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)

(Stock Code: 8060)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

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

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

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2010 was approximately HK$89,693,000, representing an increase of approximately 184%, as compared with that for the year ended 31 March 2009.

- Profit attributable to equity shareholders of the Company was approximately HK$16,435,000 for the year ended 31 March 2010.

- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2010.

The board of directors (the "Directors") of Global Link Communications Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the audited comparative figures for the year ended 31 March 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	4(a)	**89,693**	31,591
Cost of revenue		**(61,756)**	(20,698)
Gross profit		**27,937**	10,893
Other income	4(b)	**1,929**	1,467
Selling expenses		**(5,127)**	(5,332)
Administrative expenses		**(6,411)**	(5,819)
Finance costs	5	**(11)**	(6)
Profit before tax	6	**18,317**	1,203
Income tax	8	**(3,261)**	(181)
Profit for the year		**15,056**	1,022
Other comprehensive income:			
Exchange differences on translating foreign operation		**–**	1,118
Total comprehensive income for the year, net of tax		**15,056**	2,140
Profit (loss) attributable to:			
Equity holders of the Company		**16,435**	1,022
Minority interests		**(1,379)**	–
		15,056	1,022
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		**16,435**	2,140
Minority interests		**(1,379)**	–
		15,056	2,140
Earnings per share (in HK cents):	10		
– Basic		**2.11 cents**	0.13 cents
– Diluted		**2.05 cents**	0.13 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,319**	965
Current assets			
Trade and other receivables	*11*	**50,370**	24,394
Prepayments and deposits		**1,862**	1,574
Pledged bank deposit and balance		**889**	889
Cash and bank balances		**16,966**	16,307
Total current assets		**70,087**	43,164
Current liabilities			
Trade and other payables	*12*	**21,845**	12,258
Provision for taxation		**4,170**	1,516
Total current liabilities		**26,015**	13,774
Net current assets		**44,072**	29,390
Total assets less current liabilities		**46,391**	30,355
Net assets		**46,391**	30,355
Capital and reserves			
Equity attributable to equity holders of the Company			
Share capital		**7,775**	7,775
Reserves		**39,015**	22,580
		46,790	30,355
Minority interests		**(399)**	–
Total equity		**46,391**	30,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2010

	Attributable to equity holders of the Company									
	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share option reserve	(Accumulated losses)/ retained earnings	Statutory reserves	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000* *(note a)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note b)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426	–	27,426
Total comprehensive income for the year	–	–	–	1,118	–	1,022	–	2,140	–	2,140
Recognition of equity – settled share based payments	–	–	–	–	509	–	–	509	–	509
Issue of shares upon exercise of share option	78	202	–	–	–	–	–	280	–	280
Transfer to statutory reserves	–	–	–	–	–	(438)	438	–	–	–
At 31 March 2009 and 1 April 2009	7,775	25,498	2,135	1,979	1,195	(11,810)	3,583	30,355	–	30,355
Capital injection by minority in a new subsidiary	–	–	–	–	–	–	–	–	980	980
Total comprehensive income for the year	–	–	–	–	–	16,435	–	16,435	(1,379)	15,056
Transfer to statutory reserves	–	–	–	–	–	(2,066)	2,066	–	–	–
At 31 March 2010	**7,775**	**25,498**	**2,135**	**1,979**	**1,195**	**2,559**	**5,649**	**46,790**	**(399)**	**46,391**

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").

Notes:

1. GENERAL INFORMATION

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

2. 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.

3. IMPACT OF NEW AND REVISED HKFRSs

In the current year, the Company has adopted the following new or revised standards, amendments and interpretations issued by the HKICPA that are effective or available for early adoption for accounting periods beginning on or after 1 April 2009:

Amendment to HKFRS 1 and HKAS 27	First-time Adoption of HKFRSs; Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
Amendment to HKFRS 7	Financial instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKAS 32 and HKAS 1	Financial Instruments: Presentation; Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation

HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
Improvements to HKFRSs (2008)	

The adoption of the above new or revised standards, amendments and interpretations did not have a significant impact on the Group's financial statements except as discussed below:

- The Company has early adopted HKAS 27 (Revised) and HKFRS 3 (Revised) in the financial statements for the year ended 31 March 2010. Previously, losses applicable to the minority in excess of the minority interest in the subsidiary's equity were allocated against the majority interest except to the extent that the minority had a binding obligation and was able to make an additional investment to cover the losses. Under HKAS 27 (Revised), total comprehensive income is attributed to the owners of the parent and to the minority interests even if this results in the minority interests having a deficit balance. As a result of the adoption of HKAS 27 (Revised), loss attributed to minority interest has widened by HK$399,000 whereas the profit attributed to the equity holders of the parent has increased by the same amount for the year ended March 31, 2010. There has been no effect on the Group's results for any prior periods because the amendment to the provisions of HKAS 27 as regards profit or loss attribution shall not be applied retrospectively.

- As a result of the adoption of HKAS 1 (Revised), all changes in equity arising from transactions with owners in their capacity as owners are presented in the statement of changes in equity, separately from non-owner changes in equity (i.e. components of comprehensive income), which are presented in the statement of comprehensive income. Corresponding prior-year amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Company's financial instruments, categrosing these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data.

- HKFRS 8 replaces HKAS 14, 'Segment reporting'. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The adoption of HKFRS 8 has no material impact on the Group's financial statements.

Up to the date of the issuance of these financial statements, the HKICPA has issued a number of new and revised HKFRSs which are not yet effective for the year ended March 31, 2010 and which have not been early adopted by the Company, set out below. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs on the Company's financial statements. So far the directors have concluded that the application of these new and revised HKFRSs will not have a material impact on the results and financial position of the Company.

- HKAS 1 (amendment) – Presentation of financial statements[1]
- HKAS 7 (amendment) – Statement of cash flows[1]
- HKAS 17 (amendment) – Leases[1]
- HKAS 24 (revised) – Related party disclosures[4]
- HKAS 32 (amendment) – Classification of rights issue[5]
- HKAS 36 (amendment) – Impairment of assets[1]
- HKAS 38 (amendment) – Intangible assets[2]
- HKAS 39 (amendment) – Financial instruments: recognition and measurement[1,2]
- HKFRS 2 (amendment) – Share-based payments[1,2]
- HKFRS 5 (amendment) – Non-current assets held for sale and discontinued operations[1]
- HKFRS 8 (amendment) – Operating segments[1]
- HKFRS 9 – Financial instruments[3]
- HK(IFRIC) – Int 9 (amendment) – Reassessment of embedded derivatives[2]
- HK(IFRIC) – Int 14 – Prepayments of a minimum funding requirement[4]
- HK(IFRIC) – Int 16 – Hedges of a net investment in a foreign operation[2]
- HK(IFRIC) – Int 17 – Distributions of non-cash assets to owners[2]
- HK(IFRIC) – Int 19 – Extinguishing financial liabilities with equity instruments[6]

[1] Changes effective for annual periods beginning on or after 1 January 2010.
[2] Changes effective for annual periods beginning on or after 1 July 2009.
[3] Changes effective for annual periods beginning on or after 1 January 2013.
[4] Changes effective for annual periods beginning on or after 1 January 2011.
[5] Changes effective for annual periods beginning on or after 1 February 2010.
[6] Changes effective for annual periods beginning on or after 1 July 2010.

4. REVENUE AND OTHER INCOME

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

	2010	2009
	HK$'000	*HK$'000*
(a) Revenue		
Revenue from the supply, development and integration of message communication and passenger information management systems	**89,693**	31,591
(b) Other income		
Reversal of allowance for doubtful debts	**906**	176
Bad debts recovery	**200**	–
Bank interest income	**90**	208
Refund on value-added tax*	**204**	1,035
Government grants	**167**	–
Waiver of trade payable	**343**	–
Sundry income	**19**	48
Total other income	**1,929**	1,467

* *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.*

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Bank charges	**11**	6

6. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	**220**	200
Impairment loss on trade receivable	**225**	962
Depreciation	**386**	365
Property, plant and equipment written off	**75**	–
Minimum lease payments under operating lease		
– land and buildings	**1,102**	736
Staff costs, including directors' emoluments:		
Salaries and wages	**7,993**	6,537
Contribution to retirement benefit schemes	**252**	217
Equity-settled share-based payments	**–**	509
Provision for staff welfare benefits	**228**	187
	8,473	7,450

7. SEGMENTAL INFORMATION

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the Group's operating segments are organised and structured according to the geographical locations where the Group's customers are located.

The following table presents the Group's segment profits, assets and liabilities:

	Mainland China		Hong Kong		Elimination		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
External sales	**89,416**	31,423	**277**	168	**–**	–	**89,693**	31,591
Inter-segment sales*	**–**	–	**263**	261	**(263)**	(261)	**–**	–
	89,416	31,423	**540**	429	**(263)**	(261)	**89,693**	31,591
RESULT								
Segment result	**27,188**	9,469	**139**	97			**27,327**	9,566
Unallocated corporate expenses							**(10,939)**	(9,830)
Interest income							**90**	208
Other unallocated income							**1,839**	1,259
Profit before tax							**18,317**	1,203
Income tax							**(3,261)**	(181)
Profit for the year							**15,056**	1,022
ASSETS								
Segment assets	**69,456**	38,725	**2,950**	5,404			**72,406**	44,129
Unallocated assets							**–**	–
Total assets							**72,406**	44,129
LIABILITIES								
Segment liabilities	**21,434**	11,867	**411**	391			**21,845**	12,258
Unallocated liabilities							**4,170**	1,516
Total liabilities							**26,015**	13,774
OTHER INFORMATION								
Capital expenditure	**1,278**	691	**537**	–			**1,815**	691
Depreciation	**299**	362	**87**	3			**386**	365
Impairment loss on trade receivables	**225**	898	**–**	64			**225**	962

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

The following table presents the Group's revenue from external customers by product and services:

	2010	2009
	HK$'000	*HK$'000*
Supply, development and integration of message communication systems	**3,849**	6,286
Supply, development and integration of passenger information management system	**85,844**	25,305
	89,693	31,591

8. INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	*HK$'000*
Current year provision:		
PRC enterprise income tax	**3,286**	178
Hong Kong profits tax	**–**	3
Over-provision in prior years	**(25)**	–
	3,261	181

Provision for Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) 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% (2009: 16.5%) on 30% of the payments.

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:

	2010	2009
	HK$'000	*HK$'000*
Profit before tax	**18,317**	1,203
Theoretical tax calculated at the PRC income tax rates applicable to profits for the periods concerned	**4,579**	301
Effect of different tax rates in other regions	**158**	112
Effect of tax exemptions granted to a PRC subsidiary	**(2,745)**	(1,148)
Effect of income not subject to taxation	**(79)**	(32)
Effect of expenses not deductible for taxation purposes	**1,423**	609
Effect of tax losses not recognized	**–**	354
Over-provision in prior years	**(25)**	–
Others	**(50)**	(15)
Taxation charge for the year	**3,261**	181

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2009: Nil).

10. 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	**16,435**	1,022

	Number of shares	
	2010	2009
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**777,474**	769,845
Effect of dilutive potential ordinary shares:		
Shares issued for no consideration assuming exercise of share options	**23,012**	20,654
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**800,486**	790,499

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.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**50,375**	23,554
Less: Allowance for doubtful debts	**(701)**	(1,382)
	49,674	22,172
Other receivables	**696**	1,666
Bills receivable	**–**	556
	50,370	24,394

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

	2010	2009
	HK$'000	*HK$'000*
Not yet due	**5,984**	4,445
Between 0 and 90 days	**21,283**	6,818
Between 91 and 180 days	**9,902**	3,898
Between 181 and 365 days	**12,425**	6,113
Between 1 and 2 years	**80**	898
	49,674	22,172

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$5,984,000 (2009: HK$4,445,000), which are withheld and will be released upon the expiry of maintenance periods.

Movement in the allowance for doubtful debts are as follows:

	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**1,382**	568
Impairment losses recognized	**225**	962
Impairment losses reversed	**(906)**	(176)
Exchange realignment	**–**	28
At end of year	**701**	1,382

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate gross amount of approximately HK$781,000 (2009: HK$2,280,000) 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:

	2010	2009
	HK$'000	*HK$'000*
Past due but not impaired:		
Between 0 and 90 days past due	**9,902**	3,898
Between 91 and 270 days past due	**12,425**	6,113
	22,327	10,011

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK$27,267,000 (2009: HK$11,263,000) 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.

12. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**14,414**	6,861
Other payables	**7,209**	5,175
Deposits received from customers	**222**	222
	21,845	12,258

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

	2010	2009
	HK$'000	*HK$'000*
Between 0 and 90 days	**3,763**	525
Between 91 and 180 days	**8,056**	–
Between 181 and 365 days	**293**	1,804
Between 1 and 2 years	**1**	1,466
Over 2 years	**2,301**	3,066
	14,414	6,861

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year, the PRC railway transportation construction was developed at a new striding base. The Group timely established corresponding market development strategy and achieved a high increase in operating results.

For the year ended 31 March 2010, the Group turnover was approximately HK$89,693,000, representing a 184% increase as compared to last year. Gross profit was approximately HK$27,937,000, representing a 156% increase as compared to last year. Net asset value was approximately HK$46,391,000, representing a 53% increase as compared to last year.

The Company has been listed "Top50 independent innovation enterprises engage in rail transit 2009" which is cosponsored by China Enterprises Evaluation Association and Rail Transit Magazine. With its good operating results, stable and reliable product strength, the Group had obtained new train information system supply contract for 10 new lines with train manufacturing subsidiaries of China South Locomotive and Rolling Stock Corporation Limited ("CSR") and the China Northern Locomotive and Rolling Stock Industry (Group) Corporation ("CNR"), and was the enterprise obtained most new contracts in the year. The active market development has established a firm base for next year.

To cope with the PRC government's plan with steady increase in investment in the construction of country intelligent electricity network in the next 5 to 10 years, the Group together with a party which has a solid base in the industry, established a new subsidiary named Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司),where the Group holds 51% equity interest. That subsidiary, through active business development, has provided products and solutions to the country's electricity department in the area of high voltage line control, automatic electricity distribution and intelligent management of electricity materials, which built a firm base for the Group's next year's operation and earnings expansion.

BUSINESS REVIEW

Current year was a year that cities railway transportation project started the most. Global Link has grasped the market opportunity in time. Through its good project operating result in the industry and the view channel control system with well-known brand name, it has made a historied good operating result for the Group.

1. Delivery of train information system to 9 cities railway lines including Beijing, Guangzhou, Shenzhen, Wuhan, Xi'an, Hong Kong and Bombay through train manufacturing enterprises from the CSR, CNR and Beijing Mass Transit Railway Operation Corp. Ltd. the products were installed and operated on over 800 trains, which caused a high increase in operating result.

2. With its research and development investment for years and the high market share of the new channel control system, the passenger information system and broadcasting system promptly entered into the purchasing scope of mainstream train manufacturers. In this year, we have signed new supply contract for 10 new lines, totalling more than 1,000 trains. These contracts have established a firm base for the Group's future operation.

3. During the year, the Group through its advantageous resources, established a new subsidiary named Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), where the Group holds 51% equity interest. That subsidiary is aimed at the PRC government's investment in country intelligent electricity network construction in the coming 5 to 10 years. The plan is to upgrade the current electricity network to an intelligent one which will integrate electricity, information, view channel, intelligent home electricity control and building automation, and will invest a high amount for its construction. During the year, that subsidiary, through active business development, has provided products and solutions to the country's electricity department in the area of high voltage line control, automatic electricity distribution and intelligent management of electricity materials and will have significant growth in market operation in the coming year.

The Group placed its main resources on the innovative side of management, product and services. To cope with the upcoming operating development, the Group's core business operating entity – Guangzhou Global Link Communications Inc. has moved to China Software Industry Base in Tianhe District of Guangzhou, with area of about 3,000 m^2 and a good environment to fulfil future's larger scale product development and production. Resulted from its innovative persistence, the entity has been listed "Top50 independent innovation enterprises engage in rail transit 2009" which is cosponsored by China Enterprises Evaluation Association and Rail Transit Magazine and currently is the only awarded enterprise in the industry that provide train information system.

BUSINESS OUTLOOK

The Group has increased investments in market development and project services and has set up office in the train manufacturing enterprise of CSR, CNR and Beijing Mass Transit Railway Operation Corp. Ltd. With market development officer located in core cities to get first hand market information. A fully business understanding and the new application requirement of railway transportation builders can provide more room for research and development cycle and contribute for the Group's further development in the railway transportation industry. The continuous industry development will bring a higher growth rate on the Group's newly signed contracts. The subsidiary – Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), will add new growth momentum for the Group's operating result through its intelligent electricity network product.

Looking forward to the future, the PRC's railway transportation construction has reached a hugh investment scale period, and the scale will be kept at high position in the next 5 to 10 years. Large number of trains launch into operation will bring continuous development opportunity for the Group. The Group is a high ranking brand supplier for view channel control system as a result of its continuous widening influencing power and projects implemented. With remarkable contracts on hand and foreseeable contracts that will be obtained in the coming year, shareholders will have a better return.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since 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 identify by the Group during the normal course of business. As at 31 March 2010, the Group had a total cash and bank balances, amounted to approximately HK$16,966,000.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group had net current assets of approximately HK$44,072,000 (2009: approximately HK$29,390,000), of which approximately HK$16,966,000 (2009: approximately HK$16,307,000) 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.

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.

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.

EMPLOYEE AND SALARIES POLICY

As at 31 March 2010, the Group has 111 staff (2009: 89 staff), with 103 and 8 staff employed in the PRC and Hong Kong respectively.

	At 31 March 2010 Number of staff	At 31 March 2009 Number of staff
Management, finance and administration	**16**	15
Research and development	**76**	58
Marketing and sales	**19**	16
Total	**111**	89

The total staff costs, including Directors' emoluments, amounted to approximately HK$8,473,000 (2009: approximately HK$7,450,000) 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.

CONTINGENT LIABILITIES

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

	2010	2009
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**889**	889

At 31 March 2010, banking facilities of HK$889,000 (2009: HK$889,000) were granted by a bank to a wholly owned subsidiary of the Company. Those facilities were secured by pledged bank deposit and balance in the aggregate sum of approximately HK$889,000 (2009: HK$889,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

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

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, Mr. Lu Ting Jie and Mr. Leung Kwok Keung. All of them are independent non-executive Directors. The chairman of the audit committee is Mr. Hu Tiejun.

The Group's annual audited results during the year ended 31 March 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
Ma Yuanguang
Chairman

Hong Kong, 23 June 2010

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