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Global Link

國 聯 通 信 控 股 有 限 公 司

**Global Link Communications Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

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

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

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

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

## **HIGHLIGHTS**

- Turnover of the Group for the year ended 31 March 2014 was approximately HK\$68,133,000, representing a decrease of approximately 44%, as compared with that for the year ended 31 March 2013.
- Loss attributable to equity shareholders of the Company was approximately HK\$56,809,000 for the year ended 31 March 2014 and net profit of approximately HK\$19,267,000 was recorded in the Last Corresponding Period.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2014.

The board of directors (the “Directors”) of Global Link Communications Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014 together with the audited comparative figures for the year ended 31 March 2013 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	<i>Note</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>68,133</b>	121,120
Cost of sales		<u>(53,952)</u>	<u>(82,796)</u>
Gross profit		<b>14,181</b>	38,324
Other revenue and net income	5	<b>3,238</b>	5,664
Selling expenses		<b>(15,817)</b>	(8,697)
Administrative expenses		<b>(14,359)</b>	(11,707)
Loss on disposal of a subsidiary		<b>(1,622)</b>	–
Other operating expenses		<u>(38,663)</u>	<u>–</u>
<b>(Loss)/profit before taxation</b>	6	<b>(53,042)</b>	23,584
Income tax	8	<u>(3,780)</u>	<u>(3,189)</u>
<b>(Loss)/profit for the year</b>		<b>(56,822)</b>	20,395
<b>Other comprehensive income for the year:</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating of financial statements of foreign operations		<b>836</b>	1,647
Reclassification adjustments relating to overseas subsidiary disposed of during the year		<b>299</b>	–
		<u>1,135</u>	<u>1,647</u>
<b>Other comprehensive income for the year, net of income tax</b>		<b>1,135</b>	1,647
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(55,687)</b></u>	<u>22,042</u>
<b>(Loss)/profit attributable to:</b>			
Equity shareholders of the Company		<b>(56,809)</b>	19,267
Non-controlling interests		<b>(13)</b>	1,128
		<u><b>(56,822)</b></u>	<u>20,395</u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity shareholders of the Company		<b>(55,674)</b>	20,904
Non-controlling interests		<b>(13)</b>	1,138
		<u><b>(55,687)</b></u>	<u>22,042</u>
<b>(Loss)/earnings per share (in HK cents):</b>			
– Basic	10	<u><b>(5.91 cents)</b></u>	<u>2.01 cents</u>
– Diluted	10	<u><b>(5.91 cents)</b></u>	<u>2.00 cents</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	<i>Note</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,433</b>	1,941
Intangible asset		<b>2,420</b>	3,061
Pledged bank deposit		–	808
Deferred tax assets		<b>346</b>	3,516
		<u><b>4,199</b></u>	<u>9,326</u>
<b>Current assets</b>			
Inventories		<b>23,579</b>	24,269
Trade and other receivables	<i>11</i>	<b>57,130</b>	95,503
Deposits and prepayments		<b>10,020</b>	17,897
Pledged bank deposit		<b>808</b>	–
Cash and cash equivalents		<b>29,297</b>	31,674
		<u><b>120,834</b></u>	<u>169,343</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>13,181</b>	18,714
Provision		<b>5,743</b>	–
Provision for taxation		<b>7,798</b>	8,593
		<u><b>26,722</b></u>	<u>27,307</u>
<b>Net current assets</b>		<u><b>94,112</b></u>	<u>142,036</u>
<b>Total assets less current liabilities</b>		<u><b>98,311</b></u>	<u>151,362</u>
<b>Non-current liabilities</b>			
Provision		<b>1,257</b>	–
Provision for long service payments		<b>56</b>	–
		<u><b>1,313</b></u>	<u>–</u>
<b>NET ASSETS</b>		<u><b>96,998</b></u>	<u>151,362</u>
<b>CAPITAL AND RESERVES</b>			
Equity attributable to equity shareholders of the Company			
Share capital		<b>9,608</b>	9,608
Reserves		<b>87,409</b>	143,083
		<u><b>97,017</b></u>	<u>152,691</u>
Non-controlling interests		<b>(19)</b>	(1,329)
<b>TOTAL EQUITY</b>		<u><b>96,998</b></u>	<u>151,362</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Retained profits	Statutory reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	9,608	58,725	2,135	9,281	1,195	42,284	8,559	131,787	(2,467)	129,320
Profit for the year	-	-	-	-	-	19,267	-	19,267	1,128	20,395
Other comprehensive income	-	-	-	1,637	-	-	-	1,637	10	1,647
Total comprehensive income for the year	-	-	-	1,637	-	19,267	-	20,904	1,138	22,042
Transfer to reserve	-	-	-	-	-	(2,248)	2,248	-	-	-
At 31 March 2013	<u>9,608</u>	<u>58,725<sup>(#)</sup></u>	<u>2,135<sup>(#)</sup></u>	<u>10,918<sup>(#)</sup></u>	<u>1,195<sup>(#)</sup></u>	<u>59,303<sup>(#)</sup></u>	<u>10,807<sup>(#)</sup></u>	<u>152,691</u>	<u>(1,329)</u>	<u>151,362</u>
At 1 April 2013	9,608	58,725	2,135	10,918	1,195	59,303	10,807	152,691	(1,329)	151,362
Loss for the year	-	-	-	-	-	(56,809)	-	(56,809)	(13)	(56,822)
Other comprehensive income	-	-	-	1,135	-	-	-	1,135	-	1,135
Total comprehensive (loss)/ income for the year	-	-	-	1,135	-	(56,809)	-	(55,674)	(13)	(55,687)
Transfer of share option reserve upon the expiry of share options	-	-	-	-	(1,195)	1,195	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	1,323	1,323
At 31 March 2014	<u>9,608</u>	<u>58,725<sup>(#)</sup></u>	<u>2,135<sup>(#)</sup></u>	<u>12,053<sup>(#)</sup></u>	<u>-<sup>(#)</sup></u>	<u>3,689<sup>(#)</sup></u>	<u>10,807<sup>(#)</sup></u>	<u>97,017</u>	<u>(19)</u>	<u>96,998</u>

<sup>(#)</sup> These accounts comprise the consolidated reserves of approximately HK\$87,409,000 (2013: HK\$143,083,000) in the consolidated statement of financial position.

Notes:

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 6-7F., No. 1037, Gaopu Road, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

In the current year, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The Group's "consolidated statement of comprehensive income" is renamed as "consolidated statement of profit or loss and other comprehensive income".

## **Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities**

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

## **HKFRS 10 Consolidated Financial Statements**

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Company has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Company in respect of its involvement with other entities as at 1 April 2013.

## **HKFRS 12 Disclosure of Interests in Other Entities**

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Company, the Company has provided those disclosures.

### 3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

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 2014 and which have not been adopted in these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>5</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>4</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>6</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>6</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>5</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK (IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

<sup>3</sup> Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

<sup>4</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2016

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. REVENUE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue from the supply, development and integration of message communication system, passenger information management system and electricity monitoring system	<u><b>68,133</b></u>	<u>121,120</u>

#### 5. OTHER REVENUE AND NET INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
a) Other revenue		
Bank interest income	<u>706</u>	<u>748</u>
Total interest income on financial assets not at fair value through profit or loss	706	748
Refund on value-added tax	1,488	1,109
Write-back of trade and other payables	1,007	3,497
Other income	<u>8</u>	<u>84</u>
	<u><b>3,209</b></u>	<u>5,438</u>
b) Other net income		
Net exchange gain	<u>29</u>	<u>226</u>
	<u><b>3,238</b></u>	<u>5,664</u>

## 6. (LOSS)/PROFIT BEFORE TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>a) Staff costs, including directors' emoluments</b>		
Salaries and wages	14,946	15,900
Contributions to retirement benefit schemes	1,515	1,456
Provision for staff welfare benefits	842	1,590
Provision for long service payments	56	–
	<u>17,359</u>	<u>18,946</u>
<b>b) Other items</b>		
Auditors' remuneration	422	360
Allowance for doubtful debts	7,137	222
(Reversal of)/provision for impairment of deposits	(997)	2,474
Cost of inventories sold *	53,952	64,671
Research and development costs #	13,473	15,228
Depreciation	605	960
Amortisation of intangible asset	649	144
Loss on disposal of property, plant and equipment	29	–
Increase in provision	7,088	–
Provision for long service payments	56	–
Net exchange gain	(29)	(226)
Minimum lease payments under operating lease – land and buildings	1,675	1,711
Loss on disposal of a subsidiary	1,622	–

\* Cost of inventories sold includes approximately HK\$10,671,000 (2013: HK\$10,169,000) relating to staff costs, depreciation expenses and amortisation charge 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 approximately HK\$13,473,000 (2013: HK\$15,228,000) which was included in cost of sales.

## 7. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the 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 and passenger information management system.

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 liabilities 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 or amortisation of assets 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 profit or loss and other comprehensive income.

All assets are allocated to reportable segments other than deferred tax assets. 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 2014 and 2013 is set out below.

	PRC		Hong Kong		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Reportable segment revenue</b>						
Inter-segment revenue	-	27	-	318	-	345
Revenue from external customers	<b>68,133</b>	120,865	-	255	<b>68,133</b>	121,120
	<b>68,133</b>	120,892	-	573	<b>68,133</b>	121,465
<b>Reportable segment (loss)/profit</b>	<b>(35,509)</b>	39,455	<b>(137)</b>	345	<b>(35,646)</b>	39,800
Research and development costs	<b>(13,473)</b>	(15,228)	-	-	<b>(13,473)</b>	(15,228)
Interest revenue	<b>280</b>	348	<b>426</b>	400	<b>706</b>	748
Depreciation	<b>(496)</b>	(852)	<b>(109)</b>	(108)	<b>(605)</b>	(960)
Amortisation of intangible asset	<b>(649)</b>	(144)	-	-	<b>(649)</b>	(144)
Allowance for doubtful debts	<b>(7,137)</b>	(222)	-	-	<b>(7,137)</b>	(222)
Loss on disposal of property, plant and equipment	<b>(28)</b>	-	<b>(1)</b>	-	<b>(29)</b>	-
Increase in provision	<b>(7,088)</b>	-	-	-	<b>(7,088)</b>	-
Provision for long service payments	-	-	<b>(56)</b>	-	<b>(56)</b>	-
Reversal of/(provision for) impairment of deposits	<b>997</b>	(2,474)	-	-	<b>997</b>	(2,474)
<b>Reportable segment assets</b>	<b>108,927</b>	156,010	<b>18,087</b>	21,470	<b>127,014</b>	177,480
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	<b>119</b>	3,237	<b>3</b>	6	<b>122</b>	3,243
Reportable segment liabilities	<b>19,898</b>	19,007	<b>2,666</b>	2,034	<b>22,564</b>	21,041

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>		
Total reportable segments' revenue	68,133	121,465
Elimination of inter-segment revenue	—	(345)
	<u>68,133</u>	<u>121,120</u>
Consolidated turnover	<u><b>68,133</b></u>	<u>121,120</u>
<b>(Loss)/profit</b>		
Total reportable segments' (loss)/profit	(35,646)	39,800
Elimination of inter-segment profits	—	—
	<u>(35,646)</u>	<u>39,800</u>
Reportable segment (loss)/profit derived from Group's external customer	(35,646)	39,800
Bank interest income	706	748
Unallocated head office and corporate expenses	(18,102)	(16,964)
	<u>(53,042)</u>	<u>23,584</u>
Consolidated (loss)/profit before tax expenses	<u><b>(53,042)</b></u>	<u>23,584</u>
<b>Assets</b>		
Total reportable segments' assets	127,014	177,480
Elimination of inter-segment receivables	(2,327)	(2,327)
	<u>124,687</u>	<u>175,153</u>
Deferred tax assets	346	3,516
	<u>125,033</u>	<u>178,669</u>
Consolidated total assets	<u><b>125,033</b></u>	<u>178,669</u>
<b>Liabilities</b>		
Total reportable segments' liabilities	22,564	21,041
Elimination of inter-segment payables	(2,327)	(2,327)
	<u>20,237</u>	<u>18,714</u>
Current tax liabilities	7,798	8,593
	<u>28,035</u>	<u>27,307</u>
Consolidated total liabilities	<u><b>28,035</b></u>	<u>27,307</u>

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

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

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Supply, development and integration of passenger information management system	<b>68,133</b>	119,357
Electricity monitoring system	—	1,763
	<b>68,133</b>	121,120

**d) Other geographical information**

	<b>Non-current assets</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
PRC	<b>3,822</b>	4,864
Hong Kong	<b>31</b>	138
	<b>3,853</b>	5,002

The Group's non-current assets, which include property, plant and equipment and intangible asset exclude financial instruments and deferred tax assets. The geographical location of the Group's non-current assets are based on the physical location of the asset under consideration in case of tangible assets, and the location of the operation to which they are allocated, in the case of intangible asset.

**e) Information about major customers**

Revenue from four (2013: four) customers in PRC operating and reportable segment amounted to approximately HK\$24,462,000, HK\$14,133,000, HK\$7,562,000 and HK\$6,961,000 (2013: HK\$52,065,000, HK\$20,604,000, HK\$12,984,000 and HK\$12,768,000), which individually represent more than 10% of the Group's total revenue.

No other single customer contributed 10% or more to the Group's total revenue for both 2014 and 2013.

## 8. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current year provision:		
PRC enterprise income tax	529	1,687
Underprovision in respect of prior years:		
PRC enterprise income tax	41	–
Deferred taxation		
Origination and reversal of temporary differences	<u>3,210</u>	<u>1,502</u>
	<u><u>3,780</u></u>	<u><u>3,189</u></u>

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the year. (2013: 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.

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 PRC EIT at rate of 25% (2013: 25%) on its assessable profits.

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

Reconciliation between tax expenses and accounting (loss)/profit at the applicable tax rates:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/profit before taxation	<u>(53,042)</u>	<u>23,584</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profits in the tax jurisdictions concerned	(7,721)	5,966
Tax effect of profits entitled to tax exemption in the PRC	(254)	(2,776)
Tax effect of non-taxable income	(77)	(243)
Tax effect of non-deductible expenses	2,262	417
Tax effect of unused tax losses not recognised	6,995	1,144
Tax effect of deductible temporary differences not recognised	2,824	–
Tax effect of utilisation of unused tax losses not recognised in prior years	–	(1,319)
Underprovision in respect of prior years	41	–
Others	<u>(290)</u>	<u>–</u>
Tax expenses	<u><u>3,780</u></u>	<u><u>3,189</u></u>

## 9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2013: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$56,809,000 (2013: profit of HK\$19,267,000) and the weighted average number of approximately 960,808,000 ordinary shares (2013: 960,808,000 ordinary shares) in issue during the year.

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

The calculation of diluted (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$56,809,000 (2013: profit of HK\$19,267,000) and the weighted average number of approximately 960,808,000 ordinary shares (2013: 961,975,000 ordinary shares) calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	<b>2014</b>	2013
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>960,808</b>	960,808
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	—	1,167
	<u>          </u>	<u>          </u>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<b>960,808</b>	961,975
	<u>          </u>	<u>          </u>

**11. TRADE AND OTHER RECEIVABLES**

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables and bills receivables	<b>67,632</b>	98,878
Less: allowance for doubtful debts	<b>(11,332)</b>	(4,192)
	<u>          </u>	<u>          </u>
	<b>56,300</b>	94,686
Other receivables	<b>830</b>	817
	<u>          </u>	<u>          </u>
	<b>57,130</b>	95,503
	<u>          </u>	<u>          </u>

Included in trade receivables are retention monies receivable of approximately HK\$3,852,000 (2013: HK\$5,706,000), which are withheld and will be released upon the expiry of maintenance periods.

All of the trade and other receivables are expected to be recovered within one year, except for retention monies receivables of approximately HK\$3,101,000 (2013: HK\$5,236,000) which are expected to be recovered after more than one year.

(a) **Age analysis**

The following is an analysis of trade receivables by age, presented the respective revenue recognition dates:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 90 days	<b>20,179</b>	27,080
Between 91 and 180 days	<b>12,723</b>	30,994
Between 181 and 365 days	<b>14,803</b>	23,575
Between 1 and 2 years	<b>4,743</b>	7,331
	<hr/>	<hr/>
	<b>52,448</b>	88,980
Retention receivables	<b>3,852</b>	5,706
	<hr/>	<hr/>
	<b>56,300</b>	94,686
	<hr/> <hr/>	<hr/> <hr/>

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

(b) **Impairment of trade and bills 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.

Movements in the allowance for doubtful debts are as follows:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At the beginning of the year	<b>4,192</b>	3,906
Impairment losses recognised	<b>7,137</b>	222
Exchange realignment	<b>3</b>	64
	<hr/>	<hr/>
At the end of the year	<b>11,332</b>	4,192
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2014, trade and bills receivables of the Group amounting to approximately HK\$11,332,000 (2013: HK\$4,192,000) 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:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Neither past due nor impaired	<b>23,942</b>	32,786
Past due but not impaired:		
Less than 3 months past due	<b>12,812</b>	30,994
Over 3 months past due	<b>19,546</b>	30,906
	<b>56,300</b>	<b>94,686</b>

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK\$23,942,000 (2013: HK\$32,786,000) relate to independent customers for whom there was no recent history of default.

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

**12. TRADE AND OTHER PAYABLES**

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>5,919</b>	9,390
Other payables	<b>2,303</b>	1,708
Accrued wages	<b>822</b>	837
Payables for value-added tax	<b>3,464</b>	6,642
Deposits received from customers	<b>673</b>	137
	<b>13,181</b>	<b>18,714</b>

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

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

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Within 90 days	<b>1,218</b>	2,638
Between 91 and 180 days	<b>350</b>	3,582
Between 181 and 365 days	<b>879</b>	1,208
Between 1 and 2 years	<b>2,166</b>	61
Over 2 years	<b>1,306</b>	1,901
	<hr/>	<hr/>
	<b>5,919</b>	<b>9,390</b>
	<hr/> <hr/>	<hr/> <hr/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Turnover**

The Group completed the production and delivery of its products during the past year in an orderly manner in the light of the train delivery schedule of CSR and CNR. With the completion of delivery of the products for the existing contracts entered into in the previous year, the delivery of products for new contracts signed in the year also started in the same year. However, the intensifying bidding on trains in recent years resulted in contractual price slumps in the industry supply chain as compared to those of the previous year. As the Group's bidding on train information system was subject to significantly lower price caps, the overall profit margin of products was crippled during the year. The Group gave up bidding for projects with low expected profit margin during the year through selective bidding of projects. As a result, the number of contracts entered into during the year was lower than that of the previous year. The volume of products delivered was constrained by the delivery schedules of the contracts, resulting in a significant decrease in turnover. The turnover for the year amounted to HK\$68,133,000, representing a decrease of 44% as compared with approximately HK\$121,120,000 of last year.

#### **Gross profit and loss attributable to equity shareholders**

As at 31 March 2014, the Group recorded gross profit of approximately HK\$14,181,000 and loss after tax of approximately HK\$56,822,000. Loss attributable to equity shareholders of the Company amounted to approximately HK\$56,809,000.

Gross profit for the year decreased to 21% from 32% during the corresponding period last year, mainly attributable to a decrease in the unit price of train passenger information system facilities delivered in accordance with new contracts during the year. In addition, substantial investments in innovative research and development were sustained during the year so as to develop new systems solutions.

#### **Selling expenses**

Selling expenses amounted to approximately HK\$15,817,000, increased by HK\$7,120,000 from that of the corresponding period last year, representing an increase of 82%.

The Group has been placing emphasis on market development and strengthening business and technological exchange activities with CSR, CNR and subway operators in various cities.

## **Administrative expenses**

During the year, administrative expenses increased by HK\$2,652,000 or approximately 23% as compared to that of the last year. Such increase was mainly due to the stringent implementation of the accounting policies formulated by the Company to make provision for accounts receivable overdue for 1 to 2 years.

## **Other operating expenses**

During the year, system engineering maintenance expenses had been incurred for the delivered products whose warranties period had not expired and provision for product warranties in relation to these products was made.

## **Other income**

During the period, other income decreased by approximately 43% as compared to that of the last year.

## **BUSINESS REVIEW**

During the year under review, as an experienced operator of train information system for urban railway transportation, the Group witnessed intensified market competition. Seeing significant growth in investment in the domestic urban railway transportation market over the past decade, key manufacturers of CSR and CNR partnered with operators and local governments in hub cities to establish local train manufacturing enterprises by way of equity and cooperative joint ventures. As a result, the capacity of major plants surged year by year. The overwhelming demand in the PRC market has led to declining prices over the years, especially in the urban train market where competition remained fierce. As more and more suppliers along the industry chain are attracted to the market by the sustained growth over the years, the original “blue ocean” was stirred up by those new entrants who are competing at low prices to acquire market share and positive results, with an ultimate goal of acquiring authentication from train manufacturers and operators.

Initiating innovations in train information system for urban railway transportation a decade ago, Global Link has been leading in the industry and become a pacesetter in products, technologies and major application reforms in the industry. Over the years, the Group has been recognized for its dedication, specialization and expertise in delivering projects, which is the best footnote to its philosophy of serving clients and the community with “integrity, professionalism and innovation”. Our market approach is to seek reasonable profit margin with quality assurance, rather than offering low-quality products at low price to cope with the current irrational competition, as our reputation always prevails over a business opportunity.

During the year, the Company remained focused on CCTV, passenger information, train broadcast and other information systems for trains. The Group obtained the first-train certification for new lines in cities including Guangzhou, Shenzhen, Hangzhou and Hong Kong, and completed batch delivery of projects in Beijing, Guangzhou, Wuhan, Kunming, Dongguan, Shenzhen and Turkey. Due to fewer deliverable contracts during the year, our turnover recorded a decrease of 44% year-on-year.

Currently, the Group has over 60 contracts on hand for urban railway transportation projects, including more than 7,000 carriages serving 36 lines in 16 cities or regions, of which 27 lines have commenced operation. Due to frequently updated design requirements to cope with the constantly upgrading services of operators of such lines, which are mainly located in domestic hub cities, the technical and performance indicators are subject to repeated amendments. Furthermore, issues regarding the standard and coordination of suppliers of electrical, mechanical and telecommunications systems also led to the delay in acceptance inspection on delivered trains, often significantly exceeded the warranty period under the contract. As a result, most of the Company's system products were withheld for acceptance inspection until 2-3 years after the expiry of warranty. The extended free warranty services attributed to considerable extra costs in human resources, engineering and spare parts, resulting in our significant loss during the year.

Given the current trend in the railway transportation industry, the Group intends to launch a gradual transformation program concentrating on the following three aspects:

Firstly, the Marketing Department will be restructured into three independently accounted business units, each focusing on different market segments to give full play to their advantages in resources and better implement the innovative performance-linked assessment mechanism.

Secondly, focus will be placed on effective elimination of extended free warranty in the coming two years, so as to minimize the costs arising from heavy maintenance workloads. Instead, the Group will shift to paid services and innovative application services to maximize profit from services provided.

Thirdly, investments will proactively be made in innovation of technologies, applications and products through multi-dimensional cooperation in different ways and mechanisms. The Group expects to stand out from homogeneous competition by transforming and upgrading our business model to highlight our differentiation from competitors, in order to satisfy the demand for safe and uninterrupted operation following the intensive investments in the industry.

## **BUSINESS OUTLOOK**

The management of the Group is confident that the railway transportation industry chain still presents considerable opportunities, given the momentum of domestic investment driven by the government-led reforms as well as the demands from operators in South America, Southeast Asia and Africa. Our transformation towards innovative services under the realigned business strategy will broaden the market niche, and hence contribute to better profitability under the new business model.

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

## CAPITAL STRUCTURE

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

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2014, the Group had a total cash and bank balances, amounted to approximately HK\$29,297,000 (2013: approximately HK\$31,674,000).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group had net current assets of approximately HK\$94,112,000 (2013: approximately HK\$142,036,000), of which approximately HK\$29,297,000 (2013: approximately HK\$31,674,000) 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.

## FOREIGN EXCHANGE EXPOSURE

The Group exposes to certain foreign currency risk primarily with respect to Renminbi and United States Dollars. No hedging or other alternatives have been implemented. The Group continues to monitor its exposure closely and will take measures to lower the foreign currency risk when necessary.

## EMPLOYEE AND SALARIES POLICY

As at 31 March 2014, the Group had 163 staff (2013: 178 staff), with 154 and 9 staff employed in the PRC and Hong Kong respectively.

	<b>At 31 March 2014</b>	At 31 March 2013
	<b>Number of staff</b>	Number of staff
Management, finance and administration	<b>32</b>	44
Research and development	<b>58</b>	116
Sales and after-sales maintenance	<b>73</b>	18
Total	<b>163</b>	178

The total staff costs, including Directors' emoluments, amounted to approximately HK\$17,359,000 (2013: approximately HK\$18,946,000) 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.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 March 2014 (2013: Nil).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year under review.

## **CORPORATE GOVERNANCE**

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

In particular, under the code provision A.4.3 stipulates that serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.

Professor Lu Ting Jie was appointed as an independent non-executive Director (the "INED") since 1 November 2002 and has served the Company for more than nine years. Notwithstanding such a long continuous period of his holding office as an INED, given that he has confirmed in writing to the Company of his independence with reference to various matters set out in Rule 5.09 of the GEM Listing Rules, the Board is satisfied with his independence and believes he is still independent. Furthermore, given the extensive knowledge and experience of Professor Lu, the Board believes that his re-election is in the best interests of the Company and its Shareholders and therefore he should be re-elected. Pursuant to Code Provision A.4.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 of the GEM Listing Rules, such re-election will be subject to a separate resolution to be approved by the Shareholders at the forthcoming annual general meeting of the Company dated 8 August 2014.

## AUDIT COMMITTEE

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

The Group’s annual audited results during the year ended 31 March 2014 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.

## SCOPE OF WORK OF CROWE HORWATH (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2014 have been agreed by the Group’s auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the preliminary announcement.

On behalf of the Board  
**Ma Yuanguang**  
*Chairman*

Hong Kong, 26 June 2014

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