



國 聯 通 信 控 股 有 限 公 司

Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

INTERIM RESULTS ANNOUNCEMENT 2012

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

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

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

HIGHLIGHTS

Turnover for the six months ended 30 September 2012 was approximately HK\$65,623,000, representing a 54% increase from that of the Last Corresponding Period.

Profit attributable to equity shareholders of the Company for the six months ended 30 September 2012 was approximately HK\$10,390,000, representing a 64% increase from that of the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board of directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“**Global Link**” or the “**Group**”) for the three months and the six months ended 30 September 2012 together with the unaudited comparative figures for the corresponding period in 2011 (“**Last Corresponding Period**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue	2 & 4	37,714	19,917	65,623	42,531
Cost of sales		<u>(25,674)</u>	<u>(12,787)</u>	<u>(44,413)</u>	<u>(27,656)</u>
Gross profit		12,040	7,130	21,210	14,875
Other income		173	1,228	402	2,819
Selling expenses		(2,111)	(2,187)	(4,017)	(4,513)
Administrative expenses		(2,632)	(3,021)	(5,015)	(5,350)
Finance costs		<u>-</u>	<u>(108)</u>	<u>-</u>	<u>(249)</u>
Profit before taxation	3	7,470	3,042	12,580	7,582
Income tax	5	<u>(1,345)</u>	<u>(835)</u>	<u>(2,416)</u>	<u>(1,723)</u>
Profit for the period		<u>6,125</u>	<u>2,207</u>	<u>10,164</u>	<u>5,859</u>
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations		<u>(700)</u>	<u>-</u>	<u>(851)</u>	<u>2,190</u>
Total comprehensive income for the period		<u>5,425</u>	<u>2,207</u>	<u>9,313</u>	<u>8,049</u>
Profit attributable to:					
Equity shareholders of the Company		6,209	2,568	10,390	6,338
Non-controlling interests		<u>(84)</u>	<u>(361)</u>	<u>(226)</u>	<u>(479)</u>
		<u>6,125</u>	<u>2,207</u>	<u>10,164</u>	<u>5,859</u>
Total comprehensive income attributable to:					
Equity shareholders of the Company		5,509	2,568	9,539	8,528
Non-controlling interests		<u>(84)</u>	<u>(361)</u>	<u>(226)</u>	<u>(479)</u>
		<u>5,425</u>	<u>2,207</u>	<u>9,313</u>	<u>8,049</u>
Earnings per share (in HK cents):	7				
- Basic		<u>0.65</u>	<u>0.27</u>	<u>1.08</u>	<u>0.66</u>
- Diluted		<u>0.64</u>	<u>0.27</u>	<u>1.08</u>	<u>0.66</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	2,386	2,893
Deferred tax assets		4,157	4,998
Current assets			
Inventories		13,044	5,959
Trade and other receivables	9	105,520	86,380
Deposits and prepayments		15,735	15,061
Cash and bank balances		31,636	42,007
		165,935	149,407
Current liabilities			
Trade and other payables	10	23,387	18,783
Provision for taxation	5	10,458	9,195
		33,845	27,978
Net current assets		132,090	121,429
Net assets		138,633	129,320
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital		9,608	9,608
Reserves		131,719	122,179
		141,327	131,787
Non-controlling interests		(2,694)	(2,467)
Total equity		138,633	129,320

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in) from operating activities	(9,845)	(4,230)
Net cash generated from/(used in) investing activities	325	(684)
Net cash (used in)/generated from financing activities	<u>–</u>	<u>(6,355)</u>
Net (decrease) in cash and cash equivalents	(9,520)	(11,269)
Cash and cash equivalents at 1 April	42,007	44,418
Effect of foreign exchange rate changes	<u>(851)</u>	<u>2,190</u>
Cash and cash equivalents at 30 September	<u>31,636</u>	<u>35,339</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company									
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Exchange reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
As at 1 April 2011	9,580	58,652	2,135	5,858	1,195	31,821	5,649	114,890	(1,847)	113,043
Total comprehensive income for the period	-	-	-	2,190	-	6,338	-	8,528	(479)	8,049
As at 30 September 2011	<u>9,580</u>	<u>58,652</u>	<u>2,135</u>	<u>8,048</u>	<u>1,195</u>	<u>38,159</u>	<u>5,649</u>	<u>123,418</u>	<u>(2,326)</u>	<u>121,092</u>
As at 1 April 2012	9,608	58,725	2,135	9,281	1,195	42,284	8,559	131,787	(2,467)	129,320
Total comprehensive income for the period	-	-	-	-	-	10,390	-	10,390	(226)	10,164
Other comprehensive income										
Exchange differences on translating foreign operations	-	-	-	(851)	-	-	-	(851)	-	(851)
As at 30 September 2012	<u>9,608</u>	<u>58,725</u>	<u>2,135</u>	<u>8,430</u>	<u>1,195</u>	<u>52,674</u>	<u>8,559</u>	<u>141,326</u>	<u>(2,693)</u>	<u>138,633</u>

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. REVENUE

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

3. PROFIT BEFORE TAXATION

Profit before tax is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Depreciation	228	306	500	460
Minimum lease payments under operating lease – land and buildings	364	432	787	739
Staff costs including directors' emolument	4,203	3,039	8,438	6,180

4. SEGMENTAL INFORMATION

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

Segment revenue of PRC comprises the revenue from supply, development and integration of passenger information management system and electricity monitoring system while the segment revenue of Hong Kong comprises the revenue from supply, development and integration of message communication systems.

No reportable operating segment has been aggregated.

(a) Segment results

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

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

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

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

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2012 and 2011 is set out below.

	PRC		Hong Kong		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2012	2011	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue						
Inter-segment revenue	27	–	318	–	345	–
Revenue from external customers	65,368	42,467	255	64	65,623	42,531
	<u>65,395</u>	<u>42,467</u>	<u>573</u>	<u>64</u>	<u>65,968</u>	<u>42,531</u>
Reportable segment profit	<u>20,431</u>	<u>15,550</u>	<u>98</u>	<u>305</u>	<u>20,529</u>	<u>15,855</u>
Interest revenue	124	48	195	148	319	196
Interest expenses	–	(135)	–	–	–	(135)
Depreciation	446	(406)	54	(54)	500	(460)
Allowance for doubtful debts	<u>853</u>	<u>(805)</u>	<u>–</u>	<u>–</u>	<u>853</u>	<u>(805)</u>

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

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue		
Total reportable segments' revenue	65,968	42,531
Elimination of inter-segment revenue	<u>(345)</u>	<u>—</u>
Consolidated turnover	<u>65,623</u>	<u>42,531</u>
Profit		
Total reportable segments' profit	20,529	15,855
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Reportable segment profit derived from Group's external customer	20,529	15,855
Bank interest income	319	196
Finance costs	—	(135)
Unallocated head office and corporate expenses	<u>(8,268)</u>	<u>(8,334)</u>
Consolidated profit before tax expenses	<u>12,580</u>	<u>7,582</u>

(c) **Revenue from major products and services**

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

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Supply, development and integration of message communication systems	–	698
Supply, development and integration of passenger information management system	64,102	41,514
Electricity monitoring system	1,521	319
	<u>65,623</u>	<u>42,531</u>

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the six months ended 30 September 2012 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the six months ended 30 September 2012 (2011: Nil).

A PRC subsidiary, Guangzhou Global Link Communications Inc. (“**Guangzhou GL**”) has been approved as a high and new technology enterprise and is entitled to a concessionary rate of Enterprise Income Tax (“**EIT**”) at 15% until 22 August 2014. EIT tax charge for the six months ended 30 September 2012 was HK\$2,416,000 (2011: HK\$1,723,000).

Pursuant to the relevant laws and regulations applicable to newly established software production enterprises in the PRC, another PRC subsidiary, 廣州勝億交通信息軟件有限公司 (“**勝億**”), was exempted from EIT for the year ended 31 December 2011, followed by a 50% reduction in the applicable tax rate of 25% for a period of 3 years from 1 January 2012. These tax concessions will expire after 31 December 2014.

Except for Guangzhou GL and 勝億 as mentioned above, another subsidiary located in the PRC is subject to the EIT at rate of 25% (2011: 25%) on its assessable profits.

There was no significant unprovided deferred taxation for the six months ended 30 September 2012.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2012 (2011: Nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the six months ended 30 September 2012 of approximately HK\$10,390,000 (2011: HK\$6,338,000) and the weighted average number of approximately 960,808,000 ordinary shares (2011: 958,030,000 ordinary shares) in issue.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the six months ended 30 September 2012 of approximately HK\$10,390,000 (2011: HK\$6,338,000) and the weighted average number of approximately 962,706,000 ordinary shares (2011: 963,110,000 ordinary shares) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012 (Unaudited) '000	2011 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	960,808	958,030
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	<u>1,898</u>	<u>5,080</u>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<u><u>962,706</u></u>	<u><u>963,110</u></u>

8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2012 (Unaudited) HK\$'000
Opening balance	2,893
Additions	6
Depreciation	(500)
Exchange realignment	<u>(13)</u>
Closing balance	<u><u>2,386</u></u>

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2012 (Unaudited) <i>HK\$'000</i>	As at 31 March 2012 (Audited) <i>HK\$'000</i>
Trade receivables and bills receivables	103,155	85,301
Other receivables	<u>2,365</u>	<u>1,079</u>
	<u>105,520</u>	<u>86,380</u>

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

	As at 30 September 2012 (Unaudited) <i>HK\$'000</i>	As at 31 March 2012 (Audited) <i>HK\$'000</i>
Between 0 to 90 days	48,257	30,284
Between 91 to 180 days	21,980	10,391
Between 181 to 365 days	13,764	27,963
Between 1 to 2 years	<u>12,700</u>	<u>10,076</u>
	96,701	78,714
Retention receivables	<u>6,454</u>	<u>6,587</u>
	<u>103,155</u>	<u>85,301</u>

Customers are generally granted with credit terms of 30 days to 90 days.

10. TRADE AND OTHER PAYABLES

	As at 30 September 2012 (Unaudited) <i>HK\$'000</i>	As at 31 March 2012 (Audited) <i>HK\$'000</i>
Trade payables	8,085	5,640
Other payables	15,165	13,042
Deposits received from customers	<u>137</u>	<u>101</u>
	<u>23,387</u>	<u>18,783</u>

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

	As at 30 September 2012 (Unaudited) <i>HK\$'000</i>	As at 31 March 2012 (Audited) <i>HK\$'000</i>
Between 0 to 90 days	4,154	1,277
Between 91 to 180 days	2,003	2,241
Between 181 to 365 days	–	243
Between 1 to 2 years	713	1,291
Over 2 years	1,215	588
	<u>8,085</u>	<u>5,640</u>

11. COMMITMENTS

As at 30 September 2012, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	As at 30 September 2012 (Unaudited) <i>HK\$'000</i>	As at 31 March 2012 (Audited) <i>HK\$'000</i>
Not later than one year	1,402	1,500
In second to fifth years inclusive	1,536	2,237
	<u>2,938</u>	<u>3,737</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

During the period under review, the PRC government has implemented the Twelfth Five Year Plan in a steady and concrete manner, and has increased the investment in railway transportation industry. A total of RMB2.3 trillion will be invested in railway infrastructure, which is 8.6% higher than the RMB1.98 trillion actual investment made under the Eleventh Five Year Plan. In respect of railway transportation in city, the National Development and Reform Commission has approved construction projects of 20 cities, over 30 lines and approximately 1,000 kilometres, with a total investment of RMB600 billion.

Promoted by the PRC government's investment in the industry, enterprises related to the railway transportation industry have got development opportunity. As China South Locomotive and Rolling Stock Corporation Limited ("CSR") and China Northern Locomotive and Rolling Stock Industry (Group) Corporation ("CNR") have sped up train delivery, the Group has delivered its contracted product for nearly 10 railway lines in 6 cities. Turnover for the six months ended 30 September 2012 has reached a record high, representing 54% increase as compared to the Last Corresponding Period.

The Group's specialisation and creativity on its train information system for railway transportation and technology were well recognized by integrated manufacturers and customers in the industry. During the period under review, the Group's operating results have improved as demonstrated in the following aspects:– (i) the Group's system solution has passed the repeated strict testing of a well-known train manufacturer overseas and affiliated export products obtained authentication, and form a base for the Group's strategy to explore overseas market; (ii) the Group has recently obtained several new contracts, mainly from Hong Kong and overseas, as a result of the Group's satisfactory performance in several overseas projects in previous years; and (iii) while the number of the Group's customers increases, projects delivered in previous years have reached the stage of capacity expansion and paid services and income derived therefrom has a significant increase as compared to the Last Corresponding Period.

The Group believes, under the direction of the PRC government's construction and investment policy in the railway transportation industry, the industry will continue to develop. In coming years, increasing number of cities will invest in new railway lines construction, and core cities having certain railway lines will develop new railway lines as well as purchase new trains for existing lines, and it will bring huge opportunity to the Group.

The Group has accumulated years of operating experience in the railway transportation industry and has established a firm foundation for future product and technology creativity. The Group will insist on providing better service to its customers and continuously launch new applications to enhance its competitive edge.

Financial review

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK\$65,623,000, a 54% increase comparing with that of the Last Corresponding Period. Gross profit at approximately HK\$21,210,000 with gross margin at 32%. Net profit attributable to equity shareholders of the Company for the period under review was approximately HK\$10,390,000, a 64% increase comparing with that of the Last Corresponding Period.

During the period under review, as CSR and CNR have sped up train delivery, the Group has delivered its contracted product for nearly 10 railway lines in 6 cities and resulted in an increase in turnover.

The Group strives for innovative development for its train information system and other new applications and has increased investment in research and development as well as salary for the research and development personnel. Headcount for technical staff also increased to cope with increased product delivery and project maintenance services. Production expenses increased as a result of increased production staff and overtime hours to cope with the increase in product delivery plan. The above factors have caused the decrease in gross profit margin.

Under strict implementation of financial budget, selling expenses and administrative expenses decreased as compared to that of the Last Corresponding Period.

The increase in net profit attributable to equity Shareholders were mainly caused by increase in turnover and the decrease in selling and administrative expenses.

Capital structure

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review the financial forecast of the Group on a regular basis. As at 30 September 2012, the Group had a total cash and bank balances, amounted to approximately HK\$31,636,000.

Employee information

As at 30 September 2012, the Group had 193 employees (2011: 193 employees), 185 and 8 of them are working in the PRC and Hong Kong, respectively. For the six months ended 30 September 2012, staff cost including Directors' remuneration was approximately HK\$8,438,000 (2011: approximately HK\$6,180,000).

Liquidity, financial resources and gearing

As at 30 September 2012, the Group had net current assets of approximately HK\$132,090,000, of which approximately HK\$31,636,000 were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Contingent liabilities

As at 30 September 2012, the Group had no material contingent liabilities.

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

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

As at 30 September 2012, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors and chief executives, if any, were as follows:

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	175,773,600 ordinary shares Long position	18.29%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note)	8.26%
		Beneficial owner	8,889,000 ordinary shares Long position	0.93%
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	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:

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 30 September 2012, so far as is known to the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2012, so far as is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
Bright Cosmos Holdings Limited	Beneficial owner	79,347,600 ordinary shares Long position	8.26%

Note:

The entire issued share capital of Bright Cosmos Holdings Limited is held by Hu Zhi Jian.

Save as disclosed above, as at 30 September 2012, so far as is known to the Directors, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

SHARE OPTION SCHEMES

The Group currently operates two share option schemes, namely the Pre-IPO Share Option Scheme and Share Option Scheme (as defined below).

Pursuant to the Pre-IPO Share Option Scheme, the 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:

Name of grantee	Date of grant	Number of share options under the Pre-IPO Share Option Scheme				
		Number of share options granted	Outstanding as at 1 April 2012	Lapsed during the period under review	Exercised during the period under review	Outstanding as at 30 September 2012
<i>Executive Directors</i>						
Ma Yuanguang	24 October 2002	10,556,000	-	-	-	-
Hu Zhi Jian	24 October 2002	8,889,000	-	-	-	-
<i>Non-executive Director</i>						
Wing Kee Eng, Lee	24 October 2002	2,778,000	-	-	-	-
<i>Independent non-executive Directors</i>						
Hu Tiejun	24 October 2002	833,000	-	-	-	-
Lu Ting Jie	24 October 2002	833,000	-	-	-	-
Advisers/consultants	24 October 2002	9,054,000	2,470,500	-	-	2,470,500
Other employees of the Group	24 October 2002	3,360,000	-	-	-	-
Others (Note 1)	24 October 2002	<u>21,468,000</u>	<u>389,000</u>	<u>-</u>	<u>-</u>	<u>389,000</u>
Total		<u>57,771,000</u>	<u>2,859,500</u>	<u>-</u>	<u>-</u>	<u>2,859,500</u>
						<i>(Note 2)</i>

Note:

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

(2) The 2,859,500 options had lapsed in October 2012.

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.

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

Capacity	Date of grant	Number of share options under Share Option Scheme					Exercise price
		Number of share options granted	Outstanding as at 1 April 2012	Lapsed during the period under review	Exercised during the period under review	Outstanding as at 30 September 2012	
<i>Executive Directors</i>							
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		<u>22,910,000</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	

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 Company immediately before the date on which the options were granted was HK\$0.220. The options had lapsed in October 2009.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus of the Company dated 31 October 2002.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2012.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, namely Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited interim results for the six months ended 30 September 2012 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

By order of the Board

Ma Yuanguang

Chairman

Hong Kong, 13 November 2012

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