



國聯通信控股有限公司

Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

INTERIM RESULTS ANNOUNCEMENT 2010

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

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

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

HIGHLIGHTS

Turnover for the six months ended 30 September 2010 was approximately HK\$57,986,000, representing a 161% increase from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company for the six months ended 30 September 2010 was approximately HK\$14,031,000, representing a 570% increase from that of the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the “Board”) of Global Link Communications Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“Global Link” or the “Group”) for the three months and the six months ended 30 September 2010 together with the unaudited comparative figures for the corresponding period in 2009 (“Last Corresponding Period”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | <i>Note</i> | For the three months ended 30 September | | For the six months ended 30 September | |
|--|-------------|--|--------------------------------|--|--------------------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | | (Unaudited) <i>HK\$'000</i> | (Unaudited) <i>HK\$'000</i> | (Unaudited) <i>HK\$'000</i> | (Unaudited) <i>HK\$'000</i> |
| Revenue | 2 & 4 | 29,793 | 10,904 | 57,986 | 22,194 |
| Cost of revenue | | <u>(15,702)</u> | <u>(7,477)</u> | <u>(31,983)</u> | <u>(13,932)</u> |
| Gross profit | | 14,091 | 3,427 | 26,003 | 8,262 |
| Other income | | 1,259 | 394 | 1,304 | 421 |
| Selling expenses | | (2,257) | (1,184) | (3,972) | (2,680) |
| Administrative expenses | | (4,728) | (1,896) | (6,762) | (3,078) |
| Finance costs | | <u>(84)</u> | <u>(2)</u> | <u>(87)</u> | <u>(5)</u> |
| Profit before tax | 3 | 8,281 | 739 | 16,486 | 2,920 |
| Income tax | 5 | <u>(1,695)</u> | <u>(375)</u> | <u>(3,140)</u> | <u>(827)</u> |
| Profit for the period | | <u>6,586</u> | <u>364</u> | <u>13,346</u> | <u>2,093</u> |
| Other comprehensive income: | | | | | |
| Exchange differences on translating foreign operation | | <u>–</u> | <u>–</u> | <u>1,002</u> | <u>–</u> |
| Total comprehensive income for the period, net of tax | | <u>6,586</u> | <u>364</u> | <u>14,348</u> | <u>2,093</u> |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | 6,954 | 364 | 14,031 | 2,093 |
| Minority interests | | <u>(368)</u> | <u>–</u> | <u>(685)</u> | <u>–</u> |
| | | <u>6,586</u> | <u>364</u> | <u>13,346</u> | <u>2,093</u> |
| Total comprehensive income (loss) attributable to: | | | | | |
| Equity holders of the Company | | 6,954 | 364 | 15,033 | 2,093 |
| Minority interests | | <u>(368)</u> | <u>–</u> | <u>(685)</u> | <u>–</u> |
| | | <u>6,586</u> | <u>364</u> | <u>14,348</u> | <u>2,093</u> |
| Earnings per share (in HK cents): | 7 | | | | |
| – Basic | | <u>0.76</u> | <u>0.05</u> | <u>1.66</u> | <u>0.27</u> |
| – Diluted | | <u>0.76</u> | <u>0.05</u> | <u>1.65</u> | <u>0.26</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 September 2010 (Unaudited) HK\$'000 | As at 31 March 2010 (Audited) HK\$'000 |
|---|----|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 2,412 | 2,319 |
| Current assets | | | |
| Inventories | | 149 | – |
| Trade and other receivables | 9 | 86,186 | 50,370 |
| Prepayments and deposits | | 3,758 | 1,862 |
| Pledged bank deposit and balance | | 909 | 889 |
| Cash and bank balances | | <u>39,533</u> | <u>16,966</u> |
| Total current assets | | <u>130,535</u> | <u>70,087</u> |
| Current liabilities | | | |
| Short-term bank loans | | 7,728 | – |
| Trade and other payables | 10 | 20,545 | 21,845 |
| Provision for taxation | 5 | <u>7,363</u> | <u>4,170</u> |
| Total current liabilities | | <u>35,636</u> | <u>26,015</u> |
| Net current assets | | <u>94,899</u> | <u>44,072</u> |
| Total assets less current liabilities | | <u>97,311</u> | <u>46,391</u> |
| Net assets | | <u><u>97,311</u></u> | <u><u>46,391</u></u> |
| Capital and reserves | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 9,580 | 7,775 |
| Reserves | | <u>88,815</u> | <u>39,015</u> |
| | | 98,395 | 46,790 |
| Minority interests | | <u>(1,084)</u> | <u>(399)</u> |
| Total equity | | <u><u>97,311</u></u> | <u><u>46,391</u></u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | For the six months ended | |
|--|--------------------------|---------------------|
| | 30 September | |
| | 2010 | 2009 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net cash (outflow) from operating activities | (22,308) | (6,591) |
| Net cash (outflow) from investing activities | (425) | (851) |
| Net cash inflow from financing | <u>44,298</u> | <u>980</u> |
| | | |
| Increase/(decrease) in cash and cash equivalents | 21,565 | (6,462) |
| Cash and cash equivalents at 1 April | 16,966 | 16,307 |
| Effect of foreign currency translation | <u>1,002</u> | <u>–</u> |
| | | |
| Cash and cash equivalents at 30 September | <u><u>39,533</u></u> | <u><u>9,845</u></u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|--|--|---|---|--|--|----------------------------------|---|---|
| | Share capital (unaudited) HK\$'000 | Share premium (unaudited) HK\$'000 | Merger reserve (unaudited) HK\$'000 <i>(note a)</i> | Foreign currency translation reserve (unaudited) HK\$'000 | Share option reserve (unaudited) HK\$'000 | (Accumulated losses)/ retained earnings (unaudited) HK\$'000 | Statutory reserves (unaudited) HK\$'000 <i>(note b)</i> | Total (unaudited) HK\$'000 | Minority interests (unaudited) HK\$'000 | Total equity (unaudited) HK\$'000 |
| As at 1 April 2009 | 7,775 | 25,498 | 2,135 | 1,979 | 1,195 | (11,810) | 3,583 | 30,355 | - | 30,355 |
| Total comprehensive income for the period | - | - | - | - | - | 2,093 | - | 2,093 | - | 2,093 |
| Transfer to statutory reserves | - | - | - | - | - | (471) | 471 | - | - | - |
| As at 30 September 2009 | <u>7,775</u> | <u>25,498</u> | <u>2,135</u> | <u>1,979</u> | <u>1,195</u> | <u>(10,188)</u> | <u>4,054</u> | <u>32,448</u> | <u>-</u> | <u>32,448</u> |
| As at 1 April 2010 | 7,775 | 25,498 | 2,135 | 1,979 | 1,195 | 2,559 | 5,649 | 46,790 | (399) | 46,391 |
| Issue of new shares | 1,550 | 34,102 | - | - | - | - | - | 35,652 | - | 35,652 |
| Issue of shares upon exercise of share option | 255 | 665 | - | - | - | - | - | 920 | - | 920 |
| Total comprehensive income for the period | - | - | - | 1,002 | - | 14,031 | - | 15,033 | (685) | 14,348 |
| Transfer to statutory reserves | - | - | - | - | - | (1,774) | 1,774 | - | - | - |
| As at 30 September 2010 | <u>9,580</u> | <u>60,265</u> | <u>2,135</u> | <u>2,981</u> | <u>1,195</u> | <u>14,816</u> | <u>7,423</u> | <u>98,395</u> | <u>(1,084)</u> | <u>97,311</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's unaudited quarterly results 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.

2. REVENUE

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

3. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

| | For the three months ended 30 September | | For the six months ended 30 September | |
|---|--|--|--|--|
| | 2010 (Unaudited) <i>HK\$'000</i> | 2009 (Unaudited) <i>HK\$'000</i> | 2010 (Unaudited) <i>HK\$'000</i> | 2009 (Unaudited) <i>HK\$'000</i> |
| Depreciation | 144 | 73 | 342 | 125 |
| Operating lease rentals | 138 | 340 | 276 | 565 |
| Staff costs including directors' emolument | <u>2,720</u> | <u>2,414</u> | <u>4,943</u> | <u>4,039</u> |

4. SEGMENTAL INFORMATION

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

The following table presents the Group's segment profits:

| | PRC | | Hong Kong | | Elimination | | Total | |
|--|---------------------------------------|-------------------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
| | For the six months ended 30 September | | For the six months ended 30 September | | For the six months ended 30 September | | For the six months ended 30 September | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| REVENUE | | | | | | | | |
| External sales | 56,735 | 22,035 | 1,251 | 159 | - | - | 57,986 | 22,194 |
| Inter-segment sales* | - | - | 331 | - | (331) | - | - | - |
| | <u>56,735</u> | <u>22,035</u> | <u>1,582</u> | <u>159</u> | <u>(331)</u> | <u>-</u> | <u>57,986</u> | <u>22,194</u> |
| RESULT | | | | | | | | |
| Segment result | <u>25,487</u> | <u>8,054</u> | <u>115</u> | <u>83</u> | - | - | 25,602 | 8,137 |
| Unallocated corporate expenses | | | | | | | (10,420) | (5,638) |
| Interest income | | | | | | | 34 | 48 |
| Other unallocated income | | | | | | | <u>1,270</u> | <u>373</u> |
| Profit before tax | | | | | | | 16,486 | 2,920 |
| Income tax | | | | | | | <u>(3,140)</u> | <u>(827)</u> |
| Profit for the period | | | | | | | 13,346 | 2,093 |
| Minority interests | | | | | | | <u>685</u> | <u>-</u> |
| Profit attributable to equity holders of the Company | | | | | | | <u>14,031</u> | <u>2,093</u> |

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

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

| | For the six months ended 30 September | |
|--|---------------------------------------|---------------------------------|
| | 2010 (Unaudited) HK\$'000 | 2009 (Unaudited) HK\$'000 |
| Supply, development and integration of message communication systems | 268 | 1,362 |
| Supply, development and integration of passenger information management system | <u>57,718</u> | <u>20,832</u> |
| | <u>57,986</u> | <u>22,194</u> |

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the six months ended 30 September 2010 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the six months ended 30 September 2010 (2009: Nil).

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. EIT tax charge for the six months ended 30 September 2010 was HK\$3,140,000 (2009: HK\$827,000).

There was no significant unprovided deferred taxation for the six months ended 30 September 2010.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2010 (2009: Nil).

7. 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:

| | For the three months ended 30 September | | For the six months ended 30 September | |
|--|--|--|--|--|
| | 2010 (Unaudited) <i>HK\$'000</i> | 2009 (Unaudited) <i>HK\$'000</i> | 2010 (Unaudited) <i>HK\$'000</i> | 2009 (Unaudited) <i>HK\$'000</i> |
| Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the parent) | <u>6,954</u> | <u>364</u> | <u>14,031</u> | <u>2,093</u> |

| | Number of shares | | | |
|---|--|-----------------------|--|-----------------------|
| | For the three months ended 30 September | | For the six months ended 30 September | |
| | 2010 | 2009 | 2010 | 2009 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 909,980 | 777,474 | 844,089 | 777,474 |
| Effect of dilutive potential ordinary shares: | | | | |
| Shares issued for no consideration assuming exercise of share options | <u>5,336</u> | <u>21,551</u> | <u>5,391</u> | <u>20,409</u> |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u><u>915,316</u></u> | <u><u>799,025</u></u> | <u><u>849,480</u></u> | <u><u>797,883</u></u> |

8. PROPERTY, PLANT AND EQUIPMENT

| | Six months ended 30 September 2010 (Unaudited) HK\$'000 |
|----------------------|--|
| Opening balance | 2,319 |
| Additions | 397 |
| Depreciation | (342) |
| Exchange realignment | <u>38</u> |
| Closing balance | <u><u>2,412</u></u> |

9. TRADE AND OTHER RECEIVABLES

| | As at 30 September 2010 (Unaudited) HK\$'000 | As at 31 March 2010 (Audited) HK\$'000 |
|-------------------|--|--|
| Trade receivables | 82,061 | 49,674 |
| Other receivables | 1,170 | 696 |
| Bills receivables | <u>2,955</u> | <u>—</u> |
| | <u><u>86,186</u></u> | <u><u>50,370</u></u> |

Details of the aging analysis of trade receivables are as follows:

| | As at 30 September 2010 (Unaudited) <i>HK\$'000</i> | As at 31 March 2010 (Audited) <i>HK\$'000</i> |
|-------------------------|--|---|
| Not yet due | 5,419 | 5,984 |
| Between 0 to 90 days | 31,623 | 21,283 |
| Between 91 to 180 days | 29,188 | 9,902 |
| Between 181 to 365 days | 11,879 | 12,425 |
| Between 1 to 2 years | 3,952 | 80 |
| | <u>82,061</u> | <u>49,674</u> |

Customers are generally granted with credit terms of 30 days to 90 days.

10. TRADE AND OTHER PAYABLES

| | As at 30 September 2010 (Unaudited) <i>HK\$'000</i> | As at 31 March 2010 (Audited) <i>HK\$'000</i> |
|----------------------------------|--|---|
| Trade payables | 12,002 | 14,414 |
| Other payables | 8,136 | 7,209 |
| Deposits received from customers | 407 | 222 |
| | <u>20,545</u> | <u>21,845</u> |

Details of the aging analysis of trade payables are as follows:

| | As at 30 September 2010 (Unaudited) <i>HK\$'000</i> | As at 31 March 2010 (Audited) <i>HK\$'000</i> |
|-------------------------|--|---|
| Between 0 to 90 days | 1,823 | 3,763 |
| Between 91 to 180 days | 606 | 8,056 |
| Between 181 to 365 days | 7,216 | 293 |
| Between 1 to 2 years | 3 | 1 |
| Over 2 years | 2,354 | 2,301 |
| | <u>12,002</u> | <u>14,414</u> |

11. COMMITMENTS

As at 30 September 2010, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

| | As at 30 September 2010 (Unaudited) HK\$'000 | As at 31 March 2010 (Audited) HK\$'000 |
|------------------------------------|---|---|
| Not later than one year | 1,342 | 1,182 |
| In second to fifth years inclusive | 4,966 | 5,447 |
| | <u>6,308</u> | <u>6,629</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

During the period, the Group continued to utilize its advantageous competitive edge to enhance entire economic benefit, and has started the followings:-

1. Strictly organised product production and delivery of high quality products in accordance with date, quantity and design specified. During the period, the Group had delivered train information system to CSR and CNR for approximately 10 railway lines with trains covering cities in the Northern, Southern and North-west areas of the PRC, when implementation of projects and technology was in its peak season. With the increased human resources last year and its reserved technology, projects undertaken by the Group were smoothly started and completed as planned in a better way, the results of which were recognised by railway construction units in various cities.
2. Maintain market development with a number of new contracts signed. Leveraging on the further enhanced sales network in major cities in the PRC, the Group not only obtained new contracts in several cities, but also entered into a total solution contract for train information system with Malaysian company, which further demonstrates the well established status of the brand name "Global Link" for its product and services in the industry. It also set up a firm base for operating result to achieve an advanced level in the coming year.

3. Strengthen our creative technology while focus on recruiting more technology and talented staff. Through years of investment in research and development, the Group was able to satisfy its customers' diversified demands. Following the launch of product into operation, the Group has demonstrated its leading and benchmark status in the industry. To continuously build-up its competitive advantage, the Group has applied for more than 10 patent and/or copyright registrations of its technology and products in the PRC. This will further protect our intellectual property rights and ensure enhancement for the Group's core competitive edge in the railway transportation industry. The Group, together with the South China University of Technology, formed the "Jointly Established South China University of Technology Student's Creative Practice and Employment Training Base", which will serve as a new channel to attract talents to the Group to advance its continuous development.
4. Establish a variety of cooperations as a basis for investment, take-over and forming union. The Group aims at utilising its industry brand name and market share advantage to start several cooperations in technology creativity, so as to create new competitive edge through strategic alliance. At the same time, the Group also made effort in prompting strategic arrangement in the industry chain in respect of investment, take-over and union. These capital co-operations are expected to be implemented in the current and the coming year.

The PRC's railway transportation construction industry has through the Beijing Olympic Games, Shanghai Expo and Guangzhou Asia Games demonstrated its importance in core cities in the PRC. With the continuously expanding national construction scale, new demand will come forth. As long as the Group continues to utilize its creativity, products of the Group not only can be famed in the PRC, but also will be applied in new and larger development in overseas market. The Group's operation scale and economic benefit will rise to a new stage.

Financial review

For the six months ended 30 September 2010, the Group recorded a turnover of approximately HK\$57,986,000, a 161% increase comparing with that of Last Corresponding Period. Gross profit at approximately HK\$26,003,000 with gross margin at 45%, a 8% increase from the Last Corresponding Period. Net profit attributable to equity shareholders of the Company for this period was approximately HK\$14,031,000.

During the period, the significant increase in turnover is mainly caused by the on schedule product delivery for contracts signed with CSR and CNR in last year. The Group's continuous investment in research and development for products and software solutions, together with the enhanced management and selection of suppliers, have progressively reduced the cost of materials purchased. The effective cost control has caused the gross profit margin rise to the ever best level.

The increase in selling expenses is mainly resulted from more frequent business and technical communication with train manufacturers following the Group's market development and promotion activities as well as the expanded sales force. The increase in administrative expenses is mainly caused by the cost in relation to the subscription of new shares.

During the period, the increase in other income is mainly caused by the refund of software valued added tax.

During the period, the Group's turnover significant increased with gross profit margin kept at an ideal level, which resulted in a increase in earnings.

Capital structure

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review the financial forecast of the Group on a regular basis during the normal course of business. As at 30 September 2010, the Group had a total cash and bank balances, amounted to approximately HK\$39,533,000.

Employee information

As at 30 September 2010, the Group had 142 employees (2009: 105 employees), 134 and 8 of them are working in the PRC and Hong Kong respectively. For the six months ended 30 September 2010, staff cost including Directors' remuneration was approximately HK\$4,943,000 (2009: approximately HK\$4,039,000).

Liquidity, financial resources and gearing

As at 30 September 2010, the Group had net current assets of approximately HK\$94,899,000, of which approximately HK\$39,533,000 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.

Contingent liabilities

As at 30 September 2010, contingent liabilities not provided for in the financial statements were as follows:

| | As at 30 September 2010 (Unaudited) HK\$'000 | As at 31 March 2010 (Audited) HK\$'000 |
|--|---|---|
| Guarantees in respect of performance bonds in favour of contract customers | <u>909</u> | <u>889</u> |
| | <u>909</u> | <u>889</u> |

As at 30 September 2010, banking facilities of HK\$909,000 (31 March 2010: 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\$909,000 (31 March 2010: HK\$889,000).

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

As at 30 September 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 | 175,773,600 ordinary shares Long position | 18.35% |
| Hu Zhi Jian | Company | Interest of controlled corporation | 79,347,600 ordinary shares Long position (Note 2) | 8.28% |
| | | Beneficial owner | 8,889,000 ordinary shares Long position | 0.93% |
| Lo Kam Hon, Gary | Company | Beneficial owner | 120,000 ordinary shares Long position | 0.01% |
| Wing Kee Eng, Lee | Company | Beneficial owner | 2,778,000 ordinary shares Long position (Note 1) | 0.29% |
| Hu Tiejun | Company | Beneficial owner | 833,000 ordinary shares Long position | 0.09% |
| Lu Ting Jie | Company | Beneficial owner | 833,000 ordinary shares Long position | 0.09% |

Note:

1. Share options to subscribe for 2,778,000 shares of the Company were granted to Wing Kee Eng, Lee 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 30 September 2010, so far as 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.

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

As at 30 September 2010, so far as 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 shareholding |
|---------------------|------------------|---|---|
| Leung Kin Man Kenny | Beneficial owner | 49,130,000 ordinary shares Long position | 5.13% |

Save as disclosed above, as at 30 September 2010, so far as is known to the Directors, there was no person 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

The Group currently operates two share option schemes, namely the Pre-IPO Share Option Scheme and Share Option Scheme (as defined below).

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

| Name of grantee | Date of grant | Number of share options granted | Number of share options under the Pre-IPO Share Option Scheme | | | |
|--|-----------------|---------------------------------|---|---------------------------------------|--|-------------------------------------|
| | | | Outstanding as at 1 April 2010 | Lapsed during the period under review | Exercised during the period under review | Outstanding as at 30 September 2010 |
| <i>Executive Directors</i> | | | | | | |
| Ma Yuanguang | 24 October 2002 | 10,556,000 | 10,556,000 | – | 10,556,000 | – |
| Hu Zhi Jian | 24 October 2002 | 8,889,000 | 8,889,000 | – | 8,889,000 | – |
| <i>Non-executive Director</i> | | | | | | |
| Wing Kee Eng, Lee | 24 October 2002 | 2,778,000 | 2,778,000 | – | – | 2,778,000 |
| <i>Independent non-executive Directors</i> | | | | | | |
| Hu Tiejun | 24 October 2002 | 833,000 | 833,000 | – | 833,000 | – |
| Lu Ting Jie | 24 October 2002 | 833,000 | – | – | – | – |
| Advisers/consultants | 24 October 2002 | 9,054,000 | 2,887,500 | – | 417,000 | 2,470,500 |
| Other employees of the Group | 24 October 2002 | 3,360,000 | – | – | – | – |
| Others (<i>Note</i>) | 24 October 2002 | 21,468,000 | 5,250,000 | – | 4,861,000 | 389,000 |
| Total | | <u>57,771,000</u> | <u>31,193,500</u> | <u>–</u> | <u>25,556,000</u> | <u>5,637,500</u> |

Note:

These refer to the former employees of the Group.

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.

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

| Capacity | Date of grant | Number of share options under Share Option Scheme | | | | Outstanding as at 30 September 2010 | Exercise price |
|----------------------------|------------------|--|---|--|---|--|-------------------|
| | | Number of share options granted | Outstanding as at 1 April 2010 | Lapsed during the period under review | Exercised during the period under review | | |
| <i>Executive Directors</i> | | | | | | | |
| 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) | - | - | - | - | HK\$0.242 |
| Total | | <u>22,910,000</u> | <u>800,000</u> | <u>-</u> | <u>-</u> | <u>800,000</u> | |

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 Company immediately before the date on which the options were granted was HK\$0.220. The options had lapsed in October 2009.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus of the Company dated 31 October 2002.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

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 Company confirms that all 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 six months ended 30 September 2010.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules throughout the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the period under review.

PLACING OF SHARES

The Company allotted and issued an aggregate of 155,000,000 new shares at a subscription price of HK\$0.23 each to nine investors under the general mandate of the Company, the subscription of which was completed on 16 July 2010. Please refer to the announcements of the Company dated 6 July 2010 and 16 July 2010 for further details of the allotment of shares.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has 3 members, namely Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited interim results for the six months ended 30 September 2010 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

By order of the Board
Ma Yuanguang
Chairman

Hong Kong, 10 November 2010

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