 and HK$2,865,000 (2010: HK$173,000, HK$3,000, HK$118,000, HK$176,000 and HK$2,015,000 that will expire in 2011, 2012, 2013, 2014 and 2015 respectively) that will expire in 2012, 2013, 2014, 2015 and 2016 respectively according to the prevailing tax laws and regulations in the country in which the entity operates. Other losses may be carried forward indefinitely subject to the final assessment of the relevant tax authority.

As at 31 March 2011, the aggregate amount of temporary differences associated with allowance for doubtful debts against which no deferred tax assets have been recognised was approximately HK$1,538,000 (2010: HK$572,000). No deferred tax asset has been recognised in respect of these differences because the directors are of the opinion that it is uncertain as to whether the provisions will be accepted by the relevant local tax authority as tax deductible.

b) Deferred tax liabilities not recognised

Under CaiShui (2008) No. 1 Notice on certain preferential corporate income tax policies, Hong Kong tax residents which hold 25% or more of a PRC enterprise are entitled to a reduced dividend withholding tax rate of 5%. The Company will be subject to a 5% withholding tax on dividends receivable from its PRC subsidiaries in respect of its profits earned since 1 January 2008.

At 31 March 2011, temporary differences relating to the undistributed profits of a PRC subsidiary for the period from 1 January 2008 to 31 March 2011 amounted to approximately HK$58,908,000 (2010: HK$24,521,000). Deferred tax liabilities of approximately HK$2,945,000 (2010: HK$1,226,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

24. CAPITAL AND RESERVES

a) Share capital

	2011		2010	
	No. of Shares	**Amount**	No. of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
Ordinary share of HK$0.01 each:				
At the beginning of the year	**777,473,500**	**7,775**	777,473,500	7,775
Issurance of share by placing	**155,000,000**	**1,550**	–	–
Exercise of share options	**25,556,000**	**255**	–	–
At the end of the year	**958,029,500**	**9,580**	777,473,500	7,775

24. CAPITAL AND RESERVES *(continued)*

b) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share option reserve	**Share premium**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	1,195	25,498	(23,672)	3,021
Loss for the year *(note 11)*	–	–	(874)	(874)
At 31 March 2010	1,195	25,498	(24,546)	2,147
At 1 April 2010	1,195	25,498	(24,546)	2,147
Loss for the year *(note 11)*	–	–	(1,016)	(1,016)
Issuance of share by placing	–	34,100	–	34,100
Issuance of shares by exercising of share option	–	664	–	664
Issuing expenses in connection with placing	–	(1,610)	–	(1,610)
At 31 March 2011	**1,195**	**58,652**	**(25,562)**	**34,285**

c) Dividends

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

d) Nature and purpose of reserves

i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3 (c).

24. CAPITAL AND RESERVES *(continued)*

d) Nature and purpose of reserves *(continued)*

iii) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of shares issuable under unexercised share options granted to employees of the Group recognised in accordance with accounting policy adopted for share-based payment in note 3 (m)(iv).

iv) Merger reserve

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.

v) Statutory reserve

In accordance with the PRC Company Law, the profit after taxation is applied in the following order:

(1) making up of losses;
(2) allocation to statutory surplus reserve;
(3) allocation to discretionary surplus reserve; and
(4) payment of dividends in respect of shareholders.

In accordance with the PRC Company Law and the relevant Articles of Association, the Company's PRC subsidiaries are required to appropriate amounts equal to 10% of their profit after taxation as determined in accordance with the PRC accounting standards to each of its statutory reserve.

Statutory reserve is part of shareholders' equity and when its balance reaches an amount equal to 50% of the PRC subsidiaries' registered capital, further appropriation needs not be made. According to the PRC Company Law, statutory reserve may be used to make up past losses, to increase production and business operations or to increase capital by means of conversion. However when funds from statutory reserve are converted to capital, the funds remaining in such reserve shall amount to not less than 25% of the registered capital.

e) Distributability of reserves

At 31 March 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$33,090,000 (2010: HK$952,000).

f) Capital management

The capital structure of the Group consists of bank borrowings in an amount of HK$10,925,000 (2010: Nil) (note 21) and cash and cash equivalents in an amount of approximately HK$44,418,000 (2010: approximately HK$16,966,000) (note 20).

24. CAPITAL AND RESERVES *(continued)*

f) Capital management *(continued)*

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group's overall strategy remains unchanged from 2010.

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

25. SHARE OPTION SCHEMES

The Group operates two share option schemes, namely, Pre-IPO Share Option Scheme and Share Option Scheme.

Pursuant to the Pre-IPO Share Option Scheme of the Company adopted on 24 October 2002, the directors, employees, consultants and advisors of the Group were granted share options to subscribe for shares of the Company at an exercise price of HK$0.036 each. Share options granted under the Pre-IPO Share Option Scheme have a duration of 10 years from the date of grant of the options and exercisable after one to two years from the date of listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The purpose of the Pre-IPO Share Option Scheme was to give a reward for the contribution made by the grantees to the Group.

Under the Share Option Scheme of the Company adopted on 24 October 2002, the directors, employees and business associates ("participants") may be granted share options to subscribe for shares of the Company at an exercise price determined by the Board of Directors and shall be at least the highest of (i) the nominal value of a share; (ii) the closing price of the Company's share on the offer date; or (iii) the average closing price of the Company's shares for the five business days immediately preceding the offer date. The options granted in the year 2003 and year 2007 under the Share Option Scheme are exercisable within a period of not more than 10 years and 2 years respectively from the offer date and subject to vesting provisions as determined by the Board of Directors. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group.

The number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other share option scheme adopted by the Company shall not exceed 30% of the issued shares of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 66,002,450 shares of the Company, representing 10% of the Company's total number of shares in issue as at 29 July 2004, being the date of approval of the refreshment of the share option scheme limit, or representing 6.9% of the Company's total number of shares in issue as at the date of this annual report.

25. SHARE OPTION SCHEMES *(continued)*

The maximum number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme and any other share option scheme of the Company to any one participant in any 12-month period may not exceed 1% of the shares of the Company in issue from time to time. Any further grant in excess of this limit is subject to the approval of the Company' shareholders. Any grant of options to a director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates must be approved by all independent non-executive directors of the Company. In addition, any further grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates that would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in a 12-month period in excess of 0.1% of the Company's shares in issue and having an aggregate value, based on the closing price of the Company's shares at the date of grant, in excess of HK$5 million is subject to the issue of a circular of the Company and the approval of the shareholders of the Company.

Each option gives the holder the right to subscribe for one share of the Company. A consideration of HK$1 will be payable by the grantee upon acceptance of the offer of share options.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme were disclosed in the prospectus of the Company dated 31 October 2002.

Movements in share options are as follows:

	2011			2010		
	Weighted average exercise price HK$ per share	**Number of share options Pre-IPO Share Option Scheme**	**Share Option Scheme**	Weighted average exercise price HK$ per share	Number of share options Pre-IPO Share Option Scheme	Share Option Scheme
Outstanding at the beginning of year	**0.038**	**31,193,500**	**800,000**	0.105	31,193,500	17,200,000
Granted	**–**	**–**	**–**	–	–	–
Exercised	**0.036**	**(25,556,000)**	**–**	–	–	–
Lapsed	**–**	**–**	**–**	0.242	–	(16,400,000)
Outstanding at the end of year	**0.048**	**5,637,500**	**800,000**	0.038	31,193,500	800,000
Vested and exercisable at the end of year	**0.048**	**5,637,500**	**800,000**	0.038	31,193,500	800,000

25. SHARE OPTION SCHEMES *(continued)*

Details of the outstanding share options at 31 March 2011:

Option scheme	Date of grant	Vesting period	Remaining contractual life as at 31 March (years)		Exercise period	Exercise price	No. of share options	No. of share options	Notes
			2011	2010		*HK$*	**2011**	2010	
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2003	**1.6**	2.6	13 November 2003 – 23 October 2012	0.036	**–**	14,167,000	(a)
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2004	**1.6**	2.6	13 November 2004 – 23 October 2012	0.036	**5,637,500**	17,026,500	(a)
Share Option Scheme	10 December 2003	10 December 2003 – 9 December 2005	**2.7**	3.7	10 December 2005 – 9 December 2013	0.132	**800,000**	800,000	(b)

Note:

a) The Group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement polices have not been applied to these options granted, as these options were granted before 7 November 2002, or vested before 1 April 2005.

b) The estimated fair value at date of grant of each of the options granted under the Share Option Scheme is HK$0.075.

The fair value was calculated using the Black-Scholes Pricing Model. The inputs into the model were as follows:

Weighted average share price	HK$0.123
Weighted average exercise price	HK$0.132
Expected volatility	83.78%
Option life	10 years
Risk free rate	1.57%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over past 260 trade days ended 10 December 2003. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

26. EMPLOYEE RETIREMENT BENEFITS

The Group participates in mandatory provident fund scheme established under Mandatory Provident Fund Ordinance ("MPF Scheme"). The Group is required to participate in a MPF Scheme operated by approved trustees in Hong Kong and to make compulsory contributions for its eligible employees. The Group's contributions to MPF Scheme are set at 5% of employees' relevant income up to a maximum of HK$1,000 per employee per month.

The employees of the Group participate in a retirement benefit plan (社會保險基金) organised by the Guangzhou Labour and Social Security Department (廣州市勞動和社會保障局) and 北京市社會保障基金管理中心 of the PRC under which the Group was required to make monthly defined contributions to the plan at certain rates of the relevant employees' basic salaries during the year.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments discussed above.

The total cost charged to the profit or loss of approximately HK$737,000 (2010: approximately HK$252,000) represents contributions payable to the MPF Scheme and the retirement benefit plan in the PRC (note 9(b)).

27. COMMITMENTS

At 31 March 2011, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Not later than one year	**1,190**	1,182
In second to fifth years inclusive	**2,994**	5,447
Total	**4,184**	6,629

28. CONTINGENT LIABILITIES

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

	2011	2010
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**–**	889

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.

29. RELATED PARTY TRANSACTIONS

a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

b) Details of transactions between the Group and other related parties, save as disclosed elsewhere in these financial statements.

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary course of business.

c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 13, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**1,520**	1,264
Retirement scheme contributions	**24**	23
	1,544	1,287

Total remuneration is included in "staff costs" (see note 9(b)).

30. 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.