国联通信
Global Link

Stock Code : 8060
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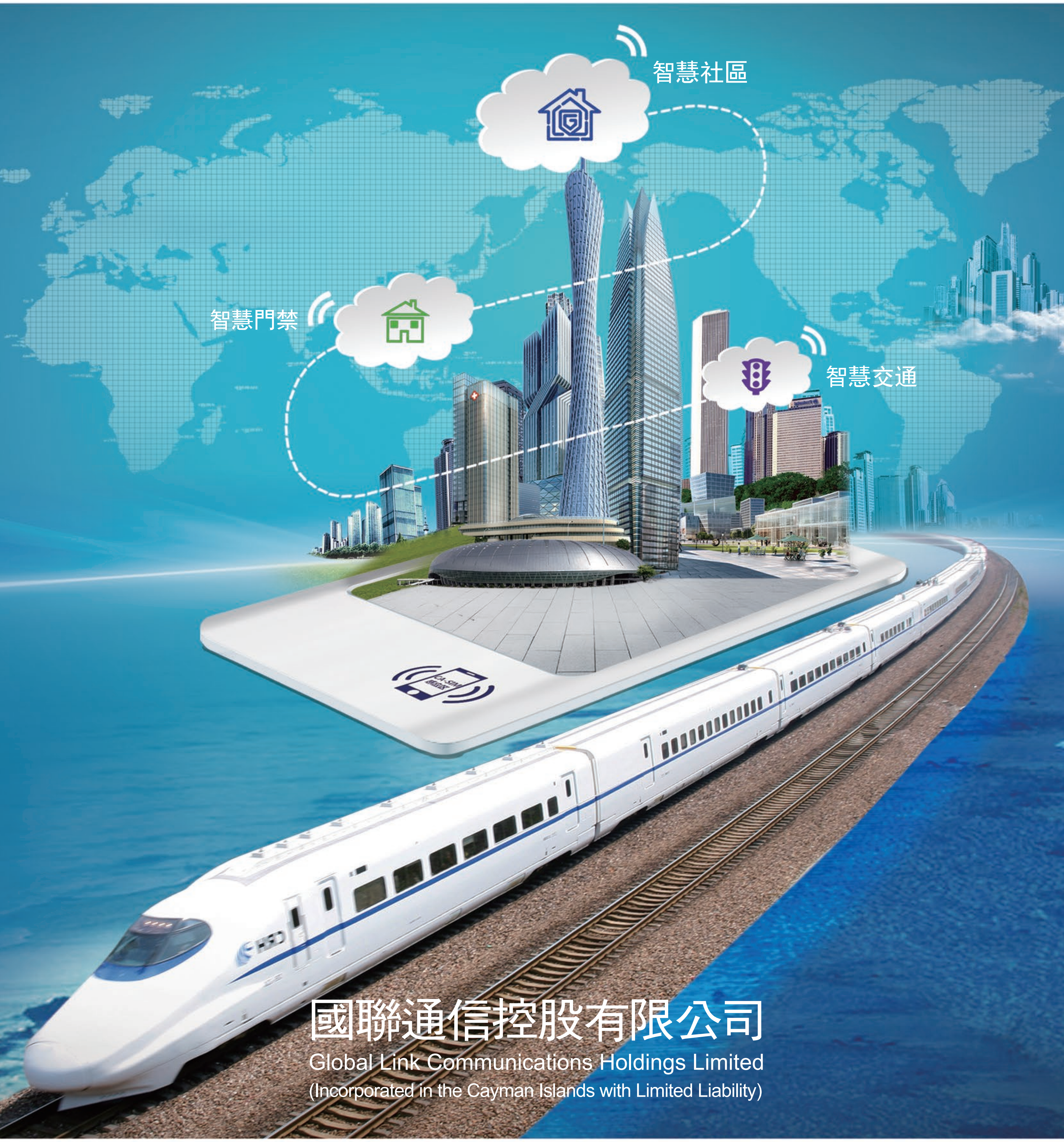

國聯通信控股有限公司

Global Link Communications Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

年報 2016/17 ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang *(Chief Executive Officer, resigned as Chairman on 26 May 2016)*
Mr. Hu Tiejun *(Resigned on 26 May 2016)*
Mr. Li Kin Shing *(Chairman) (Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

NON-EXECUTIVE DIRECTOR

Mr. Wing Kee Eng, Lee *(Resigned on 26 May 2016)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung *FCCA, FCPA, ACA*
Mr. Cheung Sai Ming *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

AUTHORIZED REPRESENTATIVES

Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Hu Tiejun *(from 2 March 2016 to 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

COMPLIANCE OFFICER

Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

COMPANY SECRETARY

Ms. Chan Wai Ching *(Appointed on 26 May 2016)*

AUDIT COMMITTEE

Mr. Leung Kwok Keung *FCCA, FCPA, ACA (Resigned as Chairman on 26 May 2016)*
Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman) (Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

REMUNERATION COMMITTEE

Mr. Leung Kwok Keung *FCCA, FCPA, ACA (Resigned on 26 May 2016)*
Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman) (Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

NOMINATION COMMITTEE

Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung *FCCA, FCPA, ACA (Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman) (Appointed on 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

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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Nos. 77-91 Queen's Road West, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 401, No. 7 Caipin Road,
Guangzhou Science City,
Guangzhou City, Guangdong Province,
The People's Republic of China

PRINCIPAL BANKERS

China Construction Bank
Guangzhou Ruan Jian Yuan Sub-branch
Chiyu Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586,
Grand Cayman, KY1-1110,
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

Crowe Horwath (HK) CPA Limited
9/F, Leighton Centre, 77 Leighton Road,
Causeway Bay, Hong Kong

STOCK CODE

8060

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Global Link Communications Holdings Limited (the"Company"), I would like to present the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 for shareholders' review.

During the year, the PRC government devoted much effort on overall reform, which acted as a core impetus to economic development, thus enabling a slower but stable performance with good momentum for growth. With an increase in GDP of 6.7% and substantial improvement in both quality and cost-effectiveness of the economy, the key objectives of economic and social development for the whole year were satisfied, demonstrating a good kick-off of the 13th Five-year Plan. While propelling reforms, the government concerned about the considerable outflow of capital to virtual economy, therefore, amendments to policies in various areas, including industry opening-up, taxation system, finance, business development, etc., and supports for the growth of enterprises had been implemented. In order to facilitate structural reform on supply side, it also adopted innovative strategies to boost development, which represented a strong pillar for the forming of a new regime of open economy.

Upholding the idea of innovation-leading, fortifying "Internet +" and the nation-wide big data strategies, and implementing the plan of "Made in China 2025" were the policies and measures adopted by the PRC government to materialize and optimize the vision of "Entrepreneurship and Innovation". While achieving comprehensive understanding of the nation's relevant policies and approaches, the Group had been actively materializing the construction project of "Smart City". Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) was incorporated in November 2016. It is a wholly-owned subsidiary of the Group and is engaged in the construction, provision of service and operation for the development of "Smart City". During the year, the "Global Link Intelligent" carried out close cooperation with the government of Panyu District and commenced substantial loads of research and development and demonstration works so as to facilitate planning for the construction of smart city and livelihood applications. In January 2017, it also entered into a tripartite strategic cooperation in respect of the application of a people's livelihood card with CA-SIM patented technology in mobile phones with the government of Panyu District and Golden Card, an affiliated company, to further promote application of livelihood services as well as the construction and operation of the smart city in Panyu.

"The Belt and Road Initiative" is a far-sighted strategic vision of the PRC government and a road to win-win situation of global integration and peaceful co-development. Along with the promotion of this international economic development strategy, "CRRC", a central government owned enterprise, obtained fruitful results overseas in terms of both products and projects. In addition to the existing markets in the Middle East and Southeast Asia region, it secured a large number of construction projects in different regions and countries namely Northern America, Southern America, Eurasian Plate, Russia, Europe, etc. Guangzhou Global Link Communications Inc., a subsidiary of the Group, entered into close cooperation with a vehicle manufacturing enterprise under CRRC. Through dedication and innovation, it endeavored to cope with the demand of, and participate international biddings with the vehicle manufacturing enterprise, and obtained contract orders of rail transit information systems of some regions. This fully reflected the outcome of structural reform on supply side and the effect of technology advancement and product quality improvement, enabling the generation of competitive advantages on a right track.

CHAIRMAN'S STATEMENT

Taking a broad view on the current economic situation, the slow development momentum of the global economy continues, while the PRC is experiencing uphill and down dale, trying to overcome difficulties. The 13th Five-year Plan adopted by the PRC government contains definite principle of "making progress while maintaining stability" and insists that propelling structural reform on supply side is the key focus of economic development. Based on the economic development principle of the government, the Group will continue to commence construction of "Smart City" and facilitate transformation of the overall operation. Efforts will be actively paid on joining force with local governments so as to create more cooperation opportunities during the course of reforms, which involve system integration and transformation, PPP, sharing economy, etc. By leveraging on the current experience gained by the participation of "The Belt and Road Initiative", the Group will explore room for further development of product and services and fully apply the advantage of CA-SIM patent to the countries, regions and markets under "The Belt and Road Initiative". It will also conduct unremitted innovation of operation model and services with unique features, striving to promote business expansion and increase effectiveness.

I hereby would like to take this opportunity to express my sincere gratitude to all members of the Board, the managements of the respective enterprises and all of our staff. I am also thankful for the continuous support to Global Link by our business partners!

Li Kin Shing
Chairman

Hong Kong, 23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the PRC government has focused on the economic structural reform on supply side and performed large scale reforms and policies in respect of cutting over-capacity, destocking, deleveraging, lowering taxes and costs to underpin the economic development. Through the aggressive promotion of "Internet+" strategy and the improvement of the "Entrepreneurship and Innovation" policy, the national economy has achieved a slower but stable performance with good momentum for growth. The GDP reached RMB74.4 trillion with a growth rate of 6.7%, which laid a solid foundation for the comprehensive achievement of the 13th Five-year Plan.

MARKET OVERVIEW

During the year under review, central and local governments at all levels have attached great importances on the Smart City project development. Along with the advance of innovative initiatives such as "Internet+" and the informationalization of the governmental affairs, many cities have prioritized the Smart City development in their future development. Statistics of relevant media shows that 95% of sub-provincial cities and 76% of prefecture-level cities, with more than 500 cities in total in China have clearly put forward the Smart City project construction in their government work reports or their 13th Five-year Plans. For example, in the "13th Five-Year Plan for the Informationization Development of Guangzhou (2016-2020)" (《廣州市信息化發展第十三個五年發展規劃(2016-2020年)》) published by the People's Government of Guangzhou, it is proposed to accelerate the Smart City project construction and planned to achieve following goals by the year of 2020: 1) Smart Government: 95% of the governmental affairs to be conducted online; 2) Smart Urban Management: Establishment of a cloud platform for the management of video resources; 3) Smart Traffic: Facilitating the refined surveillance on the road condition in core districts; 4) Smart Healthcare: Facilitating the integration of databases such as electronic medical records; 5) Smart Community: Promoting key public services into communities. According to the report from "the News of China Smart City"(中國智慧城市網訊), the total information technology investment made in implementing China's Smart Cities for 2017 will reach RMB375.2 billion, with a CAGA of double digits from 2014 to 2016.

With over two decades' development, the technological level of rails, bridges and tunnels construction in China's rail transit industry has ranked among world top class. The vehicle models of electric locomotives, high-speed rails, inter-city rails, urban metros and light railways are comparable to the renowned brands in the world. Propelled by the global economic strategies like "The Belt and Road Initiative", several train manufacturers, with CRRC, a central government owned enterprise, as the core participant, obtained fruitful results, winning numerous bids of rail transit construction projects overseas, including projects in regions and countries such as North America, South America, Middle East, Europe, Russia and South East Asia, etc, which in turn will encourage the Chinese enterprises in this industry going abroad and expanding business coverage.

The 13th Five-year Plan has mapped out the rail transit in China being the key sector in seeking infrastructure investment. With the advancement of urbanization, the construction of urban rail transits is just unfolding. By the end of 2016, rail transit projects in 30 cities of China have been put into operation, of which 18 routes were newly launched, with 535 km of new operating mileage, hitting a record high in the new operating mileage of a single year, and the operating mileage of urban rails across the country reached 4,153 km. Currently, more than 50 cities have obtained approvals from the State in constructing the urban rails and the approved investments of rail transits in aggregate have exceeded RMB2.5 trillion.

BUSINESS REVIEW

During the period under review, governments in all levels promoted the Smart City project development and accelerated the implementation of "Internet + people's livelihood services" by leveraging cloud platforms and big data to serve people's livelihood and enhance people's satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS

After recent years' in-depth research, planning and argument on the Panyu District's Smart City project development and people's livelihood application, as well as closely connecting, integrating and extensively discussing with the government of Panyu District and relevant authorities by the Group, on 6 January 2017, Guangzhou Global Link Intelligent Information Technology Co., Ltd (廣州國聯智慧信息技術有限公司) ("Global Link Intelligent") has reached tripartite strategic cooperation with the government of Panyu District and Guangzhou Xinghai Digital Television Golden Card Co., Ltd. (廣州星海數字電視金卡有限公司) ("Golden Card Company"), and entered into a framework agreement in respect of the application of mobile phone people's livelihood cards. The agreement stipulated that, under the guideline provided by the government of Panyu District, Global Link Intelligent will provide Golden Card Company with assistance to kick off the comprehensive issuance of mobile phone people's livelihood cards (CA-SIM) in Panyu, and to achieve the development and compatibility of the application scenarios of each livelihood service in Panyu District, so as to promote the extensive application of the livelihood services in Panyu and development and operating of Panyu Smart City.

Being as an innovative card of Panyu people's livelihood card, CA-SIM will be linked to the Panyu people's livelihood service platform and integrated with unique people's livelihood ID and compatible with various applications in all areas of Panyu's people's livelihood. It will help the government of Panyu to fully promote the Smart City project development in the district with "Internet +" model by leveraging the technologies such as smart hardware, mobile internet, cloud computation and IOT interaction and platform operation.

Global Link Intelligent is acting as a technical supporting, card issuance assisting and operating company of Panyu mobile phone people's livelihood card. A detailed card issuance plan for 2017 in relation to the application of mobile phone people's livelihood card in all areas of people's livelihood is to be formulated by us together with the government of Panyu. Global Link Intelligent will devote to providing the government of Panyu and Golden Card Company with assistance in proactively implementing the "Internet + people's livelihood service", strengthening the popularity of people's livelihood cards and vigorously promoting the construction and cooperation in government, education, population management, transportation, emergency, medical treatment, convenience services and tourism fields, to achieve the overall objective of "people's livelihood services and one transit smart card" and the aim of providing convenience and benefits to people.

Guangzhou Global Link Communications Inc. remains engaged in providing overall solution for rail transit information systems as its major business. During the year, Guangzhou Global Link focused on the maintenance services for the newly launched projects in Guangzhou, Wuhan, Fuzhou, Harbin and Hong Kong and also provided operation and maintenance management and after-sales services for projects in operation in over ten cities in Malaysia, Turkey, Beijing, Shenyang, Dalian, Dongguan and Foshan. The company also accomplished system research and development that to be delivered by phases, such as Guangzhou Line 8 North extension, Line 14 and 21, Harbin Line 1 Phase 3, and passed the jointly first train delivery inspection conducted by operators and train manufacturers.

Innovation-driven is the impetus of maintaining the competitive strength of Guangzhou Global Link's system products in the industry. Its research and development department has been working closely with marketing department, staying alert with the market needs, making active innovation and scientific planning research and development for various types of vehicles, so as to gain recognition of vehicle manufacturers and both existing and new clients amid such highly competitive industry. During the year, Guangzhou Global Link has obtained new order contracts such as the first metro line in Pakistan and Phase II project in Ankara of Turkey, and several purchase orders for spare parts and accessories from existing lines in operation.

FINANCIAL REVIEW

Turnover

Over the past year, the Group supplied 10 train routes in domestic cities with passenger information systems according to the delivery plans of signed contracts for the supply of goods. The turnover of the Group for the year amounted to approximately HK$55,967,000, representing a decrease of 4% as compared with last year.

Gross profit and loss attributable to equity shareholders

As at 31 March 2017, the Group recorded gross profit of approximately HK$3,979,000 with gross profit margin of 7%. Loss after tax of was approximately HK$ 21,904,000. Loss attributable to equity shareholders of the Company amounted to approximately HK$21,904,000.

Selling expenses

Selling expenses amounted to approximately HK$9,604,000, an increase of 31% as compared with that of the corresponding period last year. The increase is mainly attributable to the Group's increase in investment in business development in order to secure sales contracts for high quality projects. In addition, the promotion of CA-SIM has contributed to the increase in selling expenses.

Administrative expenses

The administrative expenses for the year decreased from HK$14,325,000 of last year to approximately HK$11,445,000. The expense budget of the Group is under effective control.

Other operating expenses

Other operating expenses incurred during the period amounted to approximately HK$8,845,000. Other operating expenses included repair and maintenance expenses for product maintenance warranty of approximately HK$5,595,000 and amortization expenses for intangible asset CA-SIM of approximately HK$3,250,000. Systems engineering maintenance was provided for projects delivered but still within warranty period during the year, and provision for product maintenance warranty was made for such projects.

Other revenue and other net gain

During the period, other revenue and other net gain amounted to approximately HK$4,011,000, representing a significant increase as compared with HK$499,000 of the corresponding period of last year, mainly due to the Group has adopted measures to enhance its cash flows management and promote the collection of receivables, resulting in written-back of previous provided receivable during the period.

TURNOVER BY REGION

During the period, Guangzhou Global Link Communications Inc. remained as the major contributor to the Group's operating income, and the solution of train information system for railway transportation was the core product for generating operating income. Train manufacturers under the CRRC, railway transportation contractors and integrated project enterprises, as well as subway operators in places where projects had commenced operation, were among the major customers of the Group. The PRC market was the main market for products and services of the Group, supplemented by overseas markets.

The Group realized turnover of approximately HK$55,285,000 in the PRC, representing 99% of the Group's turnover for the year.

CUSTOMER ANALYSIS

The customers of the Group are mainly train manufacturers under the CRRC Group, which are supplied with our certified and licensed train information system products. The Group also supplies technical support and operation guarantee for train operating services for various urban rail transit operators in China, carries out corresponding technical cooperation and innovation at rail transit operators' requests and provides system software and hardware upgrades, spare parts and accessories at the same time. The Group also supplies system solutions, product support and operating after-sale services for rail transit operators in, among others, Hong Kong, Malaysia and Turkey.

In relation to the Smart City project development, our customers have included government service departments, local public facilities, such as libraries, hospitals, gardens, schools, various types of public transportation, shopping malls, residential housing and interim rental housing.

BUSINESS PARTNERS

In the regions for Smart City project development, we also collaborate with local government service departments, security management companies, community property management companies, major telecommunications operators, network operators, data centers, professional customer service companies, advertising companies and educational institutions.

The partners of the Group are mainly train manufacturers under the CRRC Group, which are supplied with our certified system products, innovation system components, modules, hardware and software research and development and technical support and cooperation for the trial production of new trains. We have established and maintained long-term good partnership with related enterprises under the China Railway Construction Corporation Limited and China Academy of Railway Sciences, rail transit project contractors, systems integrators, as well as renowned train manufacturers, project construction companies and rail transit operators in Hong Kong and overseas.

CAPITAL STRUCTURE

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

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2017, the Group had total cash and bank balances, amounted to approximately HK$86,600,000 (2016: approximately HK$12,482,000).

BUSINESS OUTLOOK

2017 is a critical year in fully implementing the 13th Five-year Plan, carrying forward the structural adjustment, transformation and upgrade. With great investment devoted under the State's "Internet +" strategy and Smart City construction by local governments, the Group's patented CA-SIM technology remains competitive in this area. Based on solid cooperation with Guangzhou Panyu District, we will proceed with in-depth and extensive cooperation with telecommunications operators and entities by means of entity system integration and transformation, PPP of construction projects and resources sharing for operating services, thereby expanding its footprints to more regions and cities with the pioneering implementation plans.

We will attach great importance on the tremendous opportunities arising from "The Belt and Road Initiative". In addition to actively participate in bidding offered by the enterprises under CRRC, we will also study thoroughly the industrial policies and relevant laws and regulations in different countries and overseas jurisdictions. We will make efforts in exploring resources and identifying business partners, so as to continuously enhance our capabilities under "The Belt and Road Initiative" and further expand our product coverage.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had net current assets of approximately HK$86,602,000 (2016: approximately HK$26,619,000), of which approximately HK$86,600,000 (2016: approximately HK$12,482,000) 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.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CHARGE ON THE GROUP'S ASSETS

Save as disclosed in note 22 to the consolidated financial statements, the Group had no charge 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 had no outstanding bank loans or other interest-bearing loans as at 31 March 2017 and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable.

FOREIGN EXCHANGE EXPOSURE

The Group exposes to certain foreign currency risk primarily with respect to United States dollars and Hong Kong dollars. No hedging or other alternatives have been implemented. The Group continues to monitor its exposure closely and will take measures to lower the foreign currency risk when necessary.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors as at the latest practicable date prior to the issue of the annual report, the Group had maintained sufficient public float in accordance with the GEM Listing Rules throughout the year under review.

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 to the consolidated financial statements.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of International Elite Ltd. (stock code: 1328) completed the subscription of 1,000,000,000 shares of the Company on 21 April 2016. For details please refer to the announcements of the Company dated 29 February 2016 and 21 April 2016 and the circular published by the Company dated 30 March 2016 (the "Circular").

The gross proceeds from the subscription were HK$80.0 million. The net proceeds of the subscription, after deduction of expenses and professional fees, amounted to approximately HK$79.0 million (the "Subscription Proceeds"), amongst which approximately HK$12.1 million had been utilised as at 31 March 2017. The breakdown of the Company's actual use of the Subscription Proceeds as at 31 March 2017 is as follows:

	Proposed use of the Subscription Proceeds as disclosed in the Circular	**Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 March 2017**
	HK$ million	*HK$ million*
The Company's existing train information system solutions for urban rail transit business, mainly for the execution of the newly signed order contracts of a number of new lines projects in several cities in the PRC	30.0	3.0
The development of the "Smart City" project by using the Company's existing CA-SIM technology, mainly for staff hiring, development of relevant management system platform and gradual roll out of the mobile apps and value-added services to target users	41.1	6.8
Working capital	7.9	2.3
Total	79.0	12.1

Based on the current market condition, the Board is planning to utilise approximately HK$9.3 million, HK$10.0 million and HK$2.7 million on (i) urban rail transit business projects, (ii) development of the "Smart City" projects and relevant research and development, and (iii) working capital, respectively, in the financial year ending 31 March 2018.

The remaining balance of the un-utilised Subscription Proceeds will be put in banks as deposits.

As at 31 March 2017, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

RESTRICTED AND PLEDGED BANK DEPOSIT

As at 31 March 2017, the Group's bank deposit of approximately HK$1,141,000 (2016: HK$1,220,000) was pledged to a bank for securing the performance bonds issued by the bank on behalf of the Group to a customer of the Group. The pledged bank deposit was released upon the discharge of performance bonds after the end of the reporting period.

In addition, the Group had bank deposit of approximately HK$853,000 which was under freezing orders in relation to the legal dispute between the Group and its supplier and restricted to use.

The Group did not have any other pledge of assets as at 31 March 2017.

PERFORMANCE BOND AND CONTINGENT LIABILITIES

Performance bond

As at 31 March 2017, the Group had a performance bond of approximately HK$1,141,000 (2016: HK$1,013,000). This was due to a performance bond given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bond is secured by pledged bank deposits. If the Group fails to provide satisfactory performance to its customer to whom performance bond has been given, such customer may demand the bank to pay to it the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bond was discharged after the end of the reporting period.

Litigation

During the year, litigations were brought against the Group's subsidiary namely, 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.), by one of its suppliers (the "Plaintiff") in relation to disputes in purchase transactions and being claimed for aggregate amounts of approximately HK$1,861,000 in respect of the delayed payment. The purchase amounts of approximately HK$1,861,000 had been accrued by 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.) as at the end of the reporting period.

The Plaintiff was granted freezing orders by the PRC Court over the bank deposit of 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.). As at 31 March 2017, bank deposit of approximately HK$853,000 was frozen under the court orders.

The disputes had been finalised after the end of the reporting period and the court ordered to release the freezed bank deposits in April 2017.

The Group did not have any other significant contingent liabilities as at 31 March 2017.

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.

EMPLOYEE AND SALARIES POLICY

As at 31 March 2017, the Group had 186 employees (2016: 180 employees), with 178 employees and 8 employees employed in the PRC and Hong Kong respectively.

	At 31 March 2017 Number of staff	At 31 March 2016 Number of staff
Management, finance and administration	**31**	30
Research and development	**74**	52
Sales and after-sales maintenance	**81**	98
Total	**186**	180

The total staff costs, including Directors' emoluments, amounted to approximately HK$20,691,000 (2016: approximately HK$18,109,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

The Group provides various employee benefits, including Mandatory Provident Fund Scheme, social insurance, medical insurance and accident insurance.

PRINCIPAL RISKS

The Group's financial position, business results and prospects would be affected by a number of risks including operational risk, market risk and financial risk. Our Group engages in research and development of electronic hardware and software which is susceptible to information technology risk. The Group's trading business is subject to credit risk, liquidity risk and foreign currency risk. The Group's financial risk management objectives and policies are shown in note 5(a) to the consolidated financial statements.

Operational risk of the Group are related to our projects, where bidding prices of projects are generally affected by market competition. On the other hand, there are also certain operation risk for the Group to control the costs and implementation of each project. Market risk of the Group refers to the general demand of our products, which is in turn affected by PRC government policy and national and regional economy. Information technology risks refer to the risk of infringement of intellectual property during our research and development process, as well as application of licensed technology in our products.

Facing the risks as mentioned above, the Company adopts internal control systems where critical points in our business process is identified and specific control measures and procedures developed to reduce operational and information technology risks. The Company works closely with day-to-day management in order to identify and control potential risk points, and consult external advisers where necessary. Market risk is reduced through business diversification and entering other foreign markets, such as Malaysia and Turkey.

EXECUTIVE DIRECTORS

Mr. Li Kin Shing (李健誠), aged 59, has been appointed as executive Director and the chairman of the Board, a member of the nomination committee, and an authorized representative of the Company with effect from 26 May 2016.

Mr. Li has over 28 years of experience in the telecommunications industry. He is currently an executive director, the chairman and the chief executive officer of the International Elite Ltd. ("IEL")(Stock code: 1328) who is mainly responsible for the overall strategic planning and direction of IEL. He joined the IEL's group in 1993 and has been a director of the IEL since its establishment in 2000. He was the chief executive officer and the president of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, U.S.A., whose shares are displayed on the Over the Counter Bulletin Board when he resigned from these positions in 2007. Since 2009, he has been a non-executive director and the chairman of Directel Holdings Limited (Stock Code: 8337), a company listed on GEM and controlled by him and his spouse. Mr. Li is also a director of First Asset Securitization Holding Limited, First Asset Securitization Limited and Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司), all being subsidiaries of the Group.

Mr. Ma Yuanguang (馬遠光), aged 62, is the co-founder of the Group and is an executive Director and Chief Executive Officer. Mr. Ma resigned as the chairman of the board of Directors on 26 May 2016. 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 the United States, Canada and Australia, etc. for the introduction of various new products and new technologies to the PRC. Mr. Ma is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited and Tonnex Holdings Limited, all being subsidiaries of the Group.

Mr. Wong Kin Wa (黃建華), aged 49, has been appointed as the executive Director, a member of the remuneration committee, an authorized representative and complioance officer of the Company with effect from 26 May 2016. He obtained a diploma in Auditing from Guangzhou Radio & TV University, the PRC, in 1988.

Mr. Wong has over 19 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau. Mr. Wong is currently an executive director, the chief financial officer, the compliance officer and authorised representative of IEL. He joined IEL's group as chief financial officer in 2000 and is responsible for the overall management of the group's financial matters. Before joining the IEL's group, he was a manager of China-Hong Kong Telelink Company Limited from 1997 to 1999. Mr. Wong joined Denway Motors Limited (駿威汽車有限公司) (previously known as Denway Investment Limited), a company whose shares were formerly listed on the Main Board of The Stock Exchange of Hong Kong Limited, as the vice general manager in 1993. Mr. Wong has been a non-executive director of Directel Holdings Limited (Stock Code: 8337) since 2009. Mr. Wong is also a director of First Asset Securitization Holding Limited, First Asset Securitization Limited and Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司)), all being subsidiaries of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Kwok Keung (梁覺強), aged 53, 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 was an independent non-executive director of Lee Kee Holdings Limited (Stock Code: 0637), a company listed on the Main Board of the Stock Exchange, from September 2006 to October 2014. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Qinghua 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 resigned as the chairman of the audit committee and remuneration committee, and as a member of the nomination committee on 26 May 2016. He remains a member of the audit committee.

Mr. Cheung Sai Ming (張世明), aged 42, has been appointed as an independent non-executive Director of the Company, and the chairman of the audit committee, the remuneration committee and the nomination committee with effect from 26 May 2016.

He obtained a bachelor's degree of arts in accountancy and finance from the Heriot-Watt University, the UK, in 2006. Mr. Cheung is a certified public accountant of Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experiences in auditing and accounting. Since 2007, Mr. Cheung has served as an independent non-executive director of IEL.

Mr. Liu Chun Bao (劉春保), aged 71, has been appointed as an independent non-executive Director, and a member of the audit committee, remuneration committee and nomination commitee with effect from 26 May 2016. He is a senior engineer, graduated from Wuhan College of Posts and Telecommunications, the PRC, in 1969.

Since 2011, Mr. Liu has served as an independent non-executive director of IEL. Mr. Liu served as engineer, deputy section chief and section chief in Guangdong Posts and Telecommunications Administration Bureau and as researcher and the assistant to the director in Guangdong Communication Administration Bureau. Mr. Liu also served as the general secretary of the Guangdong Institute of Communications (廣東省通信學會), Guangdong Communication Industry Association (廣東省通信行業協會), Guangdong Internet Society (廣東省互聯網協會) and a committee member of the China Association of Communications Enterprises (中國通信企業協會).

SENIOR MANAGEMENT

Mr. Xian Bao Wen (冼寶文), aged 42, joined Guangzhou Global Link Communications Inc, in October 2007 and is the finance controller. Mr. Xian graduated from Guangdong University of Finance & Economics 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., a subsidiary of the Group.

COMPANY SECRETARY

Ms. Chan Wai Ching (陳惠貞), aged 55, has been appointed as the company secretary of the Company with effect from 26 May 2016. She obtained a master's degree of professional accounting from The Hong Kong Polytechnic University in 2008.

Ms. Chan has over 33 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. She has been the company secretary of IEL since 2007 and the company secretary and authorised representative of Directel Holdings Limited (Stock Code: 8337) since 2009. Ms. Chan subsequently resigned as Company secretary and authorised representative of Directel Holdings Limited effective 7 June 2016.

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2017.

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 16 to the consolidated 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 consolidated financial statements.

KEY RISK FACTORS

The principal risks faced by the Group are set out in page 14 of this annual report. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosure. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgement or consult professionals before making any investment in the securities of the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 48.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2017.

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 50 and note 26 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the consolidated 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 2017, the Company's reserves available for distribution amounted to approximately HK$73,277,000 (2016: approximately HK$42,136,000).

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.

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

	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**55,967**	58,210	75,427	68,133	121,120
Gross profit	**3,979**	1,487	1,747	14,181	38,324
(Loss)/profit before tax	**(21,904)**	(28,770)	(41,926)	(53,042)	23,584
(Loss)/profit attributable to equity shareholders of the Company	**(21,904)**	(28,788)	(42,462)	(56,809)	19,267
Total assets	**152,924**	95,089	126,618	125,033	178,669
Total liabilities	**40,248**	38,160	39,464	28,035	27,307
Non-controlling interests	**(26)**	(26)	(25)	(19)	(1,329)
Net assets	**112,676**	56,929	87,154	96,998	151,362

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	12%
– five largest suppliers combined	43%
Sales	
– the largest customer	54%
– five largest customers combined	82%

None of the Directors, any of their close 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 Tiejun *(Resigned on 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

Non-executive Director

Mr. Wing Kee Eng, Lee *(Resigned on 26 May 2016)*

Independent non-executive Directors

Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung
Mr. Cheung Sai Ming *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

In accordance with Article 87(1) of the articles of association of the Company and the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules, the Director retiring by rotation at the AGM is Mr. Wong Kin Wa and Mr. Leung Kwok Keung, being eligible, will offer himself for re-election at the AGM so that shareholders will be given an opportunity to endorse his appointment.

Each of Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, being an independent nonexecutive Director of the Company, has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board considers that Mr. Leung, Mr. Cheung and Mr. Liu meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and that they are independent.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the profit or loss for the year are set out in note 28 and note 9(a) to the consolidated financial statements respectively.

DIRECTORS' SERVICE CONTRACTS

Mr. Ma Yuanguang has entered into a service contract with the Company for a term of two years commencing from 1 June 2016. Each of Mr. Li Kin Shing and Mr. Wong Kin Wa has entered into a service agreement with the Company for a term of three years commencing 26 May 2016. Such service contracts may be terminated by either party thereto giving to the other not less than three months' prior written notice.

Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2016. Each of Mr. Cheung Sai Ming and Mr. Liu Chun Bao has been appointed for a term of three years commencing from 26 May 2016. 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 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and of individuals with highest emoluments of the Group are set out in note 12 to the consolidated 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, the director is entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he or she may sustain or incur in or about the execution of his or her duties. To the extent provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 15 to 17 of this report.

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

As at 31 March 2017, 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	Owner	10,556,000 ordinary shares Long position	0.51%
Li Kin Shing[1]	Company	Owner	450,645,016 ordinary shares Long position	21.57%
		Interest of corporation controlled by the director	931,139,120 ordinary shares Long position	44.58%
Wong Kin Wa	Company	Owner	420,000 ordinary shares Long position	0.02%

Note:

(1) Mr. Li Kin Shing ("Mr. Li") is personally interested in 363,216,976 shares. Ms. Kwok King Wa ("Ms. Kwok") is personally interested in 87,428,040 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse's shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interest in 57,456,000 shares. Therefore, Mr. Li is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO. Moreover as Mr. Li is the controlling shareholder of International Elite Ltd. (stock code: 1328), he is deemed interested in the 873,683,120 shares held directly and indirectly by International Elite Ltd. under the SFO. Accordingly, Mr. Li is deemed to be interested in aggregate 1,381,784,136 shares under the SFO.

Save as disclosed above, as at 31 March 2017, 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 2017, 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 shareholding**
Honor Crest Holdings Limited[1]	Beneficial owner	745,683,120 ordinary shares Long position	35.70%
International Elite Ltd.	Beneficial owner	128,000,000 ordinary shares Long position	6.13%

Notes:

[1] Honor Crest Holdings Limited is a directly wholly-owned subsidiary of International Elite Ltd.

Save as disclosed above, as at 31 March 2017, 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.

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 such person has or may have with the Group as at 31 March 2017.

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.

CONNECTED TRANSACTION

The Group conducted the following non-exempt connected transaction during the year.

SHARE SUBSCRIPTION AGREEMENT AND UNCONDITIONAL MANDATORY CASH OFFER

Share Subscription Agreement

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

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

Connected Transaction and Extraordinary General Meeting

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

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

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

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

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

Unconditional Mandatory Cash Offer

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

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

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

CHANGE IN SHAREHOLDING

On 10 January 2017, Mr. Li has in his personal capacity acquired in aggregate approximately 331,003,816 issued shares of the Company, of which Mr. Li has acquired 244,565,200 Shares from our executive director, Mr. Ma Yuanguang ("Mr. Ma"), the remaining of which were acquired from three independent third parties (the "Transactions").

Immediately after the completion of the Transactions, (i) Mr. Li, through his controlling companies, his spouse, and in his personal capacity, is interested in aggregate 1,381,784,136 Shares, representing approximately 66.15% of the total issued shares of the Company as at 31 March 2017; and (ii) Mr. Ma is interested in 10,556,000 Shares, representing approximately 0.51% of the total issued shares of the Company as at 31 March 2017.

RELATED PARTY TRANSACTIONS

The details of the related party transactions are set out in note 30 to the consolidated financial statements.

The Company confirms that in relation to the related party transactions for the year ended 31 March 2017, it has complied with the disclosure requirements in accordance with 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. Save as disclosed below, the Company applied the principles and complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules throughout the period under review.

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

ENVIRONMENTAL POLICIES AND PRACTICE

The Group is committed to the long term sustainability of the environment and communities. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Group has adopted green initiatives and measures in its business operations such as recycling of used papers, energy saving measures and water saving practices.

During the period under review, to the best of the Directors' knowledge, the Group had not received any complaint from its customers or any other parties in respect of any environmental protection issues, and had not experienced any material environmental incidents arising from its manufacturing activities. During the period under review, no material administrative sanctions or penalties were imposed upon the Group for the violation of environmental laws or regulations which may had an adverse impact on its operations.

For details please also refer to the Environmental, Social and Governance Report on pages 34 to 42 in this report.

AUDITORS

Crowe Horwath (HK) CPA Limited retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ma Yuanguang
Chief Executive Officer

Hong Kong, 23 June 2017

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 Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") 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 2017.

BOARD OF DIRECTORS AND BOARD MEETING

During the period under review, the Board, which comprises six 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 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, 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 "Biographical Details of Directors and Senior Management". 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 was appointed as the chief executive officer of the Company with effect from 16 December 2014 and continued to be an executive Director and chairman of the Company until he resigned as the chairman of the board of Directors on 26 May 2016.

During Mr. Ma's tenure as both chief executive officer and chairman of the Board, there are certain deviations of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules in respect of the distinctive roles of chairman and chief executive officer. The Board will meet regularly to consider, discuss and review the major and appropriate issues affecting the operations of the Company. As such, the Board considers that sufficient measures have been taken and the vesting of the roles of chairman and the chief executive officer of the Company in Mr. Ma will not impair the balance of power and authority between the Board and the management. The Board consider that the structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as executive of long term business strategies. Subsequent to Mr. Ma's resignation as the chairman of Board on 26 May 2016, the deviation ceased to exist.

For the year ended 31 March 2017, the executive Directors include Mr. Li Kin Shing, Mr. Ma Yuanguang and Mr. Wong Kin Wa. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of shareholders. Mr. Cheung Sai Ming, Mr. Leung Kwok Keung and Mr. Liu Chun Bao are the independent non- executive Directors.

Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2016. Mr. Cheung Sai Ming and Mr. Liu Chun Bao have been appointed for a term of three years commencing from 26 May 2016. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors are independent under various guidelines set out in Rule 5.09 of the GEM Listing Rules.

The Board held a full board meeting for each quarter.

During the period under review, details of the attendance of the Board are as follows:

Directors	**Attendance**
Executive Directors	
Mr. Li Kin Shing *(Chairman)*	4/4
Mr. Ma Yuanguang *(Chief Executive Officer)*	4/4
Mr. Wong Kin Wa	4/4
Independent non-executive Directors	
Mr. Leung Kwok Keung	4/4
Mr. Cheung Sai Ming	4/4
Mr. Liu Chun Bao	4/4

Apart from the above regular board meetings of the year, the Board 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.

CONTINUOUS PROFESSIONAL DEVELOPMENT

As part of an ongoing process of directors' training, the Directors are updated with latest developments regarding the GEM Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors. All Directors and senior management are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training. Continuing briefings and professional development to Directors and senior management will be arranged whenever necessary.

Pursuant to the Corporate Governance Code which has come into effect on 1 April 2012, all directors and senior management should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. During the year and up to the date of this report, all Directors and senior management have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities in compliance to Code A6.5 of the Corporate Governance Code.

REMUNERATION COMMITTEE

The remuneration committee was established in March 2006. During the period under review, the chairman of the committee is Mr. Cheung Sai Ming, an independent non-executive Director, and other members include Mr. Wong Kin Wa and Mr. Liu Chun Bao, the majority of members being independent non-executive Directors.

The role and function of the remuneration committee included the making of recommendations to the Board on the remuneration packages of all 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 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 and employment conditions elsewhere in the group. The committee's authority and duties are set out in written terms of reference and are posted on the websites of the Company and the Stock Exchange.

During the period under review, a meeting of the remuneration committee was held on 21 March 2017. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Cheung Sai Ming *(Chairman)*	1/1
Mr. Wong Kin Wa	1/1
Mr. Liu Chun Bao	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 non-executive Directors and 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 non-executive Directors and independent non-executive Directors are fair and reasonable.

NOMINATION COMMITTEE

The nomination committee was established in March 2012. During the period under review, the nomination committee comprises three members. As at the date of this report, the nomination committee comprises three members, namely, Mr. Li Kin Shing, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. Mr. Cheung Sai Ming is currently the chairman of the Nomination committee. The majority of the members of the nomination committee are independent non-executive Directors.

The role and function of the nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, to assess the independence of independent non- executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive. The re-election of each of those independent non-executive Directors who has served on the Board for more than 9 years is subject to (1) a separate resolution to be approved by shareholders of the Company at the relevant annual general meeting; and (2) further information being given to shareholders of the Company together with the notice of meeting regarding the reasons why the Board believes the relevant Director is still independent and should be re-elected. The committee's authority and duties are set out in written terms of reference and are posted on the websites of the Company and the Stock Exchange.

A meeting of the nomination committee was held on 23 June 2017. Details of the attendance of the nomination committee meeting are as follows:

Members	**Attendance**
Mr. Cheung Sai Ming (Chairman)	1/1
Mr. Li Kin Shing	1/1
Mr. Liu Chun Bao	1/1

The nomination committee has considered and resolved that, in accordance with the Company's articles of association and subject to the proposed resolutions being passed at the forthcoming annual general meeting, Mr. Wong Kin Wa and Mr. Leung Kwok Keung will retire, and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

The nomination committee has assessed the independence of the independent non-executive Directors and considered the independent non-executive Directors to be independent under Rule 5.09 of the GEM Listing Rules.

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$628,000 to the external auditors for its audit services and the auditor's remuneration for non-audit services was nil.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial matters to the Board. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming.

The Group's annual audited results during the year ended 31 March 2017 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.

The audit committee held 4 meetings during the year under review to discuss the accounting principles and practices adopted by the Company and discussions with senior management and the independent auditor on matters arising from audits and the effectiveness of the Company's internal control and risk management system. Details of the attendance of the audit committee meetings are as follows:

Members	**Attendance**
Mr. Cheung Sai Ming *(Chairman)*	4/4
Mr. Leung Kwok Keung	4/4
Mr. Liu Chun Bao	4/4

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report in the Company's annual report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

During the year under review, the Board has performed the corporate governance duties accordingly.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility to prepare the Group's financial statement for each financial period to give a true and fair view of the state of affairs of the Group and of results and cash flows for that period. In preparing the financial statements for the year under review, the Board has selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. 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 43 to 47 of this report.

INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's system of internal controls and risk assessment. The systems are design to reduce, not eliminate, risks associated with our business and can only provide reasonable (i.e. not absolute) assurance against material misstatement or loss. The Board has conducted a review of the system of risk management and internal control of the Group periodically to ensure the effective and adequate risk management and internal control system. The Board convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control and risk management is effective and adequate to the Group.

The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget which are considered to be adequate for the year ended 31 March 2017.

SHAREHOLDERS' RIGHTS

I. Convene an extraordinary general meeting

Any one or more shareholders holding at the date of deposit of the requisition not less than one- tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder") shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

II. Send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Room C, 17th Floor, Hollywood Centre, 77-91Queen's Road West, Hong Kong by post for the attention of the company secretary of the Company. In addition, the Company's website provides fax number and telephone number by which enquiries may be put to the Board.

III. Make proposals at general meetings

Eligible Shareholder who wishes to convene an extraordinary general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder concerned to the principal place of business of the Company in Hong Kong as set out in the paragraph above, for the attention of the company secretary of the Company.

The Requisition must state clearly the name of the Eligible Shareholder concerned, his shareholding, the reason to convene an extraordinary general meeting, the agenda proposed to be included as well as the details of the business proposed to be transacted in the extraordinary general meeting.

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.

The attendance of members of the Board to the general meeting held on 2 August 2016 is as follows:

Directors	**Attendance**
Executive Directors	
Mr. Li Kin Shing *(Chairman)*	1/1
Mr. Ma Yuanguang *(Chief Executive Officer)*	1/1
Mr. Wong Kin Wa	1/1
Independent non-executive Directors	
Mr. Cheung Sai Ming	1/1
Mr. Leung Kwok Keung	1/1
Mr. Liu Chun Bao	0/1

During the year under review, there had been no significant change in the Company's constitutional documents.

1 ABOUT THIS REPORT

Basis of Preparation

This is the Environmental, Social and Governance Report of Global Link Communications Holdings Limited for the year 2016/17, which is prepared in accordance with the general disclosure requirements set forth in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange under Appendix 20 of the Listing Rules. It demonstrates the Company's performance in fulfilling its responsibilities in economic, environmental and social dimensions.

The Group's Business

During the reporting period, the Group engaged in providing overall solution for rail transit information systems as its major business. The Group has various out-performing and efficient teams specialized in product development, production, sales, service and operation, making us an outstanding rail transit passenger information system solutions provider and a leader in railway broadcast system technology.

The customers of the Group are mainly train manufacturers under the CRRC Group (“中國中車集團”). We supply mainly certified and licensed train information system products, such as media broadcast system, railway broadcast system and LCD ("Liquid-crystal display") passenger information display system. The Group also strives to provide urban rail transit operators with technical support and operation maintenance services in China, to carry out corresponding technical cooperation and innovation at rail transit operators' requests and in the meantime, to provide system software and hardware upgrades, spare parts and accessories. We also supply system solutions, product supports and operating after-sale services for rail transit operators in, among others, Hong Kong, Malaysia and Turkey.

As to the operation of Smart City, the Group acquired certain authorization from International Elite Ltd., which is a listed company on Hong Kong Stock Exchange, for the application of its patented technology CA-SIM in December 2014. The CA-SIM personal mobile terminal, possesses with personal identity and security authentication, will be widely applied as a new intelligent tool in the residential community, offices, shopping mall, schools, hospitals, public transportation, public entertainment venues and consumption payment. Its hardware encryption-based patent technology allows intelligent application, will effectively facilitate the implementation of public security and social benefit policies of local governments. Underpinning by systems such as intelligent terminal app, cloud computation and big data, general public in communities and enterprises may be benefited from the brand new and personalized O2O services brought by the mobile internet in a safe, convenient and efficient manner with a lower cost.

Reporting Period and Scope of Report

The reporting period of this report is Financial Year 2016/17 (from 1 April 2016 to 31 March 2017), which is consistent with that of the Group's annual report. The reporting scope of this report includes Global Link Communications Holdings Limited and its subsidiaries. The main operations are located at the Group's headquarter in Hong Kong and its research and development (R&D) and manufacturing and assembly centre in Guangzhou. As of 31 March 2017, the Group has 186 employees, with 178 employees and 8 employees working in Guangzhou and Hong Kong respectively, at management, finance and administration, research and development, sales and after sales maintenance departments.

Source of Information:

The main source of information disclosed in this report is primarily sourced from the internal documents of the Company. All of the information are reviewed and confirmed by the management of the Company and responsible departments and duly filed. If you have any feedbacks regarding the report, please feel free to contact us.

2 ENVIRONMENT

2.1 Environmental Policy

As a leading rail transit information system solutions provider in China, in addition to attach great importance to technological research innovation, efficient and safe production and stringent quality assurance, the Board fully recognizes the significance of being a responsible corporate citizen. The Group is committed to environmental protection through energy conservation, by improving its energy efficiency in the assembly workshops and offices. The Group is committed to complying with local and relevant environment laws and regulations. The Group monitors and ensures the implementation of environmental measures in our operation processes from time to time.

The Group's headquarter in Hong Kong and the assembly and R&D centre in Guangzhou are both offices without any heavy industrial facilities. The operation of the assembly workshops in Guangzhou is mainly comprised of basic installations of train information system products for rail transit and software design. There is no significant hazardous wastes, air emissions or waste water generated directly from our production processes. In addition, the hardware and components used in the installation process are supplied by third party suppliers, rather than our own production. In response to the call for practicing green office, measures on enhancing the efficiency of resource consumption, waste reduction and paper recycle are taken in our daily business operations.

2.2 Use of Resources

The Group is committed to the efficient use of resources and minimizing energy wastage. In our daily operations, various measures on energy conservation have been incorporated progressively, including:

Energy Conservation

(1) Setting the air-conditioners to maintain indoor temperature at 25°C;

(2) Encouraging the staff to turn off computers after work and switch off lights when leaving the rooms for more than one hour;

(3) Encouraging the staff to switch electric appliances in offices such as printers and computers to energy saving mode (i.e. electric appliances with standby mode will be turned into sleep mode);

(4) Replacing offices lighting system with LED by phases;

Other Resource Consumption Reduction

(5) Encouraging to print on both sides of the paper and to recycle the waste paper;

(6) Selecting printing paper which is more environmental friendly;

(7) Keeping the unused components in storage for reuse;

(8) Utilizing electronic communication as an alternative to paper to the greatest extent.

2 ENVIRONMENT *(continued)*

2.3 Emissions

As a system developer and service provider, we do not generate significant air emissions, wastes and waste water directly from the operation of the Group.

Hazardous Wastes

Spare parts such as unused motherboards from the production process are sorted and stored in warehouse for reuse in the future by designated personnel. Up to the date of the Report, none of the aforesaid electronic wastes have been discarded by the Group and qualified third party companies will be engaged to conduct recycling process in future if necessary.

General Waste

General waste generated from Group's offices operation in Hong Kong and Guangzhou are separated and recycled. Packaging materials such as cardboard box are collected and disposed. General waste comprises of office waste paper, stationery and packaging material etc. Tips and information in relation to efficient use of energy and waste reduction are published via the Company's internal email on a regular basis for the purpose of promoting employees' awareness on such matters.

2.4 Environment and Natural Resources

During the reporting period, no material pollution and damage to the air, land, water sources and ecological environment in the vicinity has occurred. Details of the Company's policies and measures in respect of the use of resources and emissions are set out in the above sections.

2.5 Compliance

During the year, we are not aware of any breach of laws and regulations relating to environment that have a significant impact on the Group.

3 SOCIAL

3.1 Employment and Labour Standards

3.1.1 Employee Compensation and Benefit

As a technology and R&D based company, the Group regards its employee as the most valuable asset. We encourage and appreciate employee diversity, and strive to treat each employee fairly and equally without any discrimination, regardless of his/her race, age, gender, marital status, religion or belief. The Staff Handbook of the Group expressly sets out the polices of recruitment, internal transfer, resignation procedure, compensation and benefit, performance appraisal, holiday and leaves, to maintain a high level of transparency.

3 SOCIAL *(continued)*

3.1 Employment and Labour Standards *(continued)*

3.1.1 Employee and Compensation and Benefit (continued)

Each staff enjoys a fair, impartial and open salary review and promotion system. Performance appraisals are conducted by supervisors on a quarterly basis, and the scope and standard of the performance appraisal is determined based on each department's business and the job nature of each post. In addition to the basic salary, staff is also entitled to the performance-based bonus, and outstanding staff will receive year-end bonus or salary increment as an incentive. Salary is determined by benchmarking to the minimum wage level published by the government, the average manpower salary level as well as the salary level in the market. The remuneration package offered to our staff is generally above average among industries.

The Group advocates the practice of five-day working week, and the normal working hours of staff are clearly set out in the Staff Handbook. All staff are entitled to paid leaves, such as statutory holiday, work-related injury leave, marriage leave, maternity leave and sick leave, etc., in accordance with the requirement of local laws. The Group has established various channels, including opinion collection box, complaint hotline, mailbox and interview, for staff at each level to freely express their views. During the complaint process, the personal information of the staff concerned will be strictly protected.

During the year, we are not aware of any breach of laws and regulations that have a significant impact on the Group relating to employment and labour.

3.1.2 Health and Safety

Adhering to the principle of "Safety First", the Group is committed to providing employees with a safe and comfortable work environment. We have formulated safety management rules and procedures for handling work-related injury cases in accordance with local regulations regarding health and occupational safety, and included the details in the Staff Handbook.

As the business nature of the Group is of low-risk, no record of occupational disease or harm has been found in the reporting period. Nevertheless, we remain vigilant and assess and identify potential risks of various facilities and in the workplaces on a yearly basis. We also work out corresponding preventive measures such as regular checks on first aid kits or fire extinguishing appliances to ensure they are placed at prominent positions and properly maintained. Meanwhile, we also require employees to wear overalls and gloves when performing duties in assembly workshops.

Regarding to fire prevention, the Group has established a comprehensive fire and safety management plan and carries out regular fire drills. To improve the efficiency and effectiveness of evacuation, we have undertaken an assessment focusing on the evacuation routes and whether all our staff is able to evacuate to safe places within the limited timeframe after the fire drills. We also conduct regular tests on our safety system and take follow-up actions so as to create a safe and healthy work environment for our employees.

During the year, we are not aware of any breach of laws and regulations that have a significant impact on the Group relating to occupational health and safety.

3 SOCIAL *(continued)*

3.1 Employment and Labour Standards *(continued)*

3.1.3 Development and Training

The Group regards employees as its valuable assets. To cater to the needs of corporate development, it offers training to employees to enhance their capabilities and skills. Our Administrative and Human Resources Department is responsible for carrying out the annual training plan of the Company, as well as for the organization, coordination and supervision of training activities. Employees at different levels and positions are provided with appropriate trainings.

All new employees are required to participate in the internal induction training which consists of, among others, company introduction, rules and regulations, codes of conduct, corporate culture, remuneration and benefits, work procedures and employee relations, to ensure that employees have good knowledge of their rights and duties. Employees will also be provided on-job training by phases, to be equipped with professional know-how and work-related skills and safety.

The Training Management System (《培訓管理制度》) sets out that in addition to internal training, the Group also encourages employees to participate in external training such as lectures or seminars organized by external institutions, through which employees can learn the most up-to-date technology, equipment and management system as well as the professional knowledge and skills that internal lecturers may lack, and make contributions to the development of the Company. After completing and obtaining approvals from the Administrative and Human Resources Department, the employee may reimburse relevant training costs.

3.1.4 Labour Standards

The Group attaches great importance to issues such as labour exploitation and child labour. A clear and precise policy has been set up to prevent forced and child labour and regular checks are conducted on the employment process to tackle against illegal practices. The Group strictly abides by all local labour legislations such as Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour and the Employment Ordinance of Hong Kong.

No employee will be forced to work overtime and all overtime duties are performed on a voluntary basis. Employee has an option to apply for overtime working or leave work on time. The attendance policy setting out in the Staff Handbook gives clear guidelines on overtime practices. If overtime is needed, employee is required to complete an Overtime Application Form and to obtain signature and approval from his/her department head, to make the overtime working valid. The extra working hours will be remunerated based on the agreed overtime rate.

During the year, we are not aware of any breach of laws and regulations that have a significant impact on the Group relating to labour practice.

3 SOCIAL *(continued)*

3.2 Product Responsibility

3.2.1 Product Responsibility

Product Quality

The Group endeavours to provide high quality products and services, and going beyond that, it is also committed to ensure its end consumers may utilize its products in a safe and stable manner. The Group has strictly complied with the Product Quality Law of the People's Republic of China and other relevant laws in relation to products, and has formulated formal administrative policies to regulate its product quality, health and safety and intellectual property. It has also formulated defined policies for procedural quality control and finished product management. The Group has obtained ISO9001certification in relation to its quality management system.

Our quality control department will conduct a comprehensive inspection on key components of each batch products before delivery, while other components will be inspected on a random basis. An inspection report will be prepared afterwards for the purpose of certification and review reference. To better understand its client's expectation, the Group will regularly conduct client satisfaction survey. Clients may also contact with our service team via service hotline for any enquiries concerning our products, maintenance and repairs.

During the year, no major return of the products has occurred.

Intellectual Property Protection

As a company selling self-developed products, we are devoted to protect our R&D patents and intellectual properties. The Group has formulated an Administrative Measures for Patents and Intellectual Properties (《專利與知識產權管理辦法》), aiming to strengthen its intellectual properties management and to encourage staff's creativity and intellectual innovation. The measures also set out code of conducts for departments and individuals to comply with during their research stages, so as to protect legal rights of the company and its staff and enhance the company's overall R&D capabilities. The measures set out defined ownership of intellectual properties, management measures, patents application as well as rewards for successful R&D.

During the year, we are not aware of any breach of laws and regulations that have a significant impact on the Group relating to product responsibilities.

3 SOCIAL *(continued)*

3.2 Product Responsibility *(continued)*

3.2.2 Supply Chain Management

The major suppliers of the Group supply us with electronic components and other assembly parts such as shells. As the Group's products are very specialised, we endeavour to establish long-term partnership with a few suppliers.

The Group meet and communicate with key components suppliers on a regular basis, in which we discuss relevant information and latest development in the industry. The Group also hold meetings and conduct site visit to better understand the management status of the suppliers, and ensure their integrity, ethics, law compliance and corporate governance align with our standards, so as to minimize the risks arising from the supply chain that may jeopardise the financial condition and reputation of the Group.

In selecting the suppliers, the Group reviews the suppliers' relevant qualification, e.g. ISO9001, financial condition, price and quality, supply capacity, technological quality and after-sale service into consideration. In addition, we may also request the supplier to provide samples for testing purpose and conduct site visit on the supplier's factory after the testing is passed.

The Group is intended to enhance its supply chain management, in which the supplier's social responsibility and environmental protection policies will be incorporated into consideration, We also plan to conduct site visit from time to time to review their compliance of environmental protection agreement and social responsibility performance agreement.

3.3 Anti-corruption

Anti-corruption is a key commercial ethics of a company. The Group has a strong stance against the behaviours that damage the fair and equal competition. A formal administrative measure has been set in place to avoid bribery, fraudulence and unauthorized information disclosure and set out in the Staff Handbook, which shall be complied with by all staff, including:

Code of Conducts:

- Observe the law and regulation, avoid pursuing personal interests and gains and avoid acceptance of bribery or soliciting inappropriate gains from clients.

- Observe rules and policies of the Company, safeguard the Company's reputation consciously and be strictly prohibited to conduct any activities that are irrelevant to the Company's business and prejudicial to the Company's interest under the name of the Company.

3 SOCIAL *(continued)*

3.3 Anti-corruption *(continued)*

Conflict of Interests:

- Acceptance of any preferential offer provided by other companies or companies that are related to the Company or its competitors is strictly prohibited, including courtesy gifts that are beyond the general offer and excessive entertainment.

- Staff or his/her family members are not allowed to earn any material interests and benefits from any transaction that the staff enters into on behalf of the Company.

- Staff is advised to avoid any conflict of interests at any time with the Company and shall have duty to safeguard the interests of the Company and bring to the Company's attention if any conflict of interests arise.

Confidentiality:

- The Requirement of confidentiality shall be complied by all staff. Information regarding Company's strategic plan, operation principles, marketing strategy, patents, key technology, technological development updates, financial information, human resources information, rules and policies, production technology, client and supplier information shall not be disclosed to outsiders, industrial peers and partnering factories.

- Staff is prohibited to sell or transfer the Company's commercial confidential information to other party for personal gains and benefits, any breaches shall be liable for legal liability and any losses suffered by the Company shall be compensated at the accrued amount.

- During the business negotiation with clients, commercial confidential information of the Company shall not be involved.

During the year, we are not aware of any breach of laws and regulations that have a significant impact on the Group relating to anti-corruption.

3.4 Community Investment

The Group believes that community involvement may facilitate social development in a harmonious and organic manner. In order to operate as a responsible corporate citizen and put its social commitment into practices, the Group plans to further encourage its staff to participate in social charity activities, such as youth education or elderly nursing and caring. We also plan to offer volunteering leaves for staff that engage in volunteering activities, thereby encouraging and promoting more staff to participate in community services and meaningful charity works.

HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Link Communications Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 43 to 104, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT ASSESSMENT ON INTANGIBLE ASSETS

Refer to note 14 to the consolidated financial statements and the accounting policies on note 3 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2017, the carrying amounts of intangible assets of the Group amounted to approximately HK$25,187,000. The Group has performed impairment review on these intangible assets in order to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amounts of these intangible assets are the higher of their value-in-use and fair value less costs of disposal. Based on the impairment review, management has concluded that no impairment of these assets was required. Management determined the value-in-use of these intangible assets based on the future cash flows generated by these assets. An independent external valuer was engaged by the management to perform such valuations. We identified impairment assessment on intangible assets as a key audit matter because it involves significant management's judgements and estimations on future cash flows, discount rate and growth rate in view of the future business prospect.	Our audit procedures to impairment assessment on intangible assets included, among others, the following: ▪ We evaluated the independent external valuer's competence, capabilities and objectivity. ▪ We appointed our valuation experts and involved them to evaluate the appropriateness of the methodologies used by the independent external valuer in determining the recoverable amounts. We also involved our valuation experts to review key assumptions used by the management and the independent external valuer. ▪ We reviewed the discount rate used to determine the recoverable amounts by assessing the cost of capital for the Group and comparable companies. ▪ We checked on a sample basis the accurarcy and relevance of the input data used in determining the recoverable amounts. ▪ We tested the mathematical accuracy of the calculations in determining the recoverable amounts.

KEY AUDIT MATTERS *(continued)*

Provision for product warranties

Refer to note 24 to the consolidated financial statements and the accounting policies on note 3 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
At 31 March 2017, the balance of warranties provision of the Group amounted to approximately HK$14,542,000, and warranties provision made for the year of HK$5,595,000 was recorded in the consolidated financial statements of the Group. Provision for product warranties relates to warranties that are granted by the Group for its product and undertaking to repair or replace items that fail to perform satisfactorily. The amount of provision for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. We identified provision for product warranties as a key audit matter because of the magnitude of the carrying amount of warranties provision and the significant involvement of management's judgement and assumptions applied in estimation of costs in respect of future warranty claims.	Our audit procedures to provision for product warranties included, among others, the following: ▪ We evaluated the appropriateness of the methodologies used by the management for estimating warranties provision. ▪ We tested the mathematical accruracy of the calculations of the provision. ▪ We tested the underlying data and evaluated the appropriateness and consistency of the basis management used in estimating the provision for product warranties by comparing past assumptions made by management in prior years with actual events as well as current year's assumptions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Mr. Lau Kwok Hung.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 23 June 2017

Lau Kwok Hung
Practising Certificate Number: P04169

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*6*	**55,967**	58,210
Cost of sales		**(51,988)**	(56,723)
Gross profit		**3,979**	1,487
Other revenue and other net gain	*7*	**4,011**	499
Selling expenses		**(9,604)**	(7,314)
Administrative expenses		**(11,445)**	(14,325)
Other operating expenses		**(8,845)**	(9,117)
(Loss) before taxation	*9*	**(21,904)**	(28,770)
Income tax	*10*	**–**	(19)
(Loss) for the year		**(21,904)**	(28,789)
Other comprehensive (loss) for the year:			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale investments:			
Changes in fair value		**154**	–
Reclassification adjustments relating to available-for-sale investments disposed of in the year		**(154)**	–
Exchange differences on translating of financial statements of foreign operations:			
Exchange differences arising during the year		**(1,509)**	(1,436)
Other comprehensive (loss) for the year, net of income tax		**(1,509)**	(1,436)
Total comprehensive (loss) for the year		**(23,413)**	(30,225)
(Loss) attributable to:			
Equity shareholders of the Company		**(21,904)**	(28,788)
Non-controlling interests		**–**	(1)
		(21,904)	(28,789)
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		**(23,413)**	(30,224)
Non-controlling interests		**–**	(1)
		(23,413)	(30,225)
(Loss) per share (in HK cents):			
– Basic and diluted	*11*	**(1.08 cents)**	(2.64 cents)

The notes on pages 52 to 104 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**914**	1,929
Intangible assets	14	**25,187**	28,437
		26,101	30,366
Current assets			
Inventories	17	**3,563**	7,451
Available-for-sale investments	18	**1,802**	–
Trade and other receivables	19	**30,448**	40,986
Deposits and prepayments	20	**2,416**	2,584
Restricted and pledged bank deposit	22	**1,994**	1,220
Cash and cash equivalents	21	**86,600**	12,482
		126,823	64,723
Current liabilities			
Trade and other payables	23	**18,693**	17,910
Provision	24	**14,542**	12,721
Provision for taxation		**6,986**	7,473
		40,221	38,104
Net current assets		**86,602**	26,619
Total assets less current liabilities		**112,703**	56,985
Non-current liability			
Provision for long service payments	25	**27**	56
		27	56
NET ASSETS		**112,676**	56,929
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital	26	**20,888**	10,888
Reserves		**91,814**	46,067
		112,702	56,955
Non-controlling interests		**(26)**	(26)
TOTAL EQUITY		**112,676**	56,929

Approved and authorised for issue by the board of directors on 23 June 2017.

Li Kin Shing
Director

Ma Yuanguang
Director

The notes on pages 52 to 104 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Fair value reserve	Merger reserve	Exchange reserve	Warrant reserve	Accumulated losses	Statutory reserves	Total	Non-controlling interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	10,888	89,807	–	2,135	12,129	186	(38,773)	10,807	87,179	(25)	87,154
Loss for the year	–	–	–	–	–	–	(28,788)	–	(28,788)	(1)	(28,789)
Other comprehensive loss for the year:											
Exchange differences on translating of financial statements of foreign operations											
Exchange difference arising during the year	–	–	–	–	(1,436)	–	–	–	(1,436)	–	(1,436)
Total comprehensive loss for the year	–	–	–	–	(1,436)	–	(28,788)	–	(30,224)	(1)	(30,225)
At 31 March 2016	10,888	89,807[#]	–[#]	2,135[#]	10,693[#]	186[#]	(67,561)[#]	10,807[#]	56,955	(26)	56,929
At 1 April 2016	10,888	89,807[#]	–[#]	2,135[#]	10,693[#]	186[#]	(67,561)[#]	10,807[#]	56,955	(26)	56,929
Loss for the year	–	–	–	–	–	–	(21,904)	–	(21,904)	–	(21,904)
Other comprehensive loss for the year:											
Available-for-sale investments:											
Changes in fair value	–	–	154	–	–	–	–	–	154	–	154
Reclassification adjustments relating to available-for-sale investments disposed of in the year	–	–	(154)	–	–	–	–	–	(154)	–	(154)
Exchange differences on translating of financial statements of foreign operations											
Exchange differences arising during the year	–	–	–	–	(1,509)	–	–	–	(1,509)	–	(1,509)
Total comprehensive loss for the year	–	–	–	–	(1,509)	–	(21,904)	–	(23,413)	–	(23,413)
Issue of new shares *(note 26(a)(i))*	10,000	70,000	–	–	–	–	–	–	80,000	–	80,000
Transaction costs attributable to the issue of new shares *(note 26(a)(i))*	–	(840)	–	–	–	–	–	–	(840)	–	(840)
At 31 March 2017	20,888	158,967[#]	–[#]	2,135[#]	9,184[#]	186[#]	(89,465)[#]	10,807[#]	112,702	(26)	112,676

[#] These accounts comprise the consolidated reserves of approximately HK$91,814,000 (2016: HK$46,067,000) in the consolidated statement of financial position.

The notes on pages 52 to 104 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 HK$'000	2016 HK$'000
Operating activities			
(Loss) before tax		**(21,904)**	(28,770)
Adjustments for:			
Depreciation	9(b)	**478**	525
Amortisation of intangible assets	9(b)	**3,250**	3,250
Impairment losses on property, plant and equipment	9(b)	**536**	–
Loss on disposal of property, plant and equipment	9(b)	**14**	–
Write-back of trade and other payables	7	**–**	(149)
(Reversal of)/allowance for doubtful debts	9(b)	**(2,956)**	4,510
Provision for impairment of deposits	9(b)	**395**	–
(Reversal of) provision for long service payments	7	**(29)**	–
Bank interest income	7	**(309)**	(349)
Available-for-sale investments: reclassified from other comprehensive income on disposals	7	**(154)**	–
		(20,679)	(20,983)
Changes in working capital			
Decrease in inventories		**3,296**	20,839
Decrease/(increase) in trade and other receivables		**8,831**	(5,015)
(Increase) in deposits and prepayments		**(357)**	(1,462)
Increase in trade and other payables		**4,025**	4,979
Increase/(decrease) in provision for product warranties		**2,649**	(3,430)
Net cash (used in) operating activities		**(2,235)**	(5,072)
Investing activities			
Payment for purchase of property, plant and equipment		**(133)**	(286)
Bank interest received		**193**	349
Purchase of available-for-sale investments		**(39,402)**	–
Proceeds from disposals of available-for-sale investments		**37,754**	–
(Increase) in restricted and pledged bank deposit		**(853)**	(1,220)
Net cash (used in) investing activities		**(2,441)**	(1,157)
Financing activities			
Proceeds from issue of shares	26(a)(i)	**80,000**	–
Share issue expenses	26(a)(i)	**(840)**	–
Net cash generated from financing activities		**79,160**	–
Net increase/(decrease) in cash and cash equivalents		**74,484**	(6,229)
Cash and cash equivalents at the beginning of the year		**12,482**	18,677
Effect of foreign exchange rate changes		**(366)**	34
Cash and cash equivalents at the end of the year		**86,600**	12,482
Analysis of the balances of cash and cash equivalents:			
Cash and cash equivalents	21	**86,600**	12,482

The notes on pages 52 to 104 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is No. 401, Building D, Guangdong Software Park, No.11, Caipin Road, Science City of Guangzhou Development Zone, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company is an investments holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as available-for-sale investments (see note 3(h))

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

c) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Translation of foreign currencies *(continued)*

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investments in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the equity shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investments in a subsidiary is stated at cost less impairment losses (see note 3(s)).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Property, plant and equipment

All property, plant and equipment are stated in the consolidated statement of financial position at historical cost less accumulated depreciation and any accumulated impairment losses (see note 3(s)).

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	5 years or over the lease term whichever is shorter
Tools and equipment	5 to 10 years
Motor vehicles	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal and the carrying amount of the asset and is recognised in profit or loss on the date of retirement or disposal.

f) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, being the fair value at the date of acquisition, less accumulated amortisation and any accumulated impairment losses (see note 3(s)). Amortisation for intangible assets with finite useful life is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Intangible assets (other than goodwill) *(continued)*

(i) Intangible assets acquired separately (continued)

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Application rights	10 years

(ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (see note 3(s)), on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investments property is classified as an investments property on a property-by-property basis and, if classified as investments property, is accounted for as if held under a finance lease; and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) Operating leases charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised.

Investments in securities which do not fall into any of the above category are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 3(s)). Interest income from equity securities is recognised in profit or loss in accordance with the policy set out in note 3(m)(ii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 3(s)).

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

l) Trade and other payables

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

m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Supply, development and integration of passenger information management system

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

ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Employee benefits

i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) *Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

iii) *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

iv) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Income tax

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 consolidated statement of profit or loss and other comprehensive income 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised on temporary 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. 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 deferred tax 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.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settled the carrying amount of its assets and liabilities. Current or deferred tax is charged or credited to in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxation entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(p)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

p) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a 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 of economic benefits 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 of economic benefits is remote.

q) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors of the Company for the purposes of allocating resources to, and assessing the performance of the Group by geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

r) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

iii) is a member of the key management personnel of the Group or the Group’s parent.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

r) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

s) Impairment of assets

i) Impairment of investments in equity securities and receivables

Investments in equity securities and current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investments in an equity instrument below its cost.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

i) *Impairment of investments in equity securities and receivables (continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

– For available-for-sale securities which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets; and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measureable), or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of property, plant and equipment and intangible asset

If circumstances indicate that the carrying amounts of property, plant and equipment and intangible asset may not be recoverable, the asset may be considered "impaired", and an impairment loss is recognised in accordance with the accounting policy for impairment of property, plant and equipment and intangible asset as described in note 3(s). The carrying amounts of property, plant and equipment and intangible asset are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposals and its value in use.

In assessing value in use, expected cash flows generated by the asset 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 assets, which requires significant judgement relating to level of revenue and the amount of operating costs and discount rates. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying amounts of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 March 2017, the carrying amount of property, plant and equipment and intangible assets were approximately HK$914,000 (2016: HK$1,929,000) and HK$25,187,000 (2016: HK$ 28,437,000).

ii) Impairment of receivables

The Group maintains allowance for doubtful debts based on evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required. As at 31 March 2017, the carrying amount of trade and other receivables was approximately HK$30,448,000 (2016: HK$40,986,000).

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a) Key sources of estimation uncertainty *(continued)*

iii) Useful lives of property, plant and equipment and depreciation

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

iv) Write down of inventories

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 3(i). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write down or the related reversals of write down made in prior years and affect the Group's net asset value. As at 31 March 2017, the carrying amount of inventories was approximately HK$3,563,000 (2016: HK$7,451,000).

v) Provision

A provision is recognised when a present obligation has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. Where the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

i) Impairment of assets

The Group has to exercise judgements in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying amount of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

b) Critical accounting judgements in applying the Group's accounting policies *(continued)*

ii) Income taxes

Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. As at 31 March 2017, the carrying amount of provision for taxation was approximately HK$6,986,000 (2016: HK$7,473,000).

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial assets

The Group has classified the following financial assets under the category of "loans and receivables" and "available-for-sale investments":

	2017	2016
	HK$'000	*HK$'000*
Available-for-sale investments:	**1,802**	–
Loans and receivables:		
Trade and other receivables	**30,448**	40,986
Deposits	**243**	255
Restricted and pledged bank deposit	**1,994**	1,220
Cash and cash equivalents	**86,600**	12,482
	119,285	54,943

Financial liabilities

The Group has classified the following financial liabilities under the category of "financial liabilities at amortised cost":

	2017	2016
	HK$'000	*HK$'000*
Trade and other payables	**15,649**	13,763

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

a) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. 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.

b) Credit risk

i) The Group's credit risk is primarily attributable to trade and other receivables.

ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 90 days from the date of billing. For debtors with balances aged more than 90 days past due, further credit would not be granted until all outstanding balances are settled or have the discretion of the management to further extend the credit.

iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 13% (2016: 23%) and 41% (2016: 56%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

c) Liquidity risk

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

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

c) Liquidity risk *(continued)*

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2017				2016			
	Within 1 year or on demand	**More than 1 year**	**Total contractual undiscounted cash flow**	**Carrying amount at 31/3/2017**	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2016
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	**15,649**	**–**	**15,649**	**15,649**	13,763	–	13,763	13,763

d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits. The management of the Group consider that the Group's exposure from these fixed-rate short-term fixed deposits to interest rate risk is not significant.

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and deposits. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

d) Interest rate risk *(continued)*

i) *Interest rate profile*

The following table details the interest rate profile of the Group's bank balances and deposits at the end of the reporting period:

	The Group			
	2017		2016	
	Effective interest rates		Effective interest rates	
	%	***HK$'000***	%	*HK$'000*
Variable rate bank balances and deposits	**0.01-0.95**	**84,134**	0.01-4.80	11,684

ii) *Sensitivity analysis*

At 31 March 2017, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate bank balances and deposits, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK$818,000 (2016: HK$105,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2016: 100 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2016.

The management is of the opinion that the sensitivity analysis is unrepresentative of the Group's inherent interest rate risk as exposure at the end of reporting period does not reflect the exposure during the year.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

e) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through banking activities which give rise to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("US$") and Hong Kong dollars ("HK$").

The Group does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars ("HK$"), translated using the spot rate at the end of the reporting period.

	2017	2016
	HK$'000	*HK$'000*
Cash and cash equivalents		
US$	**74**	74
HK$	**1,923**	–
Net exposure arising from recognised assets and liabilities	**1,997**	74

(ii) Sensitivity analysis

As any reasonable changes in exchange rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for currency risk.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

f) Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

	Fair value as at 31 March 2017	Fair value measurements as at 31 March 2017 catergorised into		
		Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements				
Assets				
– Available-for-sale investments	**1,802**	**–**	**–**	**1,802**

During the years ended 31 March 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Fair value estimation

As at 31 March 2017, the Group classified the wealth management products as financial instruments in level 3. The fair value of wealth management products is approximately equal to their carrying amount due to short maturity.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

f) Fair value measurement *(continued)*

Financial assets and liabilities measured at fair value (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2017	2016
	HK$'000	*HK$'000*
Available-for-sale investments		
Balance at the beginning of the year	**–**	–
Purchases	**39,402**	–
Total gain recognised in other comprehensive income	**154**	–
Disposals	**(37,754)**	–
Balance at the end of the year	**1,802**	–

g) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2017 and 2016.

6. REVENUE

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

	2017 HK$'000	2016 HK$'000
Revenue from the supply, development and integration of passenger information management system	**55,967**	58,210

7. OTHER REVENUE AND OTHER NET GAIN

	2017 HK$'000	2016 HK$'000
Bank interest income	**309**	349
Total interest income on financial assets not at fair value through profit or loss	**309**	349
Write-back of trade and other payables	**–**	149
Other income	**563**	1
Other revenue	**872**	499
Available-for-sale investments: reclassified from other comprehensive income on disposals	**154**	–
Reversal of allowance for doubtful debt	**2,956**	–
Reversal of provision for long service payments	**29**	–
Other net gain	**3,139**	–
	4,011	499

8. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by board of directors of the Company, the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. The Group's operating segments are organised and structured according to the geographical locations where the Group's customers are located. The geographical locations include the People's Republic of China (the "PRC") (place of domicile of the Group) and Hong Kong.

Both segment revenue of PRC and Hong Kong comprises the revenue from supply, development and integration of passenger information management system.

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs e.g. directors' salaries, interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The revenue, gross profit and results of the Group are allocated based on operations of the segments. Taxation charge is not allocated to reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Sales between segments are carried out on arm's length basis. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All assets are allocated to reportable segments. All liabilities are allocated to reportable segments other than current tax liabilities.

8. SEGMENT INFORMATION *(continued)*

(a) Segment results, assets and liabilities *(continued)*

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 is set out below.

	PRC		Hong Kong		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue						
Inter-segment revenue	**700**	186	**–**	–	**700**	186
Revenue from external customers	**54,585**	55,897	**1,382**	2,313	**55,967**	58,210
	55,285	56,083	**1,382**	2,313	**56,667**	58,396
Reportable segment profit/(loss)	**(3,905)**	(11,095)	**744**	1,933	**(3,161)**	(9,162)
Research and development costs	**(13,773)**	(11,817)	**–**	–	**(13,773)**	(11,817)
Bank interest income	**15**	152	**294**	197	**309**	349
Available-for-sale investments: reclassified from other comprehensive income on disposals	**154**	–	**–**	–	**154**	–
Depreciation	**(476)**	(523)	**(2)**	(2)	**(478)**	(525)
Amortisation of intangible assets	**(3,250)**	(3,250)	**–**	–	**(3,250)**	(3,250)
Impairment losses on property, plant and equipment	**(536)**	–	**–**	–	**(536)**	–
Reversal of/(allowance for) doubtful debts	**2,956**	(4,510)	**–**	–	**2,956**	(4,510)
Provision for product warranties	**(5,595)**	(5,867)	**–**	–	**(5,595)**	(5,867)
Provision for impairment of deposits	**(395)**	–	**–**	–	**(395)**	–
Reportable segment assets	**79,040**	90,644	**77,076**	7,667	**156,116**	98,311
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	**126**	284	**7**	2	**133**	286
Reportable segment liabilities	**33,311**	30,812	**3,143**	3,097	**36,454**	33,909

8. SEGMENT INFORMATION *(continued)*

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Total reportable segments' revenue	**56,667**	58,396
Elimination of inter-segment revenue	**(700)**	(186)
Consolidated revenue	**55,967**	58,210
(Loss)		
Total reportable segments' (loss)	**(3,161)**	(9,162)
Elimination of inter-segment loss/(profit)	**21**	(186)
Reportable segment (loss) derived from Group's external customers	**(3,140)**	(9,348)
Bank interest income	**309**	349
Available-for-sale investments: reclassified from other comprehensive income on disposals	**154**	–
Unallocated head office and corporate expenses	**(19,227)**	(19,771)
Consolidated (loss) before tax expenses	**(21,904)**	(28,770)
Assets		
Total reportable segments' assets	**156,116**	98,311
Elimination of inter-segment receivables	**(3,192)**	(3,222)
Consolidated total assets	**152,924**	95,089
Liabilities		
Total reportable segments' liabilities	**36,454**	33,909
Elimination of inter-segment payables	**(3,192)**	(3,222)
	33,262	30,687
Current tax liabilities	**6,986**	7,473
Consolidated total liabilities	**40,248**	38,160

8. SEGMENT INFORMATION *(continued)*

c) Revenue from major products and services

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

	2017	2016
	HK$'000	*HK$'000*
Supply, development and integration of passenger information management system	**55,967**	58,210

d) Other geographical information

	Non-current assets	
	2017	2016
	HK$'000	*HK$'000*
PRC	**26,092**	30,360
Hong Kong	**9**	6
	26,101	30,366

The Group's non-current assets, which include property, plant and equipment and intangible assets. The geographical location of the Group's non-current assets are based on the physical location of the asset under consideration in case of tangible assets, and the location of the operation to which they are allocated, in the case of intangible assets.

e) Information about major customers

Revenue from three (2016: two) customers in the PRC operating and reportable segment amounted to approximately HK$30,736,000, HK$6,393,000 and HK$5,728,000 (2016: HK$17,347,000 and HK$14,431,000), which individually represent more than 10% of the Group's total revenue.

No other single customer contributed 10% or more to the Group's total revenue for both 2017 and 2016.

9. (LOSS) BEFORE TAXATION

		2017	2016
		HK$'000	*HK$'000*
a)	**Staff costs, including directors' emoluments *(note 12)***		
	Salaries and wages	**17,450**	15,729
	Contributions to retirement benefit schemes	**2,324**	1,577
	Provision for staff welfare benefits	**917**	803
		20,691	18,109
b)	**Other items**		
	Auditors' remuneration	**628**	598
	(Reversal of)/allowance for doubtful debts	**(2,956)**	4,510
	Provision for impairment of deposits	**395**	–
	(Reversal of) provision for long service payments	**(29)**	–
	Cost of inventories sold *	**51,988**	56,723
	Research and development costs #	**13,773**	11,817
	Depreciation	**478**	525
	Amortisation of intangible assets (included in other operating expenses) ##	**3,250**	3,250
	Loss on disposal of property, plant and equipment	**14**	–
	Impairment losses on property, plant and equipment	**536**	–
	Available-for-sale investments: reclassified from other comprehensive income on disposals	**(154)**	–
	Provision for product warranties ## *(note 24)*	**5,595**	5,867
	Net exchange loss	**33**	341
	Minimum lease payments under operating lease – land and buildings	**1,422**	1,565

* Cost of inventories sold includes approximately HK$10,547,000 (2016: HK$10,103,000) relating to staff costs and depreciation expenses which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

Research and development costs incurred for the year amounting to approximately HK$13,773,000 (2016: HK$11,817,000) which was included in cost of sales.

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

10. INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
Current year provision:		
PRC enterprise income tax	**–**	19
Deferred taxation		
Origination and reversal of temporary differences	**–**	–
	–	19

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the year. (2016: Nil)

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

Except for Guangzhou GL as mentioned above, the remaining subsidiaries located in the PRC are subject to the PRC EIT rate of 25% (2016: 25%) on its assessable profits.

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

10. INCOME TAX *(continued)*

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

	2017 HK$'000	2016 HK$'000
(Loss) before taxation	**(21,904)**	(28,770)
Notional tax on (loss) before taxation, calculated at the rates applicable to (loss) in the countries concerned	**(4,052)**	(4,698)
Tax effect of non-taxable income	**(62)**	(64)
Tax effect of non-deductible expenses	**1,710**	743
Tax effect of unused tax losses not recognised	**2,879**	3,858
Tax effect of deductible temporary differences not recognised	**(475)**	161
Others	**–**	19
Tax expenses	**–**	19

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK$21,904,000 (2016: HK$28,788,000) and the weighted average number of approximately 2,034,013,000 ordinary shares (2016: 1,088,808,000 ordinary shares) in issue during the year, calculated as follows:

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

	2017 '000	2016 '000
Issued ordinary shares at the beginning of the year	**1,088,808**	1,088,808
Effect of new shares issued	**945,205**	–
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,034,013**	1,088,808

(b) Diluted loss per share

The basic and diluted loss per share are the same for the years ended 31 March 2017 and 31 March 2016, as the warrants outstanding during the year are anti-dilutive.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017				
Executive directors:				
Mr. Li Kin Shing				
(*appointed on 26 May 2016*)	68	168	8	244
Mr. Wong Kin Wa				
(*appointed on 26 May 2016*)	68	168	8	244
Mr. Ma Yuanguang (*Chief Executive*)	67	1,003	18	1,088
Mr. Hu Tiejun				
(*resigned on 26 May 2016*)	–	73	–	73
	203	1,412	34	1,649
Independent non-executive directors:				
Mr. Liu Kejun				
(*resigned on 26 May 2016*)	9	–	–	9
Professor Lu Ting Jie				
(*resigned on 26 May 2016*)	8	–	–	8
Mr. Leung Kwok Keung	82	–	–	82
Mr. Cheung Sai Ming				
(*appointed on 26 May 2016*)	68	–	–	68
Mr. Liu Chun Bao				
(*appointed on 26 May 2016*)	68	–	–	68
	235	–	–	235
Non-executive director:				
Mr. Wing Kee Eng, Lee				
(*resigned on 26 May 2016*)	12	–	–	12
	450	1,412	34	1,896

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows: *(continued)*

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016				
Executive directors:				
Mr. Ma Yuanguang (*Chief Executive*)	–	1,031	18	1,049
Mr. Hu Tiejun (*resigned on 26 May 2016*)	–	460	15	475
Mr. Lo Kam Hon, Gary (*deceased on 1 March 2016*)	–	144	7	151
	–	1,635	40	1,675
Independent non-executive directors:				
Mr. Liu Kejun (*resigned on 26 May 2016*)	56	–	–	56
Professor Lu Ting Jie (*resigned on 26 May 2016*)	48	–	–	48
Mr. Leung Kwok Keung	88	–	–	88
	192	–	–	192
Non-executive director:				
Mr. Wing Kee Eng, Lee (*resigned on 26 May 2016*)	76	–	–	76
	268	1,635	40	1,943

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(b) Of the five individuals with the highest emoluments, one (2016: two) is/are director(s) of the Company whose emoluments are disclosed in note 12(a). The aggregate of the emoluments of the remaining four (2016: three) individuals were as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other emoluments	**1,251**	1,027
Contributions to retirement benefit schemes	**52**	39
	1,303	1,066

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

	2017	2016
Nil to HK$1,000,000	**4**	3

During the year ended 31 March 2017, 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 (2016: Nil).

None of the directors has waived any emoluments during the year ended 31 March 2017 (2016: Nil).

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13. PROPERTY, PLANT AND EQUIPMENT

	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 2015	95	752	1,630	700	1,506	4,683
Additions	29	91	–	36	130	286
Disposals	–	(4)	–	–	–	(4)
Exchange realignment	(4)	(29)	(59)	(25)	(33)	(150)
At 31 March 2016 and 1 April 2016	120	810	1,571	711	1,603	4,815
Additions	–	133	–	–	–	133
Disposals	–	(10)	(112)	–	–	(122)
Exchange realignment	(9)	(56)	(103)	(46)	(71)	(285)
At 31 March 2017	111	877	1,356	665	1,532	4,541
Accumulated depreciation and impairment						
At 1 April 2015	44	599	130	241	1,427	2,441
Charge for the year	25	57	364	63	16	525
Written back on disposals	–	(4)	–	–	–	(4)
Exchange realignment	(2)	(23)	(8)	(10)	(33)	(76)
At 31 March 2016 and 1 April 2016	67	629	486	294	1,410	2,886
Charge for the year	10	52	331	63	22	478
Written back on disposals	–	(9)	(99)	–	–	(108)
Impairment losses recognised in profit or loss	18	67	159	292	–	536
Exchange realignment	(4)	(42)	(40)	(21)	(58)	(165)
At 31 March 2017	91	697	837	628	1,374	3,627
Carrying amounts						
At 31 March 2017	20	180	519	37	158	914
At 31 March 2016	53	181	1,085	417	193	1,929

14. INTANGIBLE ASSETS

	Application rights HK$'000
Cost	
At 1 April 2015, 31 March 2016 and 31 March 2017	32,500
Accumulated amortisation	
At 1 April 2015	813
Amortisation for the year	3,250
At 31 March 2016	4,063
Amortisation for the year	3,250
At 31 March 2017	7,313
Carrying amounts	
At 31 March 2017	25,187
At 31 March 2016	28,437

Intangible assets represent sole and exclusive right for certain applications of the Certificate Authority SIM ("CA-SIM") at Panyu Region, Guangdong Province of the PRC held by the Group.

The application rights have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 10 years.

During the year, amortisation charge of HK$3,250,000 (2016: HK$3,250,000) has been charged to "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

15. DEFERRED TAXATION

a) Deferred tax assets not recognised

As at 31 March 2017, the Group had unused tax losses of approximately HK$127,637,000 (2016: HK$120,706,000) 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$41,445,000, HK$27,545,000, HK$21,258,000 and HK$12,331,000 (2016: HK$44,331,000, HK$29,464,000 and HK$22,738,000 that will expire in 2019, 2020, and 2021 respectively) that will expire in 2019, 2020, 2021 and 2022 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.

As at 31 March 2017, the Group had deductible temporary differences of approximately HK$27,872,000 (2016: HK$18,524,000) respectively being not recognised. No deferred tax asset has been recognised due to the unpredictability of future profit streams for the relevant subsidiaries.

b) Deferred tax liabilities not recognised

Pursuant to the PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investments enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group will be subject to 10% withholding tax on dividend receivable from a PRC subsidiary in respect of its earnings accumulated beginning on 1 January 2008.

At 31 March 2017, temporary differences relating to the undistributed profits of a PRC subsidiary for the period from 1 January 2008 to 31 March 2017 amounted to approximately HK$19,459,000 (2016: HK$24,252,000). Deferred tax liabilities of approximately HK$1,946,000 (2016: HK$2,425,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of that subsidiary and it has been determined that it is probable that these profits will be reinvested or not be distributed in the foreseeable future.

16. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 March 2017:

Name of Company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
GL Limited *(note (c))*	British Virgin Islands	21,052 Ordinary shares of US$1 each	100%	100%	–	Investments holding
Hilltop Holdings Group Limited *(note (c))*	British Virgin Islands	10,000 Ordinary shares of US$1 each	100%	–	100%	Investments holding and holding of software rights
Tonnex Holdings Limited *(note (c))*	British Virgin Islands	50,000 Ordinary shares of US$1	100%	100%	–	Investments holding
廣州勝億信息科技有限公司 *(note (a))*	People's Republic of China ("PRC")	Registered capital RMB5,000,000	100%	–	100%	Development of various community mobile Internet applications and related services
Guangzhou Global Link Communications Inc.(廣州國聯通信有限公司)*(note (a))*	PRC	Registered capital HK$20,000,000	100%	–	100%	Provision of passenger information management systems
北京國聯偉業通信技術有限公司 *(note (b))*	PRC	Registered capital RMB1,000,000	95%	–	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions

16. SUBSIDIARIES *(continued)*

Name of Company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Global Link Communications (HK) Limited *(note (c))*	Hong Kong	100 Ordinary shares	100%	–	100%	Provision of passenger information management systems
First Asset Securitization Holding Limited *(note (c))*	British Virgin Islands	1 Ordinary share of US$1 each	100%	100%	–	Investments holding
First Asset Securitization Limited *(note (c))*	Hong Kong	1 Ordinary share	100%	–	100%	Investments holding
廣州國聯智慧信息技術有限公司 *(note (a))*	PRC	Registered capital HK$8,000,000	100%	–	100%	Development of various community mobile Internet applications and related services

Notes:

(a) 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.), 廣州勝億信息科技有限公司 and 廣州國聯智慧信息技術有限公司 are registered as wholly-foreign-owned enterprises under the PRC law with limited liabilities.

(b) 北京國聯偉業通信技術有限公司 is registered as foreign-invested enterprises under the PRC law with limited liabilities.

(c) GL Limited, Hilltop Holdings Group Limited, Tonnex Holdings Limited, Global Link Communications (HK) Limited, First Asset Securitization Holding Limited and First Asset Securitization Limited are registered as limited liability companies under the rules and regulations of their respective countries of incorporation.

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17. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Spare parts and accessories	**3,563**	7,451

The analysis of the amount of inventories recognised as expenses is as follows:

	2017	2016
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**51,988**	56,723
	51,988	56,723

18. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Unlisted financial products	**1,802**	–

At 31 March 2017, the Group's unlisted financial products represented a principal non-guaranteed, short-term wealth management products offered by a commercial bank in the PRC and did not have fixed maturity date. The directors consider that the fair value of the financial products approximate to their carrying amounts.

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19. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables and bills receivables	**40,765**	54,475
Less: allowance for doubtful debts	**(11,600)**	(15,456)
	29,165	39,019
Other receivables	**1,283**	1,967
	30,448	40,986

Included in trade receivables are retention monies receivable of approximately HK$5,015,000 (2016: HK$4,208,000), which are withheld and will be released upon the expiry of maintenance periods.

All of the trade and other receivables are expected to be recovered within one year, except for retention monies receivables of approximately HK$2,469,000 (2016: HK$3,319,000) which are expected to be recovered after more than one year.

(a) Age analysis

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

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**9,546**	21,862
Between 91 and 180 days	**11,666**	10,492
Between 181 and 365 days	**1,546**	1,138
Between 1 and 2 years	**1,392**	1,285
Over 2 years	**–**	34
	24,150	34,811
Retention receivables	**5,015**	4,208
	29,165	39,019

Customers are generally granted with credit terms of 90 days. Generally, the Group does not hold any collaterals from customers. Further details on the Group's credit policy are set out in note 5(b).

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (see note 3(s)).

19. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade and bills receivables *(Continued)*

Movements in the allowance for doubtful debts are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**15,456**	11,375
(Reversal of) impairment losses recognised	**(2,956)**	4,510
Exchange realignment	**(900)**	(429)
At the end of the year	**11,600**	15,456

As at 31 March 2017, trade and bills receivables of the Group amounting to approximately HK$11,600,000 (2016: HK$15,456,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period or were due from companies with financial difficulties. The Group does not hold any collateral over these balances.

(c) Trade and bills receivables that are not impaired

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**14,561**	26,673
Past due but not impaired:		
Less than 3 months past due	**11,666**	9,889
Over 3 months past due	**2,938**	2,457
	29,165	39,019

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK$14,561,000 (2016: HK$26,673,000) relate to independent customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to 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.

20. DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Deposits	**1,612**	1,998
Prepayments	**804**	586
	2,416	2,584

During the year, impairment loss of HK$395,000 (2016: Nil) has been made to deposits paid to suppliers for goods and services, as management considered the amounts are not recoverable.

21. CASH AND CASH EQUIVALENTS

	2017	2016
	HK$'000	*HK$'000*
Cash at bank and on hand	**86,600**	12,482
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**86,600**	12,482

The interest rates on the cash at bank ranged from 0.01% to 0.95% (2016: 0.01% to 4.8%) per annum.

Included in the cash and cash equivalents of the Group was approximately HK$8,823,000 (2016: HK$6,630,000) that were bank deposits placed with banks in the PRC and denominated in RMB. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22. RESTRICTED AND PLEDGED BANK DEPOSIT

As at 31 March 2017, the Group's bank deposit of approximately HK$1,141,000 (2016: HK$ 1,220,000) was pledged to a bank for securing the performance bonds issued by the bank on behalf of the Group to a customer of the Group (note 27). The pledged bank deposit was released upon the discharge of performance bonds after the end of the reporting period. At 31 March 2017, the pledged bank deposit carried fixed interest rate of 1.55% (2016: 1.55%) per annum.

In addition, the Group had bank deposit of approximately HK$853,000 which was under freezing orders in relation to the legal dispute between the Group and its supplier and restricted to use (note 27).The restricted bank deposit carried interest rate of 0.01% per annum.

23. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**11,680**	10,818
Other payables	**2,085**	2,027
Accrued wages	**1,884**	918
Payables for value-added tax	**1,408**	3,424
Deposits received from customers	**1,636**	723
	18,693	17,910

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Included in trade and other payables are trade payables presented based on the purchase recognition date, that is, goods receipt date, with the following ageing analysis as at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**3,268**	6,331
Between 91 and 180 days	**3,098**	2,111
Between 181 and 365 days	**4,835**	2,103
Between 1 and 2 years	**399**	185
Over 2 years	**80**	88
	11,680	10,818

24. PROVISION

The Group provides warranties for its products and undertakes to repair or replace items that fail to perform satisfactorily. The amount of provision for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

	HK$'000
At beginning of the year	12,721
Additional provision *(note 9)*	5,595
Amounts utilised during the year	(2,954)
Exchange realignment	(820)
At end of the year	14,542
Portion classified as current liabilities	(14,542)
Non-current portion	–

25. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, an entity is required to make long service payments to its employees upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. However, where an employee is simultaneously entitled to a long service payment and to a retirement scheme payment, the amount of the long service payment may be reduced by certain benefits arising from the retirement scheme. Based on the entity's past experience and the directors' knowledge of the business and work force, it is possible that the entity will have to make long service payments to some employees on termination of their employment or retirement.

	2017	2016
	HK$'000	*HK$'000*
Balance at the beginning of the year	**56**	56
Credited to profit or loss	**(29)**	–
Balance at the end of the year	**27**	56

26. CAPITAL AND RESERVES

a) Share capital

	2017		2016	
	No. of shares	**Amount**	No. of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary share of HK$0.01 each				
At the beginning of the year	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Increase of authorised share capital *(note (ii))*	**3,000,000,000**	**30,000**	–	–
At the end of the year	**5,000,000,000**	**50,000**	2,000,000,000	20,000
Ordinary shares, issued and fully paid:				
At the beginning of the year	**1,088,807,500**	**10,888**	1,088,807,500	10,888
Issuance of new shares *(note (i))*	**1,000,000,000**	**10,000**	–	–
At the end of the year	**2,088,807,500**	**20,888**	1,088,807,500	10,888

26. CAPITAL AND RESERVES *(Continued)*

a) Share capital *(Continued)*

(i) Subscription of 1,000,000,000 ordinary shares of the Company

On 27 February 2016, the Company and Honor Crest Holdings Limited ("Honor Crest"), a wholly-owned subsidiary of International Elite Ltd., a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 1328), entered into a subscription agreement, pursuant to which Honor Crest conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 1,000,000,000 new ordinary shares at HK$0.08 per share. By an ordinary resolution passed at the extraordinary general meeting on 18 April 2016, the subscription agreement was approved. On 21 April 2016, the subscription was completed and 1,000,000,000 ordinary shares were in issue and fully paid, resulting in gross proceeds of HK$80,000,000 together with transaction costs of HK$840,000 respectively.

(ii) Increase in authorised share capital of the Company

By an ordinary resolution passed at the extraordinary general meeting on 18 April 2016, the Company's authorised share capital was increased from HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares.

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

b) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Warrant reserve	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	186	89,807	(34,662)	55,331
Loss for the year	–	–	(13,009)	(13,009)
At 31 March 2016	186	89,807	(47,671)	42,322
At 1 April 2016	186	89,807	(47,671)	42,322
Issue of new shares *(note 26(a)(i))*	–	70,000	–	70,000
Transaction costs attributable to the issue of new shares *(note 26(a)(i))*	–	(840)	–	(840)
Loss for the year	–	–	(38,019)	(38,019)
At 31 March 2017	186	158,967	(85,690)	73,463

c) Unlisted warrants

During the year ended 31 March 2017 and up to the date of this report, no warrant was exercised to subscribe for ordinary shares of the Company (2016: Nil).

26. CAPITAL AND RESERVES *(Continued)*

d) Dividends

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

e) Nature and purpose of reserves

i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(c).

iii) Merger reserve

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.

iv) Statutory reserves

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate 10% of their profit after tax after offsetting prior year losses to the statutory reserve until such reserve reaches 50% of their registered capital. Transfers to the reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

v) Warrant reserve

Warrant reserve represents the net proceed received from the issue of warrant. The warrant reserve will be transferred to share premium account upon the exercise of the warrants.

vi) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair value of available-for-sale financial assets until the assets are dereognised or impaired.

26. CAPITAL AND RESERVES *(Continued)*

f) Distributability of reserves

At 31 March 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$73,277,000 (2016: HK$42,136,000).

g) Capital management

The capital structure of the Group consists of cash and cash equivalents in an amount of approximately HK$86,600,000 (2016: HK$12,482,000) (note 21). The Group had no bank borrowings as at 31 March 2017 and 2016.

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group's overall strategy remains unchanged from 2016.

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

27. CONTINGENT LIABILITIES

a) Performance bond

	2017	2016
	HK$'000	*HK$'000*
Performance bonds for a sales contract in favour of a customer	**1,141**	1,013

The above performance bond was given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bonds are secured by pledged bank deposits (note 22). If the Group fails to provide satisfactory performance to its customer to whom performance bond has been given, such customer may demand the bank to pay to it the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bond was discharged after the end of the reporting period.

27. CONTINGENT LIABILITIES *(Continued)*

b) Litigation

During the year, litigations were brought against the Group's subsidiary namely, 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.), by one of its suppliers (the "Plaintiff") in relation to disputes in purchase transactions and being claimed for aggregate amounts of approximately HK$1,861,000 in respect of the delayed payment. The purchase amounts of approximately HK$1,861,000 had been accrued by 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.) as at the end of the reporting period.

The Plaintiff was granted freezing orders by the PRC Court over the bank deposit of 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.). As at 31 March 2017, bank deposit of approximately HK$853,000 was frozen under the court orders.

The disputes had been finalised after the end of the reporting period and the court ordered to release the freezed bank deposits in April 2017.

28. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

29. OPEARTING LEASE COMMITMENTS

At 31 March 2017, the Group had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are payables as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**1,598**	1,104
After 1 year but within 5 years	**1,083**	2,646
	2,681	3,750

30. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year.

a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 12, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**2,089**	2,081
Retirement scheme contributions	**50**	51
	2,139	2,132

Total remuneration is included in "staff costs" (see note 9(a)).

FOR THE YEAR ENDED 31 MARCH 2017

31. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Investments in subsidiaries		**362**	362
Intangible assets		**25,187**	28,437
Property, plant and equipment		**7**	–
		25,556	28,799
Current assets			
Other receivables		**138**	24,920
Deposits and prepayments		**216**	533
Cash and cash equivalents		**69,516**	–
		69,870	25,453
Current liability			
Other payables		**1,075**	1,042
		1,075	1,042
Net current assets		**68,795**	24,411
NET ASSETS		**94,351**	53,210
CAPITAL AND RESERVES			
Share capital		**20,888**	10,888
Reserves	*26(b)*	**73,463**	42,322
TOTAL EQUITY		**94,351**	53,210

Approved and authorised for issue by the board of directors on 23 June 2017.

Li Kin Shing	**Ma Yuanguang**
Director	*Director*

32. PARENT AND ULTIMATE HOLDING COMPANY

At 31 March 2017, the directors consider the immediate parent of the Group to be Honor Crest Holdings Limited, which is incorporated in British Virgin Islands, the ultimate holding company of the Group to be Ever Prosper International Limited, which is incorporated in British Virgin Islands, and Mr. Li Kin Shing, the Chairman of the board of directors of the Company, as the ultimate controlling party of the Company. The Company's immediate parent and ultimate holding company have not produced financial statements available for public use. The Company's intermediate parent, International Elite Ltd., which is incorporated in Cayman Islands, has produced financial statements available for public use.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 40	Transfers of Investments Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.