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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 2016**

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

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

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

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

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2016 was approximately HK\$58,210,000, representing the decrease of approximately 23%, as compared with that for the year ended 31 March 2015.
- Loss attributable to equity shareholders of the Company was approximately HK\$28,788,000 for the year ended 31 March 2016 and net loss of approximately HK\$42,462,000 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 2016.

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 2016 together with the audited comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3	58,210	75,427
Cost of sales		<u>(56,723)</u>	<u>(73,680)</u>
Gross profit		1,487	1,747
Other revenue	4	499	1,324
Selling expenses		(7,314)	(9,023)
Administrative expenses		(14,325)	(12,027)
Other operating expenses		<u>(9,117)</u>	<u>(23,947)</u>
(Loss) before taxation	5	(28,770)	(41,926)
Income tax	7	<u>(19)</u>	<u>(542)</u>
(Loss) for the year		(28,789)	(42,468)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating of financial statements of foreign operations		<u>(1,436)</u>	<u>76</u>
Other comprehensive (loss)/income for the year, net of income tax		<u>(1,436)</u>	<u>76</u>
Total comprehensive (loss) for the year		<u>(30,225)</u>	<u>(42,392)</u>
(Loss) attributable to:			
Equity shareholders of the Company		(28,788)	(42,462)
Non-controlling interests		<u>(1)</u>	<u>(6)</u>
		<u>(28,789)</u>	<u>(42,468)</u>
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		(30,224)	(42,386)
Non-controlling interests		<u>(1)</u>	<u>(6)</u>
		<u>(30,225)</u>	<u>(42,392)</u>
(Loss) per share (in HK cents):			
– Basic and diluted	9	<u>(2.64 cents)</u>	<u>(4.28 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,929	2,242
Intangible assets		28,437	31,687
		<u>30,366</u>	<u>33,929</u>
Current assets			
Inventories		7,451	29,492
Trade and other receivables	<i>10</i>	40,986	43,365
Deposits and prepayments		2,584	1,155
Pledged bank deposit		1,220	–
Cash and cash equivalents		12,482	18,677
		<u>64,723</u>	<u>92,689</u>
Current liabilities			
Trade and other payables	<i>11</i>	17,910	14,917
Provision		12,721	16,757
Provision for taxation		7,473	7,734
		<u>38,104</u>	<u>39,408</u>
Net current assets		<u>26,619</u>	<u>53,281</u>
Total assets less current liabilities		<u>56,985</u>	<u>87,210</u>
Non-current liability			
Provision for long service payments		<u>56</u>	<u>56</u>
		<u>56</u>	<u>56</u>
NET ASSETS		<u>56,929</u>	<u>87,154</u>
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital		10,888	10,888
Reserves		46,067	76,291
		<u>56,955</u>	<u>87,179</u>
Non-controlling interests		<u>(26)</u>	<u>(25)</u>
TOTAL EQUITY		<u>56,929</u>	<u>87,154</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Merger reserve	Exchange reserve	Warrant reserve	(Accumulated losses)/ retained profits	Statutory reserves	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 2014	9,608	58,725	2,135	12,053	-	3,689	10,807	97,017	(19)	96,998
Loss for the year	-	-	-	-	-	(42,462)	-	(42,462)	(6)	(42,468)
Other comprehensive income for the year:										
Exchange differences on translating of financial statements of foreign operations	-	-	-	76	-	-	-	76	-	76
Total comprehensive (loss)/income for the year	-	-	-	76	-	(42,462)	-	(42,386)	(6)	(42,392)
Issue of new shares	1,280	31,082	-	-	-	-	-	32,362	-	32,362
Issue of unlisted warrants	-	-	-	-	186	-	-	186	-	186
At 31 March 2015	<u>10,888</u>	<u>89,807^(#)</u>	<u>2,135^(#)</u>	<u>12,129^(#)</u>	<u>186^(#)</u>	<u>(38,773)^(#)</u>	<u>10,807^(#)</u>	<u>87,179</u>	<u>(25)</u>	<u>87,154</u>
At 1 April 2015	10,888	89,807 ^(#)	2,135 ^(#)	12,129 ^(#)	186 ^(#)	(38,773) ^(#)	10,807 ^(#)	87,179	(25)	87,154
Loss for the year	-	-	-	-	-	(28,788)	-	(28,788)	(1)	(28,789)
Other comprehensive loss for the year:										
Exchange differences on translating of financial statements of foreign operations	-	-	-	(1,436)	-	-	-	(1,436)	-	(1,436)
Total comprehensive loss for the year	-	-	-	(1,436)	-	(28,788)	-	(30,224)	(1)	(30,225)
At 31 March 2016	<u>10,888</u>	<u>89,807^(#)</u>	<u>2,135^(#)</u>	<u>10,693^(#)</u>	<u>186^(#)</u>	<u>(67,561)^(#)</u>	<u>10,807^(#)</u>	<u>56,955</u>	<u>(26)</u>	<u>56,929</u>

^(#) These accounts comprise the consolidated reserves of approximately HK\$46,067,000 (2015: HK\$76,291,000) 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 No. 401, Building D, Guangdong Software Park, No.11, Caipin Road, Science City of Guangzhou Development Zone, 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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the amendments to 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 consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

The Group has not applied any new standard or interpretation that have been issued but are not yet effective for the current accounting period.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by the Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. REVENUE

Revenue presented net of value-added tax, trade discounts and returns.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue from the supply, development and integration of passenger information management system	<u>58,210</u>	<u>75,427</u>

4. OTHER REVENUE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	<u>349</u>	<u>582</u>
Total interest income on financial assets not at fair value through profit or loss	349	582
Write-back of trade and other payables	149	663
Other income	<u>1</u>	<u>79</u>
	<u>499</u>	<u>1,324</u>

5. (LOSS) BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
a) Staff costs, including directors' emoluments		
Salaries and wages	15,729	14,108
Contributions to retirement benefit schemes	1,577	1,339
Provision for staff welfare benefits	803	638
	<u>18,109</u>	<u>16,085</u>
b) Other items		
Auditors' remuneration	598	552
Allowance for doubtful debts	4,510	30
(Reversal of) provision for impairment of deposits	–	(9)
Cost of inventories sold *	56,723	73,680
Research and development costs #	11,817	12,685
Depreciation	525	491
Amortisation of intangible assets (included in cost of inventories sold) *	–	378
Amortisation of intangible assets (included in other operating expenses) ##	3,250	813
Loss on disposal of property, plant and equipment	–	269
Loss on disposal of intangible assets	–	2,043
Provision for product warranties ##	5,867	23,134
Net exchange loss	341	29
Minimum lease payments under operating lease – land and buildings	1,565	1,543

* Cost of inventories sold includes approximately HK\$10,103,000 (2015: HK\$9,397,000) 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\$11,817,000 (2015: HK\$12,685,000) which was included in cost of sales.

These items are included in “other operating expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.

6. 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. The geographical locations include the People’s Republic of China (the “PRC”) (place of domicile of the Group) and Hong Kong.

Segment revenue of PRC comprises the revenue from supply, development and integration of passenger information management system while the segment revenue of Hong Kong comprises the revenue from supply, development and integration of passenger information management 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. 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 2016 and 2015 is set out below.

	PRC		Hong Kong		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Reportable segment revenue						
Inter-segment revenue	186	815	-	-	186	815
Revenue from external customers	55,897	72,930	2,313	2,497	58,210	75,427
	<u>56,083</u>	<u>73,745</u>	<u>2,313</u>	<u>2,497</u>	<u>58,396</u>	<u>76,242</u>
Reportable segment profit/(loss)	<u>(11,095)</u>	<u>(24,059)</u>	<u>1,933</u>	<u>1,623</u>	<u>(9,162)</u>	<u>(22,436)</u>
Research and development costs	(11,817)	(12,685)	-	-	(11,817)	(12,685)
Interest income	152	230	197	352	349	582
Depreciation	(523)	(466)	(2)	(25)	(525)	(491)
Amortisation of intangible assets	(3,250)	(1,191)	-	-	(3,250)	(1,191)
Allowance for doubtful debts	(4,510)	(30)	-	-	(4,510)	(30)
Loss on disposal of property, plant and equipment	-	(269)	-	-	-	(269)
Loss on disposal of intangible assets	-	(2,043)	-	-	-	(2,043)
Provision for product warranties	(5,867)	(23,134)	-	-	(5,867)	(23,134)
Reversal of provision for impairment of deposits	-	9	-	-	-	9
Reportable segment assets	<u>90,644</u>	<u>82,276</u>	<u>7,667</u>	<u>47,486</u>	<u>98,311</u>	<u>129,762</u>
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	284	34,163	2	-	286	34,163
Reportable segment liabilities	<u>30,812</u>	<u>31,882</u>	<u>3,097</u>	<u>2,992</u>	<u>33,909</u>	<u>34,874</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Total reportable segments' revenue	58,396	76,242
Elimination of inter-segment revenue	<u>(186)</u>	<u>(815)</u>
Consolidated revenue	<u><u>58,210</u></u>	<u><u>75,427</u></u>
(Loss)		
Total reportable segments' (loss)	(9,162)	(22,436)
Elimination of inter-segment profits	<u>(186)</u>	<u>(815)</u>
Reportable segment (loss) derived from Group's external customers	(9,348)	(23,251)
Bank interest income	349	582
Unallocated head office and corporate expenses	<u>(19,771)</u>	<u>(19,257)</u>
Consolidated (loss) before tax expenses	<u><u>(28,770)</u></u>	<u><u>(41,926)</u></u>
Assets		
Total reportable segments' assets	98,311	129,762
Elimination of inter-segment receivables	<u>(3,222)</u>	<u>(3,144)</u>
Consolidated total assets	<u><u>95,089</u></u>	<u><u>126,618</u></u>
Liabilities		
Total reportable segments' liabilities	33,909	34,874
Elimination of inter-segment payables	<u>(3,222)</u>	<u>(3,144)</u>
Current tax liabilities	<u>7,473</u>	<u>7,734</u>
Consolidated total liabilities	<u><u>38,160</u></u>	<u><u>39,464</u></u>

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Supply, development and integration of passenger information management system	<u><u>58,210</u></u>	<u><u>75,427</u></u>

d) **Other geographical information**

	Non-current assets	
	2016	2015
	HK\$'000	HK\$'000
PRC	30,360	33,923
Hong Kong	6	6
	30,366	33,929

The Group's non-current assets, which include property, plant and equipment and intangible assets 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 assets.

e) **Information about major customers**

Revenue from two (2015: three) customers in PRC operating and reportable segment amounted to approximately HK\$17,347,000 and HK\$14,431,000 (2015: HK\$24,396,000, HK\$13,383,000 and HK\$8,077,000), 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 2016 and 2015.

7. INCOME TAX

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

	2016	2015
	HK\$'000	HK\$'000
Current year provision:		
PRC enterprise income tax	19	196
Deferred taxation		
Origination and reversal of temporary differences	-	346
	19	542

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. (2015: Nil)

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

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

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) before taxation	<u>(28,770)</u>	<u>(41,926)</u>
Notional tax on (loss) before taxation, calculated at the rates applicable to (loss) in the countries concerned	(4,698)	(6,319)
Tax effect of non-taxable income	(64)	(58)
Tax effect of non-deductible expenses	743	2,022
Tax effect of unused tax losses not recognised	3,858	4,775
Tax effect of deductible temporary differences not recognised	161	(54)
Tax effect of utilisation of unused tax losses not recognised in prior years	–	(38)
Others	19	214
Tax expenses	<u>19</u>	<u>542</u>

8. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2015: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$28,788,000 (2015: HK\$42,462,000) and the weighted average number of approximately 1,088,808,000 ordinary shares (2015: 993,071,000 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares for the purpose of basic loss per share

	2016 <i>'000</i>	2015 <i>'000</i>
Issued ordinary shares at the beginning of the year	1,088,808	960,808
Effect of new shares issued	<u>–</u>	<u>32,263</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,088,808</u>	<u>993,071</u>

(b) Diluted loss per share

The basic and diluted loss per share are the same for the years ended 31 March 2016 and 31 March 2015, as the warrants outstanding during the year are anti-dilutive.

10. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables and bills receivables	54,475	52,921
Less: allowance for doubtful debts	(15,456)	(11,375)
	39,019	41,546
Other receivables	1,967	1,819
	40,986	43,365

Included in trade receivables are retention monies receivable of approximately HK\$4,208,000 (2015: HK\$2,818,000), 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\$3,319,000 (2015: HK\$2,337,000) which are expected to be recovered after more than one year.

Age analysis

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 90 days	21,862	18,558
Between 91 and 180 days	10,492	8,685
Between 181 and 365 days	1,138	9,730
Between 1 and 2 years	1,285	1,755
Over 2 years	34	–
	34,811	38,728
Retention receivables	4,208	2,818
	39,019	41,546

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

11. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	10,818	9,496
Other payables	2,027	2,566
Accrued wages	918	868
Payables for value-added tax	3,424	1,456
Deposits received from customers	723	531
	<u>17,910</u>	<u>14,917</u>

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 presented based on the purchase recognition date, that is, goods receipt date, with the following ageing analysis as at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 90 days	6,331	7,455
Between 91 and 180 days	2,111	552
Between 181 and 365 days	2,103	28
Between 1 and 2 years	185	48
Over 2 years	88	1,413
	<u>10,818</u>	<u>9,496</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Over the past year, the Group supplied 12 train routes in 7 domestic and foreign cities with passenger information systems according to the delivery plans of signed contracts for the supply of goods. Sales of passenger information systems decreased as compared with those of last year. The turnover of the Group for the year amounted to approximately HK\$58,210,000, representing a decrease of 23% as compared with last year.

Gross profit and loss attributable to equity shareholders

As at 31 March 2016, the Group recorded gross profit of approximately HK\$1,487,000 and loss after tax of approximately HK\$28,789,000. Loss attributable to equity shareholders of the Company amounted to approximately HK\$28,788,000.

The gross profit margin during the year is consistent with that of the last year.

Selling expenses

Selling expenses amounted to approximately HK\$7,314,000, a decrease of 19% as compared with that of last year. The Group carried out targeted market promotion activities basing on established sales strategies, and will not increase expenses on market development, thus to strictly control the market expansion expenditure.

Administrative expenses

The administrative expenses for the year increased by approximately HK\$2,298,000 as compared with that of last year, mainly due to the allowance for trade receivable. Except for that factor, due to the strict implementation of financial budget, other administrative expenses is under effective control.

Other operating expenses

Other operating expenses incurred during the year amounted to approximately HK\$9,117,000, a decrease of 62% from approximately HK\$23,947,000 of last year. Other operating expenses included repair and maintenance expenses for product maintenance warranty of approximately HK\$5,867,000 and amortization expenses for intangible asset CA-SIM of approximately HK\$3,250,000. Systems engineering maintenance was provided for projects delivered but still within warranty period during the year, and provision for product maintenance warranty was made for such projects.

Other income

During the year, other income amounted to approximately HK\$499,000, representing a decrease of 62% as compared with the corresponding period of last year.

BUSINESS REVIEW

After our management's due consideration of the core spirit of economic development regarding strengthening the structural reforms on the supply side put forward by the PRC government, and by combining with enterprise's actual operation, our management still insisted on carrying out the "two-wheel-drive" strategy as the basis for operating development in the year. We have two objectives, firstly, maintaining train information system solutions for rail transit as our basic business; and secondly, using our patented and authorized "CA-SIM" technology to carry out the "Internet+" Smart City project construction, so that we can achieve a gradual transformation and upgrading for business operation.

Train information system solutions for rail transit is the core business conducted by Guangzhou Global Link Communications Inc. All of its products are certified by major vehicle manufacturers in China and it has been cooperating with main engine plants to carry out the project bidding and product delivery in more than ten consecutive years. Nearly a hundred projects in about 20 cities at home and abroad used the enterprise's system solutions, the brand "Global Link" enjoys certain popularity in the industry. A number of integrators have entered into the industry with products at low prices two years ago, as a result, vicious competitions caused a significant reduction of our contractual orders. The management, based on the results from internal analysis in the cause of reduction in contractual orders, will objectively face market impacts and believe that market share is acquired through solid strength.

Innovation is the source of development. The concept of innovation should be rooted in all staff and become a basic element in corporate culture, so that innovation can be practiced. The management team of the Company, according to the Group's strategic deployment, implemented various reforms with respect to the operating management structures, outsourcers' credit and quality control, product manufacturing standards and process management for research and development. Especially through the strengthening and implementation of the new performance appraisal system, the enterprise achieved remarkable innovation results in the year. Therefore, product cost was reduced, varieties of new technical solutions were closer to user needs, and the passive state of engineering services in the past was reversed. As a result, the enterprise was praised by a number of operators. In the year, the enterprise's newly signed supply contracts grew substantially as compared with the last two years. A certain amount of orders were obtained through contracts of services, spare parts and accessories at the same time,

We acquired certain application rights of Certificate Authority SIM ("CA-SIM") from International Elite (stock code:1328) last year. Such an authority was obtained primarily for cooperating with local governments in carrying out the Smart City projects. 廣州勝億信息科技有限公司, a subsidiary of the Group, is wholly accountable for the promotion, construction and operation of the projects.

In accordance with the “Four People’s Livelihood” project for Smart City construction in Panyu District, Guangzhou, the enterprise in the year focused on cooperating with the local government to implement the migrants’ real-name system management program in temporary rental housing areas.

In accordance with the requirements of the government in the middle of the year, the enterprise conducted the construction for a pilot smart access control system in a temporary rental housing area in a natural village. In April 2016, the enterprise, in cooperation with the local government, started to carry out the construction for smart access control systems for 1,000 buildings (residential population of about 30,000 people) in a temporary rental housing area in Baiyun District, Guangzhou City. The team was consisted of professionals after 80’s and after 90’s. “Internet+” has become the foundation for the enterprise development. After nearly a year’s market practice, the enterprise understood more about the needs of general public. With respect to the large number of temporary rental housing in Guangzhou, millions of migrants, inconsistency between the information for temporary rental housing and lessees, security risks, obstacles in rental procedures and other issues, the enterprise developed the goalkeeper007.com (房將軍) as a housing rental platform, which offers various Internet value-added services for exclusive groups based on the personal mobile terminals. At present, the goalkeeper007.com has been on line for four months, user attention is increasing month by month and thousands of housing resources were recorded in the system platform. Along with the smart access control system for rental housing as a basis, the number of customers will continue increasing as accompanied by the promotion of job hunting, network payment, housekeeping and other service items.

BUSINESS OUTLOOK

The PRC government set its overall development objectives for the national economy based on the 13th Five-year Plan, aiming to promote the quality and efficiency of enterprise system through the implementation of supply-side structural reforms. As a result the business environment will be more standardized. The implementation of the “One Belt and One Road” policy will benefit enterprises related in the rail-transit industry chain; rapid development of the basic construction of China’s rail transit will continue bringing great opportunities for sustainable development for related upstream and downstream enterprises; the increase of operating vehicle inventory year by year raises expanding service demands to provide a broader market space. Innovation by general public and using Internet technology to promote the transformation and upgrading of traditional industries are trends for social and economic progress. As is vigorously advocated, carried out, implemented and regulated by governments at all levels, China’s Smart City government services will effectively promote the reform of various systems and institutions. Enterprises that have mastered core technologies and practical applications will have more opportunities to participate in the project constructions and even service operating cooperation for Smart City government services.

By way of an acquisition in April 2016, International Elite Ltd (Stock Code: 1328), has become the controlling shareholder of the Company and, therefore, our comprehensive strength will be fully promoted, such as capital strength, professionals, core technologies and mobile Internet market expansion. We believe these will greatly promote the Group’s operating development and transformation and upgrading in the new year.

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 2016, the Group had a total cash and bank balances, amounted to approximately HK\$12,482,000 (2015: approximately HK\$18,677,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had net current assets of approximately HK\$26,619,000 (2015: approximately HK\$53,281,000), of which approximately HK\$12,482,000 (2015: approximately HK\$18,677,000) 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 US 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 2016, the Group had 180 employees (2015: 156 employees), with 172 employees and 8 employees employed in the PRC and Hong Kong respectively.

	At 31 March 2016	At 31 March 2015
	Number of staff	Number of staff
Management, finance and administration	30	35
Research and development	52	50
Sales and after-sales maintenance	98	71
	<hr/>	<hr/>
Total	180	156
	<hr/> <hr/>	<hr/> <hr/>

The total staff costs, including Directors' emoluments, amounted to approximately HK\$18,109,000 (2015: approximately HK\$16,085,000) 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 Mandatory Provident Fund Scheme, social insurance and accident insurance.

PERFORMANCE BOND AND CONTINGENT LIABILITIES

As at 31 March 2016, the Group had a performance bond of HK\$1,013,000 (2015: NIL). This was due to a performance bond given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bond is secured by pledged bank deposits. If the Group fails to provide satisfactory performance to its customer to whom performance bond has been given, such customer may demand the bank to pay to it the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bond will be released in October 2016.

The Group did not have any other significant contingent liabilities as at 31 March 2016.

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.

SHARE SUBSCRIPTION AGREEMENT AND UNCONDITIONAL MANDATORY CASH OFFER

Share Subscription Agreement

Pursuant to a subscription agreement (the "Subscription Agreement") dated 27 February 2016 between the Company and Honor Crest Holdings Limited (the "Subscriber"), the Company conditionally agreed to allot and issue to, and the Subscriber agreed to subscribe for, 1,000,000,000 shares of the Company (the "Subscription Shares") at a subscription price of HK\$0.08 per Subscription Share.

The Subscriber is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of International Elite Ltd. (stock code: 1328), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange ("IEL").

Connected Transaction and Extraordinary General Meeting

Immediately prior to the entering into of the Subscription Agreement, IEL is interested in 128,000,000 shares of the Company, representing approximately 11.76% of the entire issued share capital of the Company at the time. IEL is a substantial shareholder of the Company. As the Subscriber, being a wholly-owned subsidiary of IEL, is regarded as an associate of IEL, the Subscriber is therefore a connected person to the Company under Chapter 20 of the GEM Listing Rules. As a result, the abovementioned subscription constitutes a non-exempt connected transaction under the GEM Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements pursuant to the GEM Listing Rules.

The Subscription Shares will be issued under a specific mandate to be sought and subject to the passing of an ordinary resolution by the Company's independent shareholders.

Furthermore the authorised share capital of the Company at the time was HK\$20,000,000 divided into 2,000,000,000 Shares, of which 1,088,807,500 Shares were in issue. In light of the above subscription and in order to accommodate future expansion and growth of the Company and to provide the Company with greater flexibility to raise funds by allotting and issue its shares in the future as and when necessary, the Board proposed to increase the authorised share capital of the Company to HK\$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares which shall rank equally with each other in all respects. Such increase in authorised share capital is conditional upon the passing of an ordinary resolution by the shareholders of the Company at the Extraordinary General Meeting.

An extraordinary general meeting for independent shareholders of the Company to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate for the allotment and issue of the Subscription Shares and the increase in authorised share capital of the Company was subsequently held on 18 April 2016. All of the above resolutions were approved at the general meeting.

As all conditions under the Subscription Agreement has been satisfied, completion took place on 21 April 2016. As a result of the completion, adjustments have been made to the exercise price of the Warrants and the number of shares of the Company to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants. Such adjustments have become effective on the date of the issue of the Subscription Shares (i.e. 21 April 2016). For details and effects of the completion please refer to the announcement of the Company dated 21 April 2016.

Unconditional Mandatory Cash Offer

Immediately prior to the entering into of the Subscription Agreement, IEL is interested in 128,000,000 shares of the Company, representing approximately 11.76% of the entire issued share capital of the Company at the time. Immediately after completion, the Subscriber and the parties acting in concert with it will be interested in 1,128,000,000 shares of the Company, representing approximately 54.00% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming none of the outstanding Warrants have been exercised).

Pursuant to Rule 26.1 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the “Takeovers Code”), the Subscriber is required to make an unconditional mandatory cash offer for all the issued shares of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), the offer price for each of such shares shall be equivalent to the subscription price per Subscription Share (i.e. HK\$0.08) (the “Offer”). The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the shares or any other conditions.

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

CORPORATE GOVERNANCE

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. Save as disclosed below, 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.

The code provision A2.1 of the Corporate Governance Code and Corporate Governance Report stipulates that the roles of the chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Ma Yuanguang was appointed as the chief executive of the Company with effect from 16 December 2014 and continued to be the chairman of the Board as of 31 March 2016. Appropriate measures have been taken to ensure the balance of power and authority between the Board and the management. Mr. Ma subsequently resigned as the chairman of the Board on 26 May 2016 and Mr. Li Kin Shing was appointed as the chairman of the Board with effective from 26 May 2016.

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 procedures and risk management system of the Group. As at the date of this announcement, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming.

The Group’s annual audited results during the year ended 31 March 2016 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
LI Kin Shing
Chairman

Hong Kong, 21 June 2016

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. LI Kin Shing, Mr. MA Yuanguang and Mr. WONG Kin Wa; and (ii) three independent non-executive Directors, namely Mr. LEUNG Kwok Keung, Mr. CHEUNG Sai Ming and Mr. LIU Chun Bao.