



**国联通信**  
**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)

Innovative Sincerely Professional



誠信  
專業  
創新

Stock Code:8060  
[Http://www.glink.hk](http://www.glink.hk)

Sincerely Professional Innovative 誠信 專業 創新 Sincerely Professional

**年報** 2008/09  
ANNUAL REPORT

## **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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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

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

## NON-EXECUTIVE DIRECTOR

Wing Kee Eng, Lee

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Tiejun  
Lu Ting Jie  
Leung Kwok Keung

## AUTHORIZED REPRESENTATIVES

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

## COMPLIANCE OFFICER

Ma Yuanguang

## COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Lo Kam Hon, Gary *FCCA, CPA*

## AUDIT COMMITTEE

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

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

6/F., Kexun Building, No.60 Jian Zhong Road  
High-Tech Industrial Park, Zhongshan Avenue  
Tianhe District, Guangzhou City, Guangdong Province  
The People's Republic of China.

## PRINCIPAL BANKERS

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor  
Services Limited  
Shops 1806-1807  
18th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITORS

AGCA CPA Limited  
(previously known as "GC Alliance Limited")  
9th Floor, Allied Kajima Building  
138 Gloucester Road  
Wanchai, Hong Kong

## STOCK CODE

8060

## CHAIRMAN'S STATEMENT

I represent the board (the "Board") of directors (the "Directors") of Global Link Communications Holdings Ltd (the "Company"), to present the audited financial statements of the Company and its subsidiaries ("Global Link" or the "Group") for the year ended 31 March 2009 for shareholders' review.

During the year, global economy were affected by the financial crisis and all enterprises facing the same problem "how to deal with". The Group integrated its resources with the country's marco strategy, continued to take "fidelity, professional, creative" as its core competitive edge. The Group's consolidated strength was highly enhanced through proper organisation and implementation of operation management. For the year ended 31 March 2009, the Group turnover was approximately HK\$31,591,000, representing a 18% decrease as compared to last year. Gross profit was approximately HK\$10,893,000, net asset value increased by approximately 11%.

The PRC government has planned to invest 4,000 billion RMB to ensure a stable development in domestic economy, out of which, 2,000 billion will be invested in construction of railway transportation. The Group timely adjust its operation strategy, increased investment in market development and product research and development, which in certain degree, affected current year's operating results.

The Board does not recommend any final dividend for the year ended 31 March 2009 and the basic earnings per share is approximately HK\$0.13 cents.

During the year, every enterprise was affected by the financial crisis. The PRC government timely launched an effective revitalization plan and let to an unprecedented development opportunity for the Group in railway transportation industry. The "11th Five Year Plan" has been brought ahead of schedule and several decade cities have invested in railway transportation construction project. The Group timely cope with the country's plan and implemented effective operation plan, which in substance, enhanced the Group's consolidated strength and long term development.

1. Remarkable resources: During the year, the Group's core subsidiary, Guangzhou Global Link Communications Inc. has been awarded:
  - 2008's first batch "Guangdong Hi-tech Enterprise" by Guangdong Science and Technology Department
  - "Year 2008 AAA+ Grade Quality Credit Enterprise" by the China Quality Credit Appraise Centre
  - "Year 2008 Guangzhou Keeping Credit of Contract Enterprise" by Guangzhou Administration For Industry and Commence and Guangzhou Contract Administration Association
  
2. Product competitive edge: The Group's view channel control system was recognised as high-grade brand in the industry, it was rank the country's 1st in term of operating result and market share in cities, and was the 1st choice product system for underground railway companies, Southern Group and the China Northern Locomotive and Rolling Stock Industry (Group) Corporation. With the brand impact, the Group's train broadcast system and train media broadcast system have got customers' trust. New contracts were signed for few core cities. Signed contracts that will be implemented in the coming year have multiple increase as compared to last year, and more contracts will be signed in next year.

## CHAIRMAN'S STATEMENT

3. Creative utilisation of resources: The Group have reputable brand in its value-added solution software provided for telecommunication operators. Aiming at the reform of operators. The Group also launched new solution software, which brought new opportunity from existing market. In the electricity intellectualized protection area, the Group have increased investment in research and development, started trial run in several electricity department, and will implement proper scope marketing and sales activities in the next year.

Looking forward to the future, despite the global economy being affected by the financial crisis, with the PRC government's timely revitalization plan, especially the high investment in railway transportation area which the Group has focused on, the environment in which is beneficial to the Group's development. Having gone through market development, product research and development as well as providing creative services for years, the Group have established its strength. Contracts signed and not yet executed have remarkable value, which established a strong base for bringing the Group up to a higher level and will create higher return for shareholders.

I would like to express my sincere gratitude to the Directors, senior management and employees for their contribution and to our shareholders, customers and allied parties for their fully support.

**Ma Yuanguang**

*Chairman*

Hong Kong, 23 June 2009

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group fully utilised its accumulated advantageous resources and core competitive edge, kept continuous creative development in information communication software. To cope with “The 11th Five Year Plan” and the revitalization plan corresponding to the financial crisis in the PRC, the Group have placed the market development and operation in railway information system as its core business. With core market in the PRC, major customers are city railway transportation companies, manufacturers for sizable trains, conglomerate for railway transportation project, backbone telecommunications operators, sizeable information services providers and national electricity operators.

### MARKET OVERVIEW

During the year, global economy were unprecedented affected by financial crisis. The Chinese economy and enterprises in all industry were facing a baptism. Besides “The 11th Five Year Plan”, the PRC government invested 4,000 billion RMB in the revitalization plan, with 2,000 billion will be for the construction of railway transportation. Investment in cities express passenger highway were increased and brought ahead of schedule. Underground railway in core cities were increased from the initial planned 24 cities to 40 cities, start the work ahead of schedule and increase construction lines. In a year or two, cities including Beijing, Shanghai, Guangzhou, Shenzhen and Tianjin will operate several underground railway lines. In 2015, Beijing will increase 15 new lines, with total investment amounted to 200 billion RMB. Several decade lines will start public bidding within 2 years. Areas including Pearl River Delta, Yangtze River Delta and Bohaiwan were planned to build “1 Hour Travelling Economic Zone”, several decade railway lines between cities were in planning stage and for construction. The country’s railway transportation has reached the largest scale investment and construction period in the past 60 year. In the coming 5 years, major train manufacturers will purchase equipment and fixture from professional suppliers accounted to deca-billion RMB. Railway CCTV surveillance system, passenger broadcast system and media broadcast system are necessary equipment to safeguard, train operation, passenger safety and scientific operations. The demand in each year during the construction period will amounted to deca-billion RMB.

### BUSINESS REVIEW

During the year, under the direction of the PRC government’s revitalization plan, the Group have thoroughly analyse the economic environment in whole, cope with its resources, continuously carry out “fidelity, professional, creative” as its are business value, have generated competitive edge in the industry. Through scientific analysis of external environment and internal factor, the Group has focused its operation on train information system’s product development and creative technology as well as market development. The economic environment in whole still affected by the financial crisis, and in the railway transportation industry which the Group has focused on, the PRC government will invest unprecedented amount in it. The Group catches the opportunity in time and based on thoroughly planning, had increased investment in market development and product research and development. This is an opportunity for long term development. However, earnings will be affected in the short term. Carrying through this guideline, the Group was fully recognised by underground railway construction companies and train manufacturers. The “Global Link” brand name has been enhanced, market share and nearly signed contract reached the history high level.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover for the year under review was HK\$31,591,000.

The Group believes, through continuously taking "fidelity, professional, creative" as its core business value, can enhance its advantages in market, product and customers, and will create a broad operation prospect. With the accumulated resources, the competitive edge will be higher. Results for the year mainly realized in the following aspects:

1. Based on the past foundation, the Group has been newly awarded several excellent qualifications. The Group's core subsidiary, Guangzhou Global Link Communications Inc. has been awarded:
  - 2008's first batch "Guangdong Hi-tech Enterprise" by Guangdong Science and Technology Department
  - "Year 2008 AAA+ Grade Quality Credit Enterprise" by the China Quality Credit Appraise Centre
  - "Year 2008 Guangzhou Keeping Credit of Contract Enterprise" by Guangzhou Administration For Industry and Commence and Guangzhou Contract Administration Association
2. Increase in resources investment, with competitive edge product: In this year, the Group mainly invested in recruiting talents from marketing and technology field; testing platform, equipment and fixture for product research and development to cope with future multiple increase in turnover. And has got the return in market development.

The Group's railway CCTV surveillance system has the highest market share in the PRC's railway transportation industry. The product has been not only implemented in operation management for several new lines in few cities, but also installed in used trains that already in operation and adopted by Hong Kong MTR, a company with most strict requirements, in its trains in the PRC and Hong Kong. Global Link's railway CCTV surveillance system has been recognised by the industry as a high-grade brand. In view of the environmental requirement, railway information system has high entry barrier and past operation record is the most important barrier. With the Group's brand impact and supported by the great operation record and stable product quality, underground railway companies from several cities, China South Locomotive and Rolling Stock Corporation Limited and the China Northern Locomotive and Rolling Stock Industry (Group) Corporation have classified Global Link as railway equipment supplier. Following the successful launch of railway broadcast system and passenger media broadcast system as well as the first batch's examine and acceptance of the product for several new lines, the Group has entered into the supply contract with several cities, where the number of contract signed is a multiple of current year's. Turnover for the following year will have multiple increase and more new supply contracts will be entered into.

## MANAGEMENT DISCUSSION AND ANALYSIS

- Continuously utilize owned resources, actively acted in development and creative: The Group has focused on the development of information software for years, and has accumulated a rich and stable technology base. The Group's value-added telecommunication solution software was a recognised brand by both overseas and the country's telecommunication operators. Intergrating the reform of telecommunication industry, business development and changes in services, the Group aiming at the development of practical solution software and will create new revenue together with telecommunication operators.

Electricity is one of the major area in the PRC's revitalization plan. The Group has classified safety monitor, control and safeguard of electricity operation as one of the major market development area for the coming year. The product is under trial run by several electricity department and will contribute new turnover for the Group in near future.

### TURNOVER BY REGION

During the year, with core market in the PRC and Guangzhou Global Link Communications Inc. ("GZGL") as the base, the Group's main business are view channel control system for railway transportation and solutions for telecommunications industry. Main customers are city railway transportation companies, large scale train manufacturers, conglomerate for railway transportation project, backbone telecommunications operators, sizeable information services providers and national electricity operators.

The Group's turnover recognised in the PRC amounted to approximately HK\$31,423,000 representing 99% of the Group's turnover for the year.

For Hong Kong and overseas market, global telecommunication market shrink in a sizeable degree as a result of financial crisis. Even turnover from Hong Kong and overseas market significantly decreased, the Group still maintain certain business discussion and promotion activities, up on provide solutions that cope with market changes, trading of certain informative application products together with the provision of related technical services.

### CUSTOMER ANALYSIS

During the year, the Group's customers are mainly PRC underground railway companies, railway trains manufacturers and installers. The Group also kept its old customers in traditional areas including backbone telecommunication operators and overseas telecommunications operators and value-added services providers.

### WIDE-RANGING ALLIANCE

The Group has established friendly and good faith long term alliance with train manufacturers and underground railway company for the railway transportation market, started multi area alliance with famous parts and machine manufactures, which led to timely coordination of the product chain for system solution. The interest of several parties were protected and a continuous strength status was created.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL STRUCTURE

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

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review the financial forecast on a regular basis to ensure the use of proceeds strictly follows those stated in the prospectus of the Company dated 31 October 2002 or identified by the Directors during the normal course of business. As at 31 March 2009, the Group had a total cash and bank balances, amounted to approximately HK\$16,307,000.

### BUSINESS OUTLOOK

The Group have increased investment in human resources and nearly employed several decade staff. The Group have caught the opportunity resulted from the increased investment in railway transportation industry by the PRC government and our brand and product were well recognised by customers. Total number of contracts signed in current year was a multiple of last year's, which will bring a higher turnover for the coming year.

When the local governments carried out their information based constructions and strengthened the promotion of modern service industry, Global link continuously enhanced the co-operation with the company which grasps the RF-SIM patent right, until now the group had done a lot of work in merchandising the RF-SIM product. The Group believes that several new product's market development were in progress and Global Link will has big development.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group had net current assets of approximately HK\$29,390,000 (2008: approximately HK\$26,820,000), of which approximately HK\$16,307,000 (2008: approximately HK\$12,580,000) 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.

### CHARGES IN THE GROUP'S ASSETS

Other than disclosed in note 30 to the financial statements, the Group had no change in its assets for the year under review.

### MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

### GEARING RATIO

The Group did not have any interest bearing bank loan and other borrowings for the year under review.

### FOREIGN EXCHANGE EXPOSURE

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### PUBLIC FLOAT

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

### SEGMENT REVENUE

The Group's segment revenue is based on the geographical locations of customers. However, for those customers who are located in areas where the Group do not have assets or liabilities were treated as revenue arising in Hong Kong for presentation purpose.

### CONTINGENT LIABILITIES

Other than disclosed in note 30 to the financial statements, the Group had no material contingent liabilities as at 31 March 2009 (2008: Nil).

### EMPLOYEE AND SALARIES POLICY

As at 31 March 2009, the Group has 89 staff (2008: 67 staff), with 81 and 8 staff employed in the PRC and Hong Kong respectively.

	<b>At 31 March 2009</b>	At 31 March 2008
	<b>Number of staff</b>	Number of staff
Management, finance and administration	<b>15</b>	17
Research and development	<b>58</b>	36
Marketing and sales	<b>16</b>	14
<b>Total</b>	<b>89</b>	67

The total staff costs, including Directors' emoluments, amounted to approximately HK\$7,450,000 (2008: approximately HK\$5,875,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

The Group provides various employee benefits, including share option scheme, Mandatory Provident Fund Scheme, social insurance and accident insurance for frequent travel staff.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Ma Yuanguang** (馬遠光), aged 55, is the co-founder of the Group and is also the chairman of the board of Directors. Mr. Ma is responsible for the overall strategic planning of the Group. Mr. Ma has over thirty years' experience in the telecommunications industry. Prior to joining the Group, Mr. Ma had the experience of managing a state-owned telecommunications system production enterprise for eight years. Mr. Ma has cooperated with several multinational hi-tech firms in United States, Canada and Australia, etc. for the introduction of various new products and new technologies to the PRC. Mr. Ma is also the compliance officer and member of the remuneration committee of the Company. Mr. Ma is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited, all being subsidiaries of the Company. Mr. Ma is also an authorized representative of the Company.

**Mr. Hu Zhi Jian** (胡志堅) aged 45, is the founding staff of the Group and is also the chief executive officer of the Group. Mr. Hu is responsible for overseeing the research and development and production of the Group. Mr. Hu has engaged in the research and development of communication technologies for more than ten years. Prior to joining the Group, he was the manager of research and development department of various companies and the introduction of technologies. Mr. Hu received a degree from the Automation Department (自動控制系統) of the Huazhong University of Science and Technology (華中工學院). Mr. Hu is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited, 北京國聯偉業通信技術有限公司, all being subsidiaries of the Company.

**Mr. Lo Kam Hon, Gary** (勞錦漢), aged 45, is also the Group's company secretary and qualified accountant. responsible for the Group's financial and cash flow management and budget control. Mr. Lo is a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo joined the Group in February 2003 and has more than eighteen years' experience in finance, accountancy and treasury. Mr. Lo is also an authorized representative of the Company.

### NON-EXECUTIVE DIRECTOR

**Mr. Wing Kee Eng, Lee**, aged 56. Mr. Lee joined the Group in May 2002. Mr. Lee has over 26 years of experience in the telecommunications industry. Mr. Lee pursued his career with Harris Corporation where he had been a visiting engineer, senior engineer and the head of sales of the Pan Asia Pacific region. Mr. Lee has also been the vice president of the marketing and business development for various telecom operators in the United States of America. Currently, Mr. Lee is developing the Golf training centers for the greater of China, represent Parmasters Golf Training Centers.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Hu Tiejun** (胡鐵君), aged 58. Mr. Hu joined the Group in November 2002. Mr. Hu holds a Bachelor Degree in Physics from the Zhongshan (Sun Yat-sen) University (中山大學) and has over twenty years' experience in telecommunications, computer systems, data warehouse and information network. Mr. Hu was a director and chief scientist of China Motion Telecom International Limited, a listed company in Hong Kong. Mr. Hu is now a marketing director of WIMAX Forum, which is an industry-led, not-for-profit organization, South East Asia district. Mr. Hu is also the chairman of the remuneration committee and audit committee of the Company.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Professor Lu Ting Jie** (呂廷杰), aged 54. Professor Lu joined the Group in November 2002. Professor Lu graduated from the Beijing University of Posts and Telecommunications (北京郵電學院) with a Master's degree, and obtained a Doctorate degree from Japan's Kyoto University (京都大學). Professor Lu is now the principal and tutor for doctorate students at the Economics and Management school of Beijing University of Posts and Telecommunications. He had contributed a number of thesis and articles in the area of economics, communications and telecommunications. Professor Lu is also a member of the audit committee of the Company.

**Mr. Leung Kwok Keung**, (梁覺強), aged 46, is the financial controller of a listed company on the main board of The Stock Exchange of Hong Kong Limited. Mr. Leung joined the Group in September 2004. He is currently an independent non-executive director of Lee Kee Holdings Limited, a Company Listed on the main board of The Stock Exchange of Hong Kong Limited. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Tsinghua University. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He has more than 17 years' experience in finance, accountancy and treasury. Mr. Leung is also a member of the remuneration committee and audit committee of the Company.

### SENIOR MANAGEMENT

**Mr. Li Guo Hui** (李國輝), aged 53, the assistant to general manager of Guangzhou Global Link Communications Inc. since April 1999, is accountable for the system manufacturing, project implementation, after-sales technical services and the quality control of the Group. Mr. Li Guo Hui has over twenty years' working experience in the telecommunications industry particularly in the quality control and manufacturing management process. Mr. Li is also a director of Guangzhou Global Link Communications Inc., subsidiaries of the Company.

**Mr. Zhang Wei Jing** (張維敬), aged 41, joined Guangzhou Global Link Communications Inc. in July 2000 and is the deputy general manager. Mr. Zhang Wei Jing has over ten years' working experience in the marketing and sales in the telecommunications industry. Mr. Zhang is also a director of Guangzhou Global Link Communications Inc., subsidiaries of the Company.

**Mr. Xian Bao Wen** (冼寶文), aged 34, joined Guangzhou Global Link Communications Inc. in October 2007 and is the finance controller. Mr. Xian graduated from Guangdong Commercial College with a bachelor degree of Economics. Mr. Xian has worked in a state-owned enterprise which engaged in telecommunication as accountant for almost 7 years. From July 2005 to October 2007 he became an assistant of finance controller in the Superdata Group (used to be GEM's listed Company). Mr. Xian is also a director of Guangzhou Global Link Communications Inc, subsidiaries of the company.

# REPORT OF THE DIRECTORS

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2009.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 19 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 9 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 28.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2009.

## RESERVES

The movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 31 and note 28 to the financial statements respectively.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the financial statements.

## SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the financial statements.

## DISTRIBUTABLE RESERVES

Pursuant to the Companies Law 2003 (Revised) of the Cayman Islands and the articles of association of the Company, the share premium of the Company is distributable to the shareholders, subject to a solvency test and the provisions of the Company's articles of association. As at 31 March 2009, the Company recorded for its reserves amounted to approximately HK\$3,021,000 (2008: approximately HK\$3,693,000).

## PRE-EMPTIVE RIGHTS

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

## REPORT OF THE DIRECTORS

### FINANCIAL SUMMARY

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

#### Financial Highlights

	<b>2009</b>	2008	2007	2006	2005
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<b>31,591</b>	38,401	37,105	25,736	30,107
Gross profit	<b>10,893</b>	14,610	11,867	5,556	6,289
Profit/(loss) before tax	<b>1,203</b>	7,964	3,468	2,138	(8,772)
Profit/(loss) attributable to equity holders of the Company	<b>1,022</b>	6,120	2,774	2,140	(8,787)
Total assets	<b>44,129</b>	40,412	28,609	12,805	14,812
Total liabilities	<b>13,774</b>	12,986	19,575	6,879	11,108
Minority interests	–	–	–	–	2
Net assets	<b>30,355</b>	27,426	9,034	5,926	3,704

### MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases		
– the largest supplier		7%
– five largest suppliers combined		27%
Sales		
– the largest customer		26%
– five largest customers combined		84%

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

### PURCHASE, SALE OR REDEMPTION OF SHARES

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

## DIRECTORS

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

### Executive Directors

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

### Non-executive Director

Mr. Wing Kee Eng, Lee

### Independent non-executive Directors

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

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

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

## RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the income statement for the year are set out in note 17 to the financial statements.

## DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ma Yuanguang and Mr. Hu Zhi Jian has entered into a service contract with the Company for a term of two years commencing from 1 November 2008. Mr. Lo Kam Hon, Gary has entered into a service contract with the Company for a term of two years commencing from 23 September 2008. Such service contracts may be terminated by either party thereto giving to the other not less than three months' prior written notice.

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2008 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2008. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

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

## REPORT OF THE DIRECTORS

### DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments of the Directors and of the five highest paid employees of the Group are set out in note 16 to the financial statements.

### DIRECTORS' INTERESTS IN CONTRACTS

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

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 10 to 11 of this report.

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

As at 31 March 2009, so far as is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

<b>Name of Director</b>	<b>Company/ name of associated corporation</b>	<b>Capacity</b>	<b>Number and class of securities</b>	<b>Approximate percentage of shareholdings</b>
Ma Yuanguang	Company	Beneficial owner	165,217,600 ordinary shares Long position	21.25%
		Beneficial owner	10,556,000 ordinary shares Long position (Note 1)	1.36%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	10.21%
		Beneficial owner	8,889,000 ordinary shares Long position (Note 1)	1.14%

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Lo Kam Hon, Gary	Company	Beneficial owner	120,000 ordinary shares Long position	0.02%
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position (Note 1)	0.36%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position (Note 1)	0.11%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.11%

*Note:*

- Share options to subscribe for 10,556,000 shares, 8,889,000 shares, 2,778,000 shares and 833,000 shares of the Company were granted to Ma Yuanguang, Hu Zhi Jian, Wing Kee Eng, Lee and Hu Tiejun respectively pursuant to the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted and approved by the shareholders of the Company on 24 October 2002.
- Bright Cosmos Holdings Limited, the entire issued share capital of which is held by Hu Zhi Jian, is interested in the 79,347,600 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2009, so far is known to the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

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

## REPORT OF THE DIRECTORS

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

As at 31 March 2009, so far is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholdings</b>
Leung Kin Man Kenny	Beneficial owner	49,130,000 ordinary shares Long position	6.32%
Tang Yuk Fu	Beneficial owner	49,480,000 ordinary shares Long position	6.36%

Save as disclosed above, as at 31 March 2009, so far is known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

## SHARE OPTION SCHEMES

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

Name of grantee	Date of grant	Number of share options granted	Outstanding as at 1 April 2008	Number of share options under the Pre-IPO Share Option Scheme		
				Lapsed during the year under review	Exercised during the year under review	Outstanding as at 31 March 2009
<i>Executive Directors</i>						
Ma Yuanguang	24 October 2002	10,556,000	10,556,000	–	–	10,556,000
Hu Zhi Jian	24 October 2002	8,889,000	8,889,000	–	–	8,889,000
<i>Non-executive Director</i>						
Wing Kee Eng, Lee	24 October 2002	2,778,000	2,778,000	–	–	2,778,000
<i>Independent non-executive Directors</i>						
Hu Tiejun	24 October 2002	833,000	833,000	–	–	833,000
Lu Ting Jie	24 October 2002	833,000	–	–	–	–
<i>Senior Management</i>						
Li Guo Hui	24 October 2002	611,000	–	–	–	–
Zhang Wei Jing	24 October 2002	500,000	–	–	–	–
Advisers/consultants	24 October 2002	9,054,000	2,887,500	–	–	2,887,500
Other employees of the Group	24 October 2002	2,971,000	–	–	–	–
Others <i>(Note)</i>	24 October 2002	20,746,000	13,028,000	–	7,778,000	5,250,000
<b>Total</b>		<b>57,771,000</b>	<b>38,971,500</b>	<b>–</b>	<b>7,778,000</b>	<b>31,193,500</b>

*Note:*

These refer to the former employees of the Group.

## REPORT OF THE DIRECTORS

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

As at the date of this report, there are 31,193,500 outstanding share options granted under the Pre-IPO Share Option Scheme representing approximately 4.01% of the issued share capital of the Company if the said share options are exercised in full.

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

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

Capacity	Date of grant	Number of share options granted	Number of share options under Share Option Scheme				Exercise price
			Outstanding as at 1 April 2008	Lapsed during the year under review	Exercised during the year under review	Outstanding as at 31 March 2009	
<i>Executive Directors</i>							
Lo Kam Hon, Gary	10 December 2003	350,000 <i>(Note 2)</i>	-	-	-	-	HK\$0.132
Employees	10 December 2003	480,000 <i>(Note 2)</i>	-	-	-	-	HK\$0.132
Advisers/consultants	10 December 2003	2,700,000 <i>(Note 2)</i>	800,000	-	-	800,000	HK\$0.132
Other <i>(Note 1)</i>	10 December 2003	2,980,000 <i>(Note 2)</i>	-	-	-	-	HK\$0.132
Employees	5 October 2007	16,400,000 <i>(Note 3)</i>	16,400,000	-	-	16,400,000	HK\$0.242
<b>Total</b>		<b>22,910,000</b>	<b>17,200,000</b>	<b>-</b>	<b>-</b>	<b>17,200,000</b>	

Note:

- (1) These refer to the former employees of the Group.
- (2) The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$0.120.

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

- (3) The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$0.220.

Each of the grantees to whom options have been conditionally granted under the Share Option Scheme will be entitled to exercise the options only after 4 October 2008, and in any event, not later than 2 years from the date of grant of the options.

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

As at the date of this report, 17,200,000 shares of the Company are available for issue under the Share Option Scheme, representing 2.21% of the issued share capital of the Company if the said share options are exercised in full.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus and note 27 to the financial statements.

## POST BALANCE SHEET EVENT

On 23 April 2009, the Group together with an unrelated party established a new subsidiary named “廣州國聯電力科技發展有限公司” with a registered capital of RMB1,800,000 of which 51% is attributable to the Group. This new subsidiary will engage in research and development of electronic technology and provision of electronic hardware and software.

## COMPETING INTERESTS

Save as disclosed in the Prospectus the Directors are not aware of any business or interest of each Director, initial management shareholder or substantial shareholder of the Company or any of his/her respective associate that competes or may compete with the business of the Group and any other conflicts of interest which may such person has or may have with the Group as at 31 March 2009.

## BOARD PRACTICES AND PROCEDURES

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

## REPORT OF THE DIRECTORS

### CORPORATE GOVERNANCE

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

### AUDITORS

AGCA CPA Limited (previously known as “GC Alliance Limited”) was appointed as auditor of the Company with effect from 23 March 2007 to fill the vacancy upon the resignation of RSM Nelson Wheeler. Apart from the aforesaid, there have been no other changes of the Company’s auditors in the past three years.

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

On behalf of the Board

**Ma Yuanguang**

*Chairman*

Hong Kong, 23 June 2009

## INTRODUCTION

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

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2009.

## BOARD OF DIRECTORS AND BOARD MEETING

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

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

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

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

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2008 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2008. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

## CORPORATE GOVERNANCE REPORT

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

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

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

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

### REMUNERATION OF DIRECTORS

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

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

During the period under review, a meeting of the remuneration committee was held in March 2009. Details of the attendance of the remuneration committee meeting are as follows:

<b>Members</b>	<b>Attendance</b>
Mr. Hu Tiejun ( <i>Chairman</i> )	1/1
Mr. Leung Kwok Keung	1/1
Mr. Ma Yuanguang	1/1

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

### NOMINATION OF DIRECTORS

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

The board of Directors held a meeting for nomination of Directors on 23 June 2009. Details of the attendance of the meeting are as follows:–

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

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

## CORPORATE GOVERNANCE REPORT

### AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Company has paid an aggregate of approximately HK\$200,000 to the external auditors for its services including audit and tax compliance services.

### AUDIT COMMITTEE

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

The audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

<b>Members</b>	<b>Attendance</b>
Mr. Hu Tiejun ( <i>Chairman</i> )	4/4
Professor Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4

The Group's annual audited results during the year ended 31 March 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

### DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditor's Report on pages 26 to 27 of this report.

### INTERNAL CONTROL

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

### INVESTORS RELATIONS

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



**AGCA CPA Limited**  
正立會計師事務所有限公司

**TO THE SHAREHOLDERS OF  
GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED**

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

We have audited the consolidated financial statements of Global Link Communications Holdings Limited and (the "Company") its subsidiaries (collectively the "Group") set out on pages 28 to 63, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

## INDEPENDENT AUDITOR'S REPORT

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the states of affairs of the Group and the Company as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **AGCA CPA Limited**

9th Floor, Allied Kajima Building,  
138 Gloucester Road,  
Wanchai, Hong Kong  
23 June 2009

Pang Fung Ming  
Practising Certificate number P03124

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	<i>Note</i>	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
<b>Revenue</b>	<i>8(a)</i>	<b>31,591</b>	38,401
Cost of sales		<b>(20,698)</b>	(23,791)
Gross profit		<b>10,893</b>	14,610
Other income	<i>8(b)</i>	<b>1,467</b>	3,811
Selling expenses		<b>(5,332)</b>	(4,154)
Administrative expenses		<b>(5,819)</b>	(6,282)
Finance costs	<i>10</i>	<b>(6)</b>	(21)
<b>Profit before tax</b>	<i>11</i>	<b>1,203</b>	7,964
Income tax	<i>12</i>	<b>(181)</b>	(1,844)
<b>Profit for the year</b>		<b>1,022</b>	6,120
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,022</b>	6,120
Minority interests		–	–
		<b>1,022</b>	6,120
<b>Earnings per share (in HK cents)</b>	<i>15</i>		
– Basic		<b>0.13 cents</b>	0.80 cents
– Diluted		<b>0.13 cents</b>	0.77 cents

The notes on pages 33 to 63 form an integral part of these financial statements.

# CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	<i>Note</i>	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>18</i>	<b>965</b>	606
<b>Current assets</b>			
Trade and other receivables	<i>21</i>	<b>24,394</b>	23,528
Prepayments and deposits		<b>1,574</b>	2,856
Pledged bank deposit and balance	<i>22</i>	<b>889</b>	842
Cash and bank balances	<i>23</i>	<b>16,307</b>	12,580
Total current assets		<b>43,164</b>	39,806
<b>Current liabilities</b>			
Trade and other payables	<i>24</i>	<b>12,258</b>	11,253
Provision for taxation		<b>1,516</b>	1,733
Total current liabilities		<b>13,774</b>	12,986
<b>Net current assets</b>		<b>29,390</b>	26,820
<b>Total assets less current liabilities</b>		<b>30,355</b>	27,426
<b>Net assets</b>		<b>30,355</b>	27,426
<b>Capital and reserves</b>			
Share capital	<i>26</i>	<b>7,775</b>	7,697
Reserves		<b>22,580</b>	19,729
<b>Total equity attributable to equity holders of the Company</b>		<b>30,355</b>	27,426
<b>Total equity</b>		<b>30,355</b>	27,426

Approved and authorised for issue by the Board of Directors on 23 June 2009.

**Ma Yuanguang**  
*Director*

**Hu Zhi Jian**  
*Director*

The notes on pages 33 to 63 form an integral part of these financial statements.

# BALANCE SHEET

AT 31 MARCH 2009

	<i>Note</i>	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investments in subsidiaries	<i>19</i>	<b>21</b>	21
<b>Current assets</b>			
Prepayments and deposits		<b>203</b>	203
Due from a subsidiary	<i>20</i>	<b>10,742</b>	11,351
Total current assets		<b>10,945</b>	11,554
<b>Current liabilities</b>			
Other payables	<i>24</i>	<b>170</b>	185
Total current liabilities		<b>170</b>	185
<b>Net current assets</b>		<b>10,775</b>	11,369
<b>Net assets</b>		<b>10,796</b>	11,390
<b>Capital and reserves</b>			
Share capital	<i>26</i>	<b>7,775</b>	7,697
Reserves	<i>28</i>	<b>3,021</b>	3,693
Total equity		<b>10,796</b>	11,390

Approved and authorised for issue by the Board of Directors on 23 June 2009.

**Ma Yuanguang**

*Director*

**Hu Zhi Jian**

*Director*

The notes on pages 33 to 63 form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i> <i>(note a)</i>	Foreign currency translation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i> <i>(note b)</i>	Total <i>HK\$'000</i>
At 1 April 2007	6,635	15,211	2,135	245	177	(17,721)	2,352	9,034
Exchange differences on translating foreign operations	-	-	-	616	-	-	-	616
Net income recognised directly in equity	-	-	-	616	-	-	-	616
Profit for the year	-	-	-	-	-	6,120	-	6,120
Total recognised income and expense for the year	-	-	-	616	-	6,120	-	6,736
Issue of new shares	1,000	9,600	-	-	-	-	-	10,600
Recognition of equity – settled share based payments	-	-	-	-	509	-	-	509
Issue of shares upon exercise of share option	62	485	-	-	-	-	-	547
Transfer to statutory reserves	-	-	-	-	-	(793)	793	-
At 31 March 2008 and 1 April 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426
Exchange differences on translating foreign operation	-	-	-	1,118	-	-	-	1,118
Net income recognised directly in equity	-	-	-	1,118	-	-	-	1,118
Profit for the year	-	-	-	-	-	1,022	-	1,022
Total recognised income and expense for the year	-	-	-	1,118	-	1,022	-	2,140
Recognition of equity – settled share based payments	-	-	-	-	509	-	-	509
Issue of shares upon exercise of share option	78	202	-	-	-	-	-	280
Transfer to statutory reserves	-	-	-	-	-	(438)	438	-
<b>At 31 March 2009</b>	<b>7,775</b>	<b>25,498</b>	<b>2,135</b>	<b>1,979</b>	<b>1,195</b>	<b>(11,810)</b>	<b>3,583</b>	<b>30,355</b>

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 a subsidiary in the People's Republic of China (the "PRC").

The notes on pages 33 to 63 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

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	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
<b>Operating activities</b>		
Profit before tax	<b>1,203</b>	7,964
Adjustments for:		
Depreciation	<b>365</b>	439
Property, plant and equipment written off	–	1
Impairment loss on trade receivables	<b>962</b>	416
Bad debts recovery	–	(542)
Reversal of allowance for doubtful debts	<b>(176)</b>	(426)
Bank interest income	<b>(208)</b>	(251)
Equity-settled share-based payments	<b>509</b>	509
<b>Operating cash flows before changes in working capital</b>	<b>2,655</b>	8,110
Increase in trade and other receivables	<b>(866)</b>	(8,933)
Decrease/(increase) in prepayments and deposits	<b>496</b>	(39)
Increase/(decrease) in trade and other payables	<b>1,005</b>	(7,629)
<b>Cash generated from/(used in) operations</b>	<b>3,290</b>	(8,491)
Income tax paid	<b>(495)</b>	(803)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,795</b>	(9,294)
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(691)</b>	(129)
Bank interest received	<b>208</b>	251
(Increase)/decrease in pledged bank deposits and balances	<b>(47)</b>	3,558
<b>Net cash (used in)/generated from investing activities</b>	<b>(530)</b>	3,680
<b>Financing activities</b>		
Proceeds from share option exercised	<b>280</b>	547
Proceeds from issue of new shares	–	10,600
<b>Net cash generated from financing activities</b>	<b>280</b>	11,147
<b>Net increase in cash and cash equivalents</b>	<b>2,545</b>	5,533
<b>Cash and cash equivalents at beginning of year</b>	<b>12,580</b>	6,462
<b>Effect of foreign currency translation</b>	<b>1,182</b>	585
<b>Cash and cash equivalents at end of year</b>	<b>16,307</b>	12,580
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	<b>16,307</b>	12,580

The notes on pages 33 to 63 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 1. GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands 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/F., Kexun Building, No. 60 Jian Zhong Road, High-Tech Industrial Park, Zhongshan Avenue, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 and by the Hong Kong Companies Ordinance.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 6 to the financial statements.

## 3. IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new amendments to HKFRSs and interpretations for the first time for the current year's financial statements.

HKAS 39 & HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new amendments to HKFRSs and interpretations has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKAS 39 (Amendment)	Eligible Hedged Items	1 July 2009
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives	30 June 2009
HK(IFRIC)-Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	1 January 2009
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 18	Transfer of Assets from Customers	(a)
HKFRSs (Amendments)	Improvements to HKFRSs	(b)
HKFRSs (Amendments)	Improvements to HKFRSs 2009	1 January 2010

(a) Effective for transfers on or after 1 July 2009.

(b) Effective for annual periods beginning on or after 1 January 2009, except for the amendments to HKFRS 5, which are effective for annual periods beginning on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination which is consummated on or after the commencement of the first financial year beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 5. PRINCIPAL ACCOUNTING POLICIES

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

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Company's balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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## 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (b) Foreign currency translation *(continued)*

#### (ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

#### (iii) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a movement of the foreign currency translation reserve directly in equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the profit or loss on disposal.

### (c) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (c) Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

#### (d) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

#### (e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

#### (f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### (g) Financial liability and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (h) Trade and other payables

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

### (i) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### (j) Revenue recognition

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

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

### (k) Employee benefits

#### *(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### *(ii) Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

#### *(iii) Termination benefits*

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

### (l) Borrowing costs

Borrowing costs are recognised in income statement in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (m) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

#### (n) Equity-settled share-based payment transactions

The fair value of services received is measured by reference to the fair value of share options granted at the date of grant which is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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## 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that geographical be presented as the primary reporting format and business segments as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment and trade receivables. Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the combination process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loan, borrowings, corporate and financing expenses and minority interests.

In respect of geographical segment reporting, sales are based on the countries in which customers are located. Total assets and capital expenditure are based on where the assets are located.

### (p) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans for the benefit of employees of the Group or of any entity that is a related party of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 5. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (q) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (r) Provisions and contingent liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 6. KEY ESTIMATES

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Impairment of trade and other receivables

The impairment policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. Outstanding account balances are reviewed individually for collectability. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required that would affect future results.

## 7. FINANCIAL RISK MANAGEMENT, OBJECTIVE AND POLICIES

### (a) Capital management

The Group manages its capital to ensure that the Group will be able to maintain a net cash position throughout the year while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group primarily consists of equity attributable to shareholders of the Group and debts, which include trade and other payables.

The directors of the Group review the capital structure on a periodical basis. As a part of this view, the directors of the Group consider the cost of capital and the risks associated with each class of capital, will balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2009:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Total liabilities	<b>13,774</b>	12,986
Total equity	<b>30,355</b>	27,426
Debt to equity ratio	<b>45.4%</b>	47.3%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 7. FINANCIAL RISK MANAGEMENT, OBJECTIVE AND POLICIES *(continued)*

### (b) Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

#### *(i) Financial risk management objectives*

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

#### *(ii) Foreign currency risk management*

The Group has minimal exposure to foreign currency risk as its business transactions, assets and liabilities are principally denominated in the functional currencies of the entities to which they relate. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2009 and 2008, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which it relate.

#### *(iii) Credit risk management*

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables. The Group's bank deposits are placed with banks of high credit ratings such that the risk of bank failure is minimised. The management continuously evaluates the credit worthiness of each customer and these credit risks are closely monitored on an ongoing basis. At each balance sheet date, the Group reviews the recoverable amount of each individual debt to ensure that adequate impairment losses are made for irrecoverable amounts. Normally the Group does not obtain collateral from customers.

The Group has certain concentration risk, as approximately 30% (2008: 30%) and 83% (2008: 81%) of its trade receivables as of 31 March 2009 was attributable to one single customer and five customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 7. FINANCIAL RISK MANAGEMENT, OBJECTIVE AND POLICIES *(continued)*

### (b) Financial instruments *(continued)*

#### (iv) Liquidity risk management

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Group can be required to pay:

	2009		2008	
	Within 1 year or on demand HK\$'000	Total HK\$'000	Within 1 year or on demand HK\$'000	Total HK\$'000
Trade payables	6,861	6,861	7,311	7,311
Other payables	5,175	5,175	3,731	3,731
<b>Total</b>	<b>12,036</b>	<b>12,036</b>	11,042	11,042

#### (v) Interest rate risk management

As the Group has no significant interest-bearing borrowings, the Group's exposure to interest rate risk is insignificant.

#### (iv) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values due to their short maturities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 8. REVENUE AND OTHER INCOME

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

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
(a) Revenue		
Revenue from the supply, development and integration of message communication and passenger information management systems	<b>31,591</b>	38,401
(b) Other income		
Reversal of allowance for doubtful debts	<b>176</b>	426
Bad debts recovery	–	542
Bank interest income	<b>208</b>	251
Refund on value-added tax*	<b>1,035</b>	1,261
Sundry income	<b>48</b>	1,331
Total other income	<b>1,467</b>	3,811

\* In accordance with the notice issued on 22 September 2000 by the Ministry of Finance, State Administration of Taxation and China Customs (No. 2000 025), from 24 June 2000 to the end of 2010, certain value-added tax paid by software developing enterprises on self-developed software products will be refunded and the tax refund will be used by those enterprises for the research and development of software products. A PRC subsidiary of the Group has been recognized as a software enterprise and is entitled to this preferential treatment.

### 9. SEGMENTAL INFORMATION

#### (a) Primary reporting format – geographical segments

Geographical segment information is chosen as the primary reporting format because this is more relevant to the Group in making operation and financial decision. The Group's business can be subdivided into the PRC and Hong Kong markets.

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets, liabilities, capital expenditure, depreciation and other non-cash expenses are based on the geographical locations of assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 9. SEGMENTAL INFORMATION *(continued)*

### (a) Primary reporting format – geographical segments *(continued)*

An analysis of the Group's turnover and contribution to operating results and segmental assets and liabilities by geographical areas is as follows:

	PRC		Hong Kong		Elimination		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
REVENUE								
External sales	31,423	35,383	168	3,018	-	-	31,591	38,401
Inter-segment sales*	-	-	261	-	(261)	-	-	-
	<b>31,423</b>	35,383	<b>429</b>	3,018	<b>(261)</b>	-	<b>31,591</b>	38,401
RESULT								
Segment result	9,469	12,383	97	328			9,566	12,711
Unallocated corporate expenses							(9,830)	(8,558)
Interest income							208	251
Other unallocated income							1,259	3,560
Profit before tax							1,203	7,964
Income tax							(181)	(1,844)
Profit for the year							1,022	6,120
ASSETS								
Segment assets	38,725	32,345	5,404	8,067			44,129	40,412
Unallocated assets							-	-
Total assets							44,129	40,412
LIABILITIES								
Segment liabilities	11,867	10,712	391	541			12,258	11,253
Unallocated liabilities							1,516	1,733
Total liabilities							13,774	12,986
OTHER INFORMATION								
Capital expenditure	691	129	-	-			691	129
Depreciation	362	435	3	4			365	439
Impairment on and write-off of trade receivables	898	352	64	64			962	416

\* Inter-segment sales are charged on basis mutually agreed between the segments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 9. SEGMENTAL INFORMATION *(continued)*

#### (b) Secondary reporting format – business segments

In presenting the information on the basis of business segments, management has evaluated and considered that the Group's business segments are structured and managed separately according to the nature of the products they provide. The Group's business segments are as follows:

- Supply, development and integration of message communication systems; and
- Supply, development and integration of passenger information management system.

There were no sales between the business segments during the years ended 31 March 2009 and 2008.

	Message communication systems		Passenger information management systems		Unallocated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	6,286	19,294	25,305	19,107	–	–	31,591	38,401
Segment assets	1,216	6,392	20,956	15,900	21,957	18,120	44,129	40,412
Capital expenditure	–	–	–	–	691	129	691	129

### 10. FINANCE COSTS

	2009	2008
	HK\$'000	HK\$'000
Bank charges	6	21

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 11. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Auditors' remuneration	<b>200</b>	220
Impairment loss on trade receivables	<b>962</b>	416
Cost of inventories sold*	<b>20,698</b>	23,791
Depreciation	<b>365</b>	439
Property, plant and equipment written off	<b>–</b>	1
Minimum lease payments under operating lease – land and buildings	<b>736</b>	646
Staff costs, including directors' emoluments (note 16):		
Salaries and wages	<b>6,537</b>	5,134
Contribution to retirement benefit schemes	<b>217</b>	132
Equity-settled share-based payments	<b>509</b>	509
Provision for staff welfare benefits	<b>187</b>	100
	<b>7,450</b>	5,875

\* Cost of inventories sold includes staff costs of HK\$2,612,000 (2008: HK\$1,317,000) and depreciation expenses of HK\$209,000 (2008: HK\$347,000) which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

## 12. INCOME TAX

Income tax in the consolidated income statement represents:

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Current year provision:		
PRC enterprise income tax	<b>178</b>	1,789
Hong Kong profits tax	<b>3</b>	55
	<b>181</b>	1,844

Provision for Hong Kong profits tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits of the Hong Kong subsidiary of the Company.

During the year, Global Link Communications (HK) Limited ("GLHK") paid license fees to Hilltop Holdings Group Limited ("Hilltop") for the use of a software trademark and design. According to the applicable Hong Kong tax regulation, the payments are deemed as royalties sourced from Hong Kong and subject to withholding tax at the Hong Kong profits tax rate of 16.5% (2008: 17.5%) on 30% of the payments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 12. INCOME TAX *(continued)*

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Enterprise Income Tax Law (the "New EIT Law"), which has become effective from 1 January 2008. According to the New EIT Law, the Company's subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") has been subject to the unified EIT rate of 25%. However, on 16 December 2008, Guangzhou GL was approved as a high and new technology enterprise and allowed a favorable EIT rate of 15% for three years.

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

Income tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the PRC EIT rate of 25% as follows:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before tax	<b>1,203</b>	7,964
Theoretical tax calculated at the PRC income tax rates applicable to profits for the periods concerned	<b>301</b>	2,434
Effect of different tax rates in other regions	<b>112</b>	(267)
Effect of tax exemptions granted to a PRC subsidiary	<b>(1,148)</b>	(950)
Effect of income not subject to taxation	<b>(32)</b>	(481)
Effect of expenses not deductible for taxation purposes	<b>609</b>	1,063
Effect of tax losses not recognized	<b>354</b>	103
Others	<b>(15)</b>	(58)
Taxation charge for the year	<b>181</b>	1,844

### 13. PROFIT FOR THE YEAR

Profit for the year attributable to the equity holders of the Company includes a loss of approximately HK\$1,383,000 (2008: HK\$2,418,000) which has been dealt with in the financial statements of the Company.

### 14. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2008: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	<b>1,022</b>	6,120
	<b>Number of shares</b>	
	<b>2009</b> <b>'000</b>	2008 <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>769,845</b>	761,941
Effect of dilutive potential ordinary shares: Shares issued for no consideration assuming exercise of share options	<b>20,654</b>	35,430
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>790,499</b>	797,371

The computation of diluted earnings per shares does not assume the exercise of certain of the Company's outstanding share options if the exercise price are higher than the average market price per share for the year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 16. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the seven (2008: eight) directors were as follows:

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement benefits scheme contributions <i>HK\$'000</i>	Total emoluments <i>HK\$'000</i>
<b>Year ended 31 March 2009</b>				
<i>Executive directors:</i>				
Mr. Ma Yuanguang	–	499	12	511
Mr. Hu Zhi Jian	–	454	5	459
Mr. Lo Kam Hon, Gary	–	127	6	133
	–	1,080	23	1,103
<i>Independent non-executive directors:</i>				
Mr. Hu Tiejun	39	–	–	39
Professor Lu Ting Jie	36	–	–	36
Mr. Leung Kwok Keung	68	–	–	68
	143	–	–	143
<i>Non-executive director:</i>				
Mr. Wing Kee Eng, Lee	55	–	–	55
	198	1,080	23	1,301
<b>Year ended 31 March 2008</b>				
<i>Executive directors:</i>				
Mr. Ma Yuanguang	–	384	12	396
Mr. Hu Zhi Jian	–	391	5	396
Mr. Chau Siu Piu (resigned on 1 January 2008)	–	180	9	189
Mr. Lo Kam Hon, Gary	–	123	7	130
	–	1,078	33	1,111
<i>Independent non-executive directors:</i>				
Mr. Hu Tiejun	33	–	–	33
Professor Lu Ting Jie	33	–	–	33
Mr. Leung Kwok Keung	63	–	–	63
	129	–	–	129
<i>Non-executive director:</i>				
Mr. Wing Kee Eng, Lee	53	–	–	53
	182	1,078	33	1,293

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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## 16. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

The five highest-paid individuals of the Group for the year ended 31 March 2009 included two (2008: three) directors, details of which are disclosed above. Details of the emoluments of the remaining three (2008: two) highest paid individuals for the year ended 31 March 2009 are as follows:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Basic salaries, other allowances and benefits in kind	<b>706</b>	479
Employee share option benefits	<b>174</b>	174
Contributions to retirement benefit schemes	<b>21</b>	10
	<b>901</b>	663

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

	<b>2009</b>	2008
Nil to HK\$1,000,000	<b>3</b>	2

During the year ended 31 March 2009, no emoluments were paid or payable by the Group to the directors and the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2008: Nil).

## 17. RETIREMENT BENEFITS

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

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

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

The total cost charged to the consolidated income statement of approximately HK\$217,000 (2008: HK\$132,000) represents contributions payable to the MPF Scheme and the retirement benefit plan in the PRC.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 18. PROPERTY, PLANT AND EQUIPMENT

### Group

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Tools and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>						
At 1 April 2007	83	842	192	2,042	292	3,451
Additions	–	129	–	–	–	129
Written off	–	(3)	–	–	–	(3)
Exchange realignment	4	50	10	108	15	187
At 31 March 2008 and 1 April 2008	87	1,018	202	2,150	307	3,764
Additions	8	132	–	33	518	691
Exchange realignment	5	55	11	119	17	207
<b>At 31 March 2009</b>	<b>100</b>	<b>1,205</b>	<b>213</b>	<b>2,302</b>	<b>842</b>	<b>4,662</b>
<b>Accumulated depreciation</b>						
At 1 April 2007	59	569	192	1,492	252	2,564
Charge for the year	7	124	–	282	26	439
Written off	–	(2)	–	–	–	(2)
Exchange realignment	3	36	10	93	15	157
At 31 March 2008 and 1 April 2008	69	727	202	1,867	293	3,158
Charge for the year	7	111	–	167	80	365
Exchange realignment	4	40	11	103	16	174
<b>At 31 March 2009</b>	<b>80</b>	<b>878</b>	<b>213</b>	<b>2,137</b>	<b>389</b>	<b>3,697</b>
<b>Carrying amounts</b>						
<b>At 31 March 2009</b>	<b>20</b>	<b>327</b>	<b>–</b>	<b>165</b>	<b>453</b>	<b>965</b>
At 31 March 2008 and 1 April 2008	18	291	–	283	14	606

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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## 19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	21	21

Details of the subsidiaries as at 31 March 2009 are as follows:

Name of company	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
GL Limited	British Virgin Islands	21,052 Ordinary shares of US\$1 each	100%	–	Investment holding
Hilltop Holdings Group Limited	British Virgin Islands	10,000 Ordinary shares of US\$1 each	–	100%	Investment holding and holding of software rights
Guangzhou Global Link Communications Inc. (note (a))	PRC	Registered capital HK\$10,000,000	–	100%	Provision of message communication and passenger information management systems and telecommunications solutions, telecommunications application software and networking solutions
北京國聯偉業通信技術有限公司 (note (b))	PRC	Registered capital RMB1,000,000	–	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions
Global Link Communications (HK) Limited	Hong Kong	100 ordinary shares of HK\$1 each	–	100%	Provision of value-added telecommunications solutions and telecommunications application software

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 19. INVESTMENTS IN SUBSIDIARIES *(continued)*

Notes:

- (a) Guangzhou Global Link Communications Inc. is a wholly foreign-owned enterprise with an operating period of 10 years which expired on 23 September 2008 and has been extended for 10 further years to 23 September 2018.
- (b) 北京國聯偉業通信技術有限公司 is an enterprise with limited liabilities and an operating period of 20 years expiring on 12 May 2023.

### 20. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

### 21. TRADE AND OTHER RECEIVABLES

	Group	
	2009 HK\$'000	2008 HK\$'000
Trade receivables	23,554	22,860
Less: Allowance for doubtful debts	(1,382)	(568)
	<b>22,172</b>	22,292
Other receivables	1,666	1,236
Bills receivable	556	–
	<b>24,394</b>	23,528

The ageing analysis of trade receivables, net of allowance, is as follows:

	2009 HK\$'000	2008 HK\$'000
Not yet due	4,445	3,868
Between 0 and 90 days	6,818	8,914
Between 91 and 180 days	3,898	5,883
Between 181 and 365 days	6,113	3,418
Between 1 and 2 years	898	209
	<b>22,172</b>	22,292

Customers are generally granted with credit terms of 30 to 90 days. Generally, the Group does not hold any collaterals from customers.

Included in trade receivables are retention monies receivable of approximately HK\$4,445,000 (2008: HK\$3,868,000), which are withheld and will be released upon the expiry of maintenance periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 21. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for doubtful debts are as follows:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
At beginning of year	<b>568</b>	549
Impairment losses recognized	<b>962</b>	416
Impairment losses reversed	<b>(176)</b>	(426)
Exchange realignment	<b>28</b>	29
<b>At end of year</b>	<b>1,382</b>	568

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate gross amount of approximately HK\$2,280,000 (2008: HK\$777,000) which have delayed payments. The Group does not hold any collaterals over these balances.

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

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Past due but not impaired:		
Between 0 and 90 days past due	<b>3,898</b>	5,883
Between 91 and 270 days past due	<b>6,113</b>	3,418
	<b>10,011</b>	9,301

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK\$11,263,000 (2008: HK\$12,782,000) relate to a number of independent customers for whom there was no recent history of default.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 22. PLEDGED BANK DEPOSIT AND BALANCE

The amount represents bank deposit and balance pledged to banks to secure the general banking facilities granted to a subsidiary of the Company (see also note 30).

### 23. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group was approximately HK\$10,983,000 (2008: HK\$6,790,000) that were bank deposits placed with banks in the PRC and denominated in Renminbi. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

### 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade payables	6,861	7,311	–	–
Other payables	5,175	3,731	170	185
Deposits received from customers	222	211	–	–
	<b>12,258</b>	11,253	<b>170</b>	185

Details of the ageing analysis of the Group's trade payables are as follows:

	2009 HK\$'000	2008 HK\$'000
Between 0 and 90 days	525	2,780
Between 91 and 180 days	–	152
Between 181 and 365 days	1,804	1,438
Between 1 and 2 years	1,466	800
Over 2 years	3,066	2,141
	<b>6,861</b>	7,311

### 25. DEFERRED TAXATION

At 31 March 2009, the Group had unused tax losses of approximately HK\$14,095,000 (2008: HK\$11,995,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$362,000, HK\$173,000, HK\$3,000, HK\$119,000 and HK\$288,000 (2008: HK\$71,000, HK\$325,000, HK\$156,000 and HK\$3,000 in 2009, 2010, 2011 and 2012 respectively) that will expire in 2010, 2011, 2012, 2013 and 2014 respectively according to the prevailing tax laws and regulations in the country in which the entity operates. Other losses may be carried forward indefinitely subject to the final assessment of the relevant tax authority.

At 31 March 2009, the aggregate amount of temporary differences associated with impairment of trade receivables against which no deferred tax assets have been recognised was approximately HK\$1,253,000 (2008: HK\$503,000). No deferred tax asset has been recognised in respect of these differences because the directors are of the opinion that it is uncertain as to whether the provisions will be accepted by the relevant local tax authority as tax deductible.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 26. SHARE CAPITAL

	2009		2008	
	No. of Shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised:				
Ordinary share of HK\$0.01 each	<b>2,000,000,000</b>	<b>20,000</b>	2,000,000,000	20,000
Issued and fully paid:				
Ordinary share of HK\$0.01 each:				
At beginning of year	<b>769,695,500</b>	<b>7,697</b>	663,509,000	6,635
Allotment (i)	-	-	100,000,000	1,000
Exercise of share options (ii)	<b>7,778,000</b>	<b>78</b>	6,186,500	62
At end of year	<b>777,473,500</b>	<b>7,775</b>	769,695,500	7,697

- (i) On 26 April 2007, pursuant to a subscription agreement dated 11 April 2007 between the Company and a number of independent investors (the "Subscribers"), the Company allotted and issued to the Subscribers an aggregate of 100,000,000 new shares at HK\$0.106 per subscription share.
- (ii) On 25 March 2009, 7,778,000 ordinary shares of the Company were issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme at the exercise price of HK\$0.036 per share. On 27 June 2007, 2,806,500 and 3,380,000 ordinary shares of the Company were issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme and the Share Option Scheme at the exercise price of HK\$0.036 and HK\$0.132 per share respectively. Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 27.

## 27. SHARE OPTION SCHEMES

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 27. SHARE OPTION SCHEMES *(continued)*

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

The number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other share option scheme adopted by the Company shall not exceed 30% of the issued shares of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 66,002,450 shares of the Company, representing 10% of the Company's total number of shares in issue as at 29 July 2004, being the date of approval of the refreshment of the share option scheme limit, or representing 8.6% of the Company's total number of shares in issue as at the date of this annual report.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. SHARE OPTION SCHEMES (continued)

Movements in share options are as follows:

	2009			2008		
	Weighted average exercise price HK\$ per share	Number of share options Pre-IPO Share Option Scheme	Share Option Scheme	Weighted average exercise price HK\$ per share	Number of share options Pre-IPO Share Option Scheme	Share Option Scheme
Outstanding at the beginning of year	0.096	38,971,500	17,200,000	0.034	41,778,000	4,180,000
Granted	-	-	-	0.242	-	16,400,000
Exercised	0.036	(7,778,000)	-	0.024	(2,806,500)	(3,380,000)
Outstanding at the end of year	0.105	31,193,500	17,200,000	0.096	38,971,500	17,200,000
Vested at the end of the year	0.105	31,193,500	17,200,000	0.036	38,971,500	800,000

Details of the outstanding share options at 31 March 2009:

Option scheme	Date of grant	Vesting period	Remaining contractual life as at		Exercise period	Exercise price	No. of share options 2009	No. of share options 2008	Notes
			31 March (years) 2009	2008					
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2003	3.6	4.6	13 November 2003 – 23 October 2012	0.036	14,167,000	18,056,000	(a)
Pre-IPO Option Scheme	24 October 2002	24 October 2002 – 12 November 2004	3.6	4.6	13 November 2004 – 23 October 2012	0.036	17,026,500	20,915,500	(a)
Share Option Scheme	10 December 2003	10 December 2003 – 9 December 2005	4.7	5.7	10 December 2005 – 9 December 2013	0.132	800,000	800,000	(b)
Share Option Scheme	5 October 2007	5 October 2007 – 4 October 2008	0.5	1.5	5 October 2008 – 4 October 2009	0.242	16,400,000	16,400,000	(b)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 27. SHARE OPTION SCHEMES *(continued)*

Notes:

- (a) The Group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement polices have not been applied to these options granted, as these options were granted before 7 November 2002, or vested before 1 April 2005.
- (b) The fair value of the share options granted on 5 October 2007 was HK\$1,018,000, of which the Group recognised a share option expense of approximately HK\$509,000 during the year ended 31 March 2009 (2008: HK\$509,000).

The fair value of equity-settled share options granted on 5 October 2007 was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Closing share price at the date of grant	HK\$0.230
Expected volatility (per annum)	104.28%
Historical volatility (per annum)	104.28%
Expected life of option	1.5 years
Risk free interest rate (per annum)	3.735%
Expected dividend yield (per annum)	0%

The expected life of option is the period commencing on the date of grant and has been estimated based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. It is not necessarily indicative of the exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility of closing prices of the shares of the Company in the past one year immediately before the date of grant is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## 28. RESERVES

### Company

	Share option reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
1 April 2007	177	15,211	(19,871)	(4,483)
Issue of new shares	–	9,600	–	9,600
Issue of shares upon exercise of share options	–	485	–	485
Equity-settled share-based payment	509	–	–	509
Loss for the year	–	–	(2,418)	(2,418)
At 31 March 2008 and 1 April 2008	686	25,296	(22,289)	3,693
Issue of shares upon exercise of share options	–	202	–	202
Equity-settled share-based payment	509	–	–	509
Loss for the year	–	–	(1,383)	(1,383)
<b>At 31 March 2009</b>	<b>1,195</b>	<b>25,498</b>	<b>(23,672)</b>	<b>3,021</b>

Under the Companies Law 2003 (Revised) of the Cayman Islands and the article of association of the Company, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the relevant provisions of the Articles of Association of the Company.

## 29. COMMITMENTS

At 31 March 2009, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Not later than one year	<b>572</b>	705
In second to fifth years inclusive	<b>444</b>	1,301
Total	<b>1,016</b>	2,006

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

### 30. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Guarantees in respect of performance bonds in favour of contract customers	<b>889</b>	842

At 31 March 2009, banking facilities of HK\$889,000 (2008: HK\$842,000) were granted by a bank to a wholly owned subsidiary of the Company. Those facilities were secured by pledged bank deposit and balance in the aggregate sum of approximately HK\$889,000 (2008: HK\$842,000).

### 31. POST BALANCE SHEET EVENT

On 23 April 2009, the Group together with an unrelated party established a new subsidiary named “廣州國聯電力科技發展有限公司” with a registered capital of RMB1,800,000 of which 51% is attributable to the Group. This new subsidiary will engage in research and development of electronic technology and provision of electronic hardware and software.

### 32. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel of the Group

The Company considers that all members of key management consist of directors of the Company. Details of the remuneration of the directors of the Company are disclosed in note 16 to the financial statements.