国联通信

Global Link

Stock Code:8060
Http://www.glink.hk

國聯通信控股有限公司

Global Link Communications Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

誠信　專業　創新

年報 2009/10 ANNUAL REPORT

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Contents

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

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367-375 Queen's Road Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

6-7/F., No.1037
Gaopu Road
Tianhe District, Guangzhou City, Guangdong Province
The People's Republic of China.

PRINCIPAL BANKERS

China Construction Bank
Guangzhou Ruan Jian Yuan Sub-branch
China Construction Bank
Guangzhou Kaifa District 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 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

AGCA CPA 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 Limited (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 2010 for shareholders' review.

Railway Transportation Industry Benefit from National Policy

During the year, the construction of railway transportation reached the largest investment scale in the PRC's history. At the end of 2009, the country's operation mileage of railway transportation was 86,000 kilometers, ranked the second in the world, with the completion of RMB600 billion investment in passenger lines. It is estimated that city railway will increase from 12,000 kilometers in 2008 to 16,000 kilometers in 2012, resulted from the yearly average investment in fixed assets at RMB700 billion. The city railway transportation was in a flourishing development period, pursuant to which 10 cities have operating city railway transportation lines with a total mileages of over 900 kilometers, 15 cities have railway construction in progress with around 1,600 kilometers and 35 cities are planning for new lines with a mileage of over 7,500 kilometers. It is expected that in 2015, the PRC will have more than 60 operation railway lines, total mileage at 1,700 kilometers and the investment scale for construction will be at RMB600 billion.

Active market development, outstanding achievement

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.

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.

I would like to express may sincere gratitude to the Directors, senior management and employees for their continuous innovation, development effort and determined aggression and to our shareholders, customers and allied parties for their fully support.

Ma Yuanguang
Chairman

Hong Kong, 23 June 2010

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group focused on its detailed operation development strategy, which was based on its advantageous resources and the PRC government's 10 major revitalization plan. The Group's core product is train information systems, and at the same time, actively develops the intelligent electricity and electricity protection market. Implementing its operation development strategies, the Company started plans including market and the Group's product development, project service centre lay out and product quality control. With its core market in the PRC, the Group's major customers include sizable train manufacturers of the CSR and CNR city railway transportation companies and national electricity companies and the group will steady explore overseas markets.

MARKET OVERVIEW

During the year, resulted from the PRC government's effective policy, China's GDP maintained a 8% increase. The railway transportation industry has reached an unprecedented high speed development period. Investments in express railway with speed at 350 kilometers/hour, cities passenger highway and railway transportation in big cities, construction and operation were all in a striding development period.

At the end of 2009, the country's operation milage was 86,000 kilometers, ranked the second in the world, and which was resulted from the construction of "Four Vertical", "Four Horizontal" express passenger highways. New lines under construction were around 33,000 kilometers with investment scale at RMB 2,100 billion.

From 2009 to 2012, it is expected that the PRC's cities railway milage will increase from 12,000 kilometers to 16,000 kilometers, and the PRC has completed a 600 billion RMB investment in the current year. It is expected that the average yearly fixed asset investment from 2010 to 2012 will be kept at around RMB 700 billion.

Construction of cities railway was in a flourishing development period. Currently, 10 cities have operating city railway transportation lines with a total milage of over 900 kilometers, 15 cities have railway under construction with around 1,600 kilometers and 35 cities are planning for new lines with a milage of over 7,500 kilometers. In 2015, It is expected that the PRC will have more than 60 operation lines with total milage at 1,700 kilometers and an investment scale at RMB 600 billion.

Resulted from the PRC government's continuous large scale invested in the railway transportation. Both CSR and CNR train manufacturing enterprises were in a unprecedented peak production season, and all have to expand production lines as the train delivery mission which were at multiple increase compared to past years. Under the country's self-creative through assimilate overseas advanced technology policy, homemade ratio from related enterprises were increasing with the whole train standard satisfying the international standard. Currently, the local railway transportation market basically adopts homemade trains. Having competitive power on the price and function side, the train export will be a trend.

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 view 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.

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. Following the PRC's railway transportation train manufacturing enterprises' product export, the Group's train information system, as part of the whole train supply contract, were also export to several overseas countries and regions.

The Group's turnover recognised in the PRC amounted to approximately HK$89,416,000 representing 99% of the Group's turnover for the year.

For Hong Kong and overseas market, 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. New customers captured are from relevant area of the country's electricity network and electricity companies in cities.

WIDE RANGING ALLIANCE

The Group has established friendly long term alliance with sizable train manufacturers and underground railway company for the railway transportation market including corresponding technical assistance, product upgrade and maintenance services alliance started multi area alliance with famous parts and machine manufactures for relevant authentication and OEM, ODM cooperation. An agreement for mutual assistance and protection, with certain degree of exclusive, were established for the industry, which made the team better competitive edge in the industry.

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.

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.

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.

CHARGE ON THE GROUP'S ASSETS

Other than disclosed in note 29 to the financial statements, the Group had no change on 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.

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 29 to the financial statements, the Group had no material contingent liabilities as at 31 March 2010 (2009: Nil).

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang (馬遠光), aged 56, 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 46, 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, Beijing Global Link Weiye Communications and Technologies Limited (北京國聯偉業通信技術有限公司), Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), all being subsidiaries of the Company.

Mr. Lo Kam Hon, Gary (勞錦漢), aged 46, 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 57. Mr. Lee joined the Group in May 2002. Mr. Lee has over 27 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 (胡鉄君), aged 59. 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 and a vice-president and general secretary of Worldwide Ethnic Chinese Wireless & Radio Association. 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 55. 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 47, 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 20 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. Xian Bao Wen (冼寶文), aged 35, 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 and Guangzhou Neplink Technologies Development Company Limited (廣州國聯電力科技發展有限公司), subsidiaries of the company.

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2010.

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 18 to the financial statements.

An analysis of the Group's performance for the year by geographical segments and products and services is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 26.

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

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 29 and note 27 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 17 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 25 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 2010, the Company's reserves available for distribution amounted to approximately HK$2,147,000 (2009: approximately HK$3,021,000).

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

	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**89,693**	31,591	38,401	37,105	25,736
Gross profit	**27,937**	10,893	14,610	11,867	5,556
Profit before tax	**18,317**	1,203	7,964	3,468	2,138
Profit attributable to equity holders of the Company	**16,435**	1,022	6,120	2,774	2,140
Total assets	**72,406**	44,129	40,412	28,609	12,805
Total liabilities	**26,015**	13,774	12,986	19,575	6,879
Minority interests	**(399)**	–	–	–	–
Net assets	**46,391**	30,355	27,426	9,034	5,926

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	32%
– five largest suppliers combined	65%
Sales	
– the largest customer	37%
– five largest customers combined	81%

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. Lo Kam Hon, Gary, Mr. Wing Kee Eng, Lee and Mr. Hu Tiejun 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 pursuit 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 16 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.

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 15 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 8 to 9 of this report.

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

As at 31 March 2010, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	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:

1. 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.

2. 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 2010, 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.

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

As at 31 March 2010, 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:

Name	Capacity	Class and number of securities	Approximate percentage of shareholdings
Leung Kin Man Kenny	Beneficial owner	49,130,000 ordinary shares Long position	6.32%

Save as disclosed above, as at 31 March 2010, 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:

			Number of share options under the Pre-IPO Share Option Scheme			
Name of grantee	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2009**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2010**
Executive Directors						
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
Non-executive Director						
Wing Kee Eng, Lee	24 October 2002	2,778,000	2,778,000	–	–	2,778,000
Independent non-executive Directors						
Hu Tiejun	24 October 2002	833,000	833,000	–	–	833,000
Lu Ting Jie	24 October 2002	833,000	–	–	–	–
Senior Management						
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 *(Note)*	24 October 2002	20,746,000	5,250,000	–	–	5,250,000
Total		57,771,000	31,193,500	–	–	31,193,500

Note:

These refer to the former employees of the Group.

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:

			Number of share options under Share Option Scheme				
Capacity	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2009**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2010**	**Exercise price**
Executive Directors							
Lo Kam Hon, Gary	10 December 2003	350,000 *(Note 2)*	–	–	–	–	HK$0.132
Employees	10 December 2003	480,000 *(Note 2)*	–	–	–	–	HK$0.132
Advisers/consultants	10 December 2003	2,700,000 *(Note 2)*	800,000	–	–	800,000	HK$0.132
Other *(Note 1)*	10 December 2003	2,980,000 *(Note 2)*	–	–	–	–	HK$0.132
Employees	5 October 2007	16,400,000 *(Note 3)*	16,400,000	16,400,000	–	–	HK$0.242
Total		22,910,000	17,200,000	16,400,000	–	800,000	

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, the options had lapsed in October 2009.

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, 800,000 shares of the Company are available for issue under the Share Option Scheme, representing 0.103% 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 26 to the financial statements.

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 2010.

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.

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 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 2010

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 2010.

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.

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

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

Directors	Attendance
Executive Directors	
Mr. Ma Yuanguang *(Chairman)*	4/4
Mr. Hu Zhi Jian *(Chief executive officers)*	4/4
Mr. Lo Kam Hon, Gary	4/4
Non-executive Director	
Mr. Wing Kee Eng, Lee	4/4
Independent non-executive Directors	
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 2010. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	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 2010. Details of the attendance of the meeting are as follows:–

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman)*	1/1
Mr. Hu Zhi Jian *(Chief executive officers)*	1/1
Mr. Lo Kam Hon, Gary	1/1
Non-executive Director	
Mr. Wing Kee Eng, Lee	1/1
Independent non-executive Directors	
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.

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$220,000 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:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	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 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.

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 24 to 25 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 (the "Company") and its subsidiaries (collectively the "Group") set out on pages 26 to 59, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, 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.

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 2010 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 2010

Pang Fung Ming
Practising Certificate number P03124

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	7(a)	**89,693**	31,591
Cost of revenue		**(61,756)**	(20,698)
Gross profit		**27,937**	10,893
Other income	7(b)	**1,929**	1,467
Selling expenses		**(5,127)**	(5,332)
Administrative expenses		**(6,411)**	(5,819)
Finance costs	9	**(11)**	(6)
Profit before tax	10	**18,317**	1,203
Income tax	11	**(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):	14		
– Basic		**2.11 cents**	0.13 cents
– Diluted		**2.05 cents**	0.13 cents

The notes on pages 31 to 59 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	*17*	**2,319**	965
Current assets			
Trade and other receivables	*20*	**50,370**	24,394
Prepayments and deposits		**1,862**	1,574
Pledged bank deposit and balance	*21*	**889**	889
Cash and bank balances	*22*	**16,966**	16,307
Total current assets		**70,087**	43,164
Current liabilities			
Trade and other payables	*23*	**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	*25*	**7,775**	7,775
Reserves		**39,015**	22,580
		46,790	30,355
Minority interests		**(399)**	–
Total equity		**46,391**	30,355

Approved and authorised for issue by the Board of Directors on 23 June 2010.

Ma Yuanguang
Director

Hu Zhi Jian
Director

The notes on pages 31 to 59 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Investments in subsidiaries	18	**21**	21
Current assets			
Prepayments and deposits		**203**	203
Due from a subsidiary	19	**10,194**	10,742
Total current assets		**10,397**	10,945
Current liabilities			
Other payables	23	**170**	170
Due to a subsidiary		**326**	–
Total current liabilities		**496**	170
Net current assets		**9,901**	10,775
Total assets less current liabilities		**9,922**	10,796
Net assets		**9,922**	10,796
Capital and reserves			
Share capital	25	**7,775**	7,775
Reserves	27	**2,147**	3,021
Total equity		**9,922**	10,796

Approved and authorised for issue by the Board of Directors on 23 June 2010.

Ma Yuanguang
Director

Hu Zhi Jian
Director

The notes on pages 31 to 59 form an integral part of these financial statements.

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").

The notes on pages 31 to 59 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit before tax	**18,317**	1,203
Adjustments for:		
Depreciation	**386**	365
Property, plant and equipment written off	**75**	–
Write-back of trade payables	**(343)**	–
Impairment loss on trade receivables	**225**	962
Bad debts recovery	**(200)**	–
Reversal of allowance for doubtful debts	**(906)**	(176)
Bank interest income	**(90)**	(208)
Equity-settled share-based payments	**–**	509
Operating cash flows before changes in working capital	**17,464**	2,655
Increase in trade and other receivables	**(26,178)**	(866)
(Increase)/decrease in prepayments and deposits	**(447)**	496
Increase in trade and other payables	**11,197**	1,005
Cash generated from operations	**2,036**	3,290
Income taxes paid	**(632)**	(495)
Net cash generated from operating activities	**1,404**	2,795
Investing activities		
Purchase of property, plant and equipment	**(1,815)**	(691)
Bank interest received	**90**	208
Increase in pledged bank deposits and balances	**–**	(47)
Net cash used in investing activities	**(1,725)**	(530)
Financing activities		
Proceeds from share option exercised	**–**	280
Capital injection by minority in a new subsidiary	**980**	–
Net cash generated from financing activities	**980**	280
Net increase in cash and cash equivalents	**659**	2,545
Cash and cash equivalents at beginning of year	**16,307**	12,580
Effect of foreign currency translation	**–**	1,182
Cash and cash equivalents at end of year	**16,966**	16,307
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	**16,966**	16,307

The notes on pages 31 to 59 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 MARCH 2010

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 6-7/F., No. 1037, Gaopu Road, Tianhe District, Gauangzhou 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 18 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 5 to the financial statements.

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)	

3. IMPACT OF NEW AND REVISED HKFRSs *(continued)*

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, categorising 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.

3. IMPACT OF NEW AND REVISED HKFRSs *(continued)*

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. 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 statement of comprehensive income 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. 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.

In the Company's statement of financial position, 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.

4. 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.

FOR THE YEAR ENDED 31 MARCH 2010

4. 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 statement of financial position.

(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.

4. 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.

4. 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).

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Executive Directors of the Company make strategic decisions and, therefore, are considered the chief operating decision-maker.

(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.

(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.

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 receivable

The impairment policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and based on management's judgement. Outstanding account balances are reviewed individually for collectibility. 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.

6. 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.

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

(a) Capital management *(continued)*

The Group monitors capital using a debt to equity ratio derived from the consolidated statement of financial position. The following table analyses the Group's capital structure as at 31 March 2010:

	2010	2009
	HK$'000	*HK$'000*
Total liabilities	**26,015**	13,774
Total equity	**46,391**	30,355
Debt to equity ratio	**56.1%**	45.4%

(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 2010 and 2009, 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.

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

(b) Financial instruments *(continued)*

(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 27% (2009: 30%) and 80% (2009: 83%) of its trade receivables as of 31 March 2010 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 statement of financial position.

(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:

	2010		2009	
	Within 1 year or on demand	**Total**	Within 1 year or on demand	Total
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Trade payables	**14,414**	**14,414**	6,861	6,861
Other payables	**7,209**	**7,209**	5,175	5,175
	21,623	**21,623**	12,036	12,036

(v) Interest rate risk management

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

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

(b) Financial instruments *(continued)*

(vi) Fair value of financial instruments

Effective 1 April 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs are quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data; and

Level 3: inputs are not based on observable market data (unobservable inputs).

As at March 31, 2010 and 2009, there was no assets or liabilities carried at fair value.

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.

7. 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.*

8. SEGMENT 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 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'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.

8. SEGMENT INFORMATION *(continued)*

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

	2010 HK$'000	2009 HK$'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

9. FINANCE COSTS

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

10. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2010 HK$'000	2009 HK$'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 *(note 15)*:		
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

11. 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 ended 31 March 2009, 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% on 30% of the payments. GLHK did not pay license fee to Hilltop during the year ended 31 March 2010.

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.

11. INCOME TAX *(continued)*

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

12. PROFIT FOR THE YEAR

Profit for the year attributable to the equity holders of the Company includes a loss of approximately HK$874,000 (2009: HK$1,383,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

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

FOR THE YEAR ENDED 31 MARCH 2010

14. 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.

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the seven (2009: seven) directors were as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2010				
Executive directors:				
Mr. Ma Yuanguang	**–**	**499**	**12**	**511**
Mr. Hu Zhi Jian	**–**	**435**	**5**	**440**
Mr. Lo Kam Hon, Gary	**–**	**128**	**6**	**134**
	–	**1,062**	**23**	**1,085**
Independent non-executive directors:				
Mr. Hu Tiejun	**40**	**–**	**–**	**40**
Professor Lu Ting Jie	**37**	**–**	**–**	**37**
Mr. Leung Kwok Keung	**69**	**–**	**–**	**69**
	146	**–**	**–**	**146**
Non-executive director:				
Mr. Wing Kee Eng, Lee	**56**	**–**	**–**	**56**
	202	**1,062**	**23**	**1,287**
Year ended 31 March 2009				
Executive directors:				
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
Independent non-executive directors:				
Mr. Hu Tiejun	39	–	–	39
Professor Lu Ting Jie	36	–	–	36
Mr. Leung Kwok Keung	68	–	–	68
	143	–	–	143
Non-executive director:				
Mr. Wing Kee Eng, Lee	55	–	–	55
	198	1,080	23	1,301

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

The five highest-paid individuals of the Group for the year ended 31 March 2010 included two (2009: two) directors, details of which are disclosed above. Details of the emoluments of the remaining three (2009: three) highest paid individuals for the year ended 31 March 2010 are as follows:

	2010	2009
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	**861**	706
Employee share option benefits	**–**	174
Contributions to retirement benefit schemes	**13**	21
	874	901

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

	2010	2009
Nil to HK$1,000,000	**3**	3

During the year ended 31 March 2010, 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 (2009: Nil).

16. 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 statement of comprehensive income of approximately HK$252,000 (2009: HK$217,000) represents contributions payable to the MPF Scheme and the retirement benefit plan in the PRC.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fixtures	Office equipment	Leasehold improvements	Tools and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 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
At 31 March 2009 and 1 April 2009	100	1,205	213	2,302	842	4,662
Additions	4	186	897	10	718	1,815
Written off	(82)	(691)	–	(530)	–	(1,303)
At 31 March 2010	**22**	**700**	**1,110**	**1,782**	**1,560**	**5,174**
Accumulated depreciation						
At 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
At 31 March 2009 and 1 April 2009	80	878	213	2,137	389	3,697
Charge for the year	5	84	106	10	181	386
Written off	(76)	(651)	–	(501)	–	(1,228)
At 31 March 2010	**9**	**311**	**319**	**1,646**	**570**	**2,855**
Carrying amounts						
At 31 March 2010	**13**	**389**	**791**	**136**	**990**	**2,319**
At 31 March 2009 and 1 April 2009	20	327	–	165	453	965

18. INVESTMENTS IN SUBSIDIARIES

	Company 2010 HK$'000	Company 2009 HK$'000
Unlisted shares, at cost	**21**	21

Details of the Company's subsidiaries as at 31 March 2010 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 Directly	Indirectly	Principal activities
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
廣州國聯電力科技發展有限公司 *(note (c))*	PRC	Registered capital RMB1,800,000	–	51%	Research and development of electronic technology and sale of electronic hardware and software

18. INVESTMENTS IN SUBSIDIARIES *(continued)*

Notes:

(a) Guangzhou Global Link Communications Inc. is a wholly foreign-owned enterprise with an operating period of 10 years expired on 23 September 2008, which 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.

(c) 廣州國聯電力科技發展有限公司 is a foreign-invested enterprise with limited liabilities and an operating period of 18 months expiring on 19 October 2010 subject to extension.

19. DUE FROM A SUBSIDIARY

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

20. TRADE AND OTHER RECEIVABLES

	Group	
	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.

20. TRADE AND OTHER RECEIVABLES *(continued)*

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.

FOR THE YEAR ENDED 31 MARCH 2010

21. 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 29).

22. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group was approximately HK$14,705,000 (2009: HK$10,983,000) 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.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**14,414**	6,861	**–**	–
Other payables	**7,209**	5,175	**170**	170
Deposits received from customers	**222**	222	**–**	–
	21,845	12,258	**170**	170

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

24. DEFERRED TAXATION

At 31 March 2010, the Group had unused tax losses of approximately HK$17,406,000 (2009: HK$14,095,000) 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$173,000, HK$3,000, HK$119,000, HK$288,000 and HK$1,977,000 (2009: HK$362,000, HK$173,000, HK$3,000, HK$119,000 and HK$288,000 in 2010, 2011, 2012, 2013 and 2014 respectively) that will expire in 2011, 2012, 2013, 2014 and 2015 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 2010, the aggregate amount of temporary differences associated with impairment of trade receivables against which no deferred tax assets have been recognised was approximately HK$572,000 (2009: HK$1,253,000). 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.

25. SHARE CAPITAL

	2010		2009	
	No. of Shares	**Amount** *HK$'000*	No. of shares	Amount *HK$'000*
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
Ordinary share of HK$0.01 each:				
At beginning of year	**777,473,500**	**7,775**	769,695,500	7,697
Exercise of share options *(i)*	**–**	**–**	7,778,000	78
At end of year	**777,473,500**	**7,775**	777,473,500	7,775

(i) 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. Details of the Pre-IPO Share Option Scheme is set out in note 26.

26. 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.

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 8.5% 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' 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.

26. SHARE OPTION SCHEMES *(continued)*

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.

Movements in share options are as follows:

	2010			2009		
	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	**0.105**	**31,193,500**	**17,200,000**	0.096	38,971,500	17,200,000
Exercised	**–**	**–**	**–**	0.036	(7,778,000)	–
Lapsed	**0.242**	**–**	**(16,400,000)**	–	–	–
Outstanding at the end of year	**0.038**	**31,193,500**	**800,000**	0.105	31,193,500	17,200,000
Vested at the end of year	**0.038**	**31,193,500**	**800,000**	0.105	31,193,500	17,200,000

Details of the outstanding share options at 31 March 2010:

Option scheme	**Date of grant**	**Vesting period**	**Remaining contractual life as at 31 March (years)**		**Exercise period**	**Exercise price**	**No. of share options**		*Notes*
			2010	2009		*HK$*	**2010**	2009	
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2003	**2.6**	3.6	13 November 2003 – 23 October 2012	0.036	**14,167,000**	14,167,000	(a)
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2004	**2.6**	3.6	13 November 2004 – 23 October 2012	0.036	**17,026,500**	17,026,500	(a)
Share Option Scheme	10 December 2003	10 December 2003 – 9 December 2005	**3.7**	4.7	10 December 2005 – 9 December 2013	0.132	**800,000**	800,000	
Share Option Scheme	5 October 2007	5 October 2007 – 4 October 2008	–	0.5	5 October 2008 – 4 October 2009	0.242	–	16,400,000	

Note:

(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.

27. RESERVES

Company

	Share option reserve HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
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)
At 31 March 2009 and 1 April 2009	1,195	25,498	(23,672)	3,021
Loss for the year	–	–	(874)	(874)
At 31 March 2010	**1,195**	**25,498**	**(24,546)**	**2,147**

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.

28. COMMITMENTS

At 31 March 2010, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	2010 ***HK$'000***	2009 *HK$'000*
Not later than one year	**1,182**	572
In second to fifth years inclusive	**5,447**	444
Total	**6,629**	1,016

29. CONTINGENT LIABILITIES

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

	2010 ***HK$'000***	2009 *HK$'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).

30. 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 15 to the financial statements.