国联通信
Global Link

國聯通信控股有限公司
Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8060)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement, for which the directors (the "Directors") of Global Link Communications Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2008 was approximately HK$38,401,000, representing an increase of approximately 3.5%, as compared with that of the year ended 31 March 2007.
- Profit attributable to equity shareholders of the Company was approximately HK$6,120,000 for the year ended 31 March 2008.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2008.

The board of directors (the "Directors") of Global Link Communications Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with the audited comparative figures for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Revenue	*4*	**38,401**	37,105
Cost of sales		**(23,791)**	(25,238)
Gross profit		**14,610**	11,867
Other income	*4*	**3,811**	2,495
Selling expenses		**(4,154)**	(3,375)
Administrative expenses		**(6,282)**	(4,513)
Research and development expenses		**–**	(2,900)
Finance costs	*5*	**(21)**	(106)
Profit before tax	*6*	**7,964**	3,468
Income tax	*8*	**(1,844)**	(694)
Profit for the year		**6,120**	2,774
Attributable to:			
Equity holders of the Company		**6,120**	2,774
Minority interests		**–**	–
		6,120	2,774
Earnings per share (in HK cents)	*10*		
– Basic		**0.80 cent**	0.42 cent
– Diluted		**0.77 cent**	0.41 cent

CONSOLIDATED BALANCE SHEET
At 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**606**	887
Current assets			
Trade and other receivables	11	**23,528**	14,043
Prepayments and deposits		**2,856**	2,817
Pledged bank deposit and balance		**842**	4,400
Cash and bank balances		**12,580**	6,462
Total current assets		**39,806**	27,722
Current liabilities			
Trade and other payables	12	**11,253**	18,882
Provision for taxation		**1,733**	693
Total current liabilities		**12,986**	19,575
Net current assets		**26,820**	8,147
Total assets less current liabilities		**27,426**	9,034
Net assets		**27,426**	9,034
Capital and reserves			
Share capital		**7,697**	6,635
Reserves		**19,729**	2,399
Total equity attributable to equity holders of the Company		**27,426**	9,034
Total equity		**27,426**	9,034

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Statutory reserves *HK$'000*	Total *HK$'000*
At 1 April 2006	6,600	15,120	2,135	37	177	(20,290)	2,147	5,926
Exchange differences on translating foreign operations	–	–	–	208	–	–	–	208
Net income recognised directly in equity	–	–	–	208	–	–	–	208
Profit for the year	–	–	–	–	–	2,774	–	2,774
Total recognised income and expense for the year	–	–	–	208	–	2,774	–	2,982
Issue of shares upon exercise of share options	35	91	–	–	–	–	–	126
Transfer to statutory reserves	–	–	–	–	–	(205)	205	–
At 31 March 2007 and 1 April 2007	6,635	15,211	2,135	245	177	(17,721)	2,352	9,034
Exchange differences on translating foreign operations	–	–	–	616	–	–	–	616
Net income recognised directly in equity	–	–	–	616	–	–	–	616
Profit for the year	–	–	–	–	–	6,120	–	6,120
Total recognised income and expense for the year	–	–	–	616	–	6,120	–	6,736
Issue of new shares	1,000	9,600	–	–	–	–	–	10,600
Recognition of equity-settled share based payments	–	–	–	–	509	–	–	509
Issue of shares upon exercise of share option	62	485	–	–	–	–	–	547
Transfer to statutory reserves	–	–	–	–	–	(793)	793	–
At 31 March 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 6/F., Kexun Building, No. 60 Jian Zhong Road, Zhongshan Avenue, High-Tech Industrial Park, Zhongshan Avenue, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted a number of new HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2007. The adoption of these new HKFRSs did not result in substantial impact on the Group's accounting polices and amounts reported for the current year and prior years.

The Group has not early adopted the following new HKFRSs, that have been issued but are not yet effective for the current year:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors of the Company anticipate that the application of the above new HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE AND OTHER INCOME

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

	2008	2007
	HK$'000	*HK$'000*
(a) Revenue		
Revenue from the supply, development and integration of message communication and passenger information management systems	**38,401**	37,105
(b) Other income		
Bad debts recovery	**968**	2,151
Bank interest income	**251**	50
Refund of value-added tax*	**1,261**	87
Sundry income	**1,331**	207
Total other income	**3,811**	2,495

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

5. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Bank charges	**21**	106

6. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2008	2007
	HK$'000	*HK$'000*
Auditors' remuneration	**220**	200
Impairment loss on trade receivables	**416**	375
Cost of inventories sold *	**23,791**	25,238
Depreciation	**439**	520
Property, plant and equipment written off	**1**	–
Minimum lease payments under operating lease		
– land and buildings	**646**	606
Net exchange loss	**–**	80
Staff costs, including directors' emoluments:		
Salaries and wages	**5,134**	4,270
Contribution to retirement benefit schemes	**132**	144
Equity-settled share-based payments	**509**	–
Provision for staff welfare benefits	**100**	91
	5,875	4,505

* *Cost of inventories sold includes approximately HK$1,664,000 (2007: HK$1,453,000) 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.*

7. SEGMENTAL INFORMATION

Primary reporting format – geographical segments

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

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

Secondary reporting format – business segments

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

– Supply, development and integration of message communication systems; and

– Supply, development and integration of passenger information management systems.

There are no sales between the business segments.

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

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

	PRC		Hong Kong		Elimination		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
External sales	**35,383**	34,233	**3,018**	2,872	**–**	–	**38,401**	37,105
Inter-segment sales*	**–**	376	**–**	964	**–**	(1,340)	**–**	–
	35,383	34,609	**3,018**	3,836	**–**	(1,340)	**38,401**	37,105
RESULT								
Segment result	**12,383**	9,654	**328**	1,008			**12,711**	10,662
Unallocated corporate expenses							**(8,558)**	(9,689)
Interest income							**251**	50
Other unallocated income							**3,560**	2,445
Profit before tax							**7,964**	3,468
Income tax							**(1,844)**	(694)
Profit for the year							**6,120**	2,774
ASSETS								
Segment assets	**32,345**	26,436	**8,067**	2,173			**40,412**	28,609
Unallocated assets							**–**	–
Total assets							**40,412**	28,609
LIABILITIES								
Segment liabilities	**10,712**	14,037	**541**	4,845			**11,253**	18,882
Unallocated liabilities							**1,733**	693
Total liabilities							**12,986**	19,575
OTHER INFORMATION								
Capital expenditure	**129**	40	**–**	10			**129**	50
Depreciation	**435**	516	**4**	4			**439**	520
Impairment on trade receivable	**352**	375	**64**	–			**416**	375

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

(b) Secondary reporting format – business segments

	Message communication systems		Passenger information management systems		Unallocated		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**19,294**	15,594	**19,107**	21,511	**–**	–	**38,401**	37,105
Segment assets	**6,392**	3,513	**15,900**	9,418	**18,120**	15,678	**40,412**	28,609
Capital expenditure	**–**	–	**–**	–	**129**	50	**129**	50

8. INCOME TAX

Income tax in the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current year provision:		
PRC enterprise income tax	**1,789**	667
Hong Kong profits tax	**55**	27
	1,844	694

Provision for Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits of the Hong Kong subsidiary.

During the year, the Group's Hong Kong subsidiary, Global Link Communications (HK) Limited ("GLHK") paid license fees to the Group's British Virgin Islands subsidiary, Hilltop Holdings Group Limited ("Hilltop"), for the use of a software trademark and design. According to the applicable Hong Kong tax regulation, the payments are deemed as royalties sourced from Hong Kong and subject to withholding tax at the Hong Kong profits tax rate of 17.5% (2007: 17.5%) on 30% of the payments.

The Group's PRC subsidiaries were subject to PRC Enterprise Income Tax ("EIT"), which was generally imposed at a statutory EIT rate of 33% for periods before 1 January 2008. However, one of the Group's PRC subsidiaries, Guangzhou Global Link Communications Inc. ("Guangzhou GL"), was approved as a high and new technology enterprise and entitled to a favorable EIT rate of 15% for the calendar year ended 31 December 2007.

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law"), which has become effective from 1 January 2008. According to the New Corporate Income Tax Law, Guangzhou GL has been subject to the unified Corporate Income Tax ("CIT") rate of 25%.

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

Income tax expense on the Group's profit before taxation differs from the theoretical amount that would arise using the PRC EIT rate of 33% for periods before 1 January 2008 and the PRC CIT rate of 25% effective from 1 January 2008 as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before tax	**7,964**	3,468
Theoretical tax calculated at the PRC income tax rates applicable to profits for the periods concerned	**2,434**	1,144
Effect of different tax rates in other region	**(267)**	518
Effect of tax exemptions granted to a PRC subsidiary	**(950)**	(1,630)
Effect of income not subject to taxation	**(481)**	(101)
Effect of expenses not deductible for taxation purposes	**1,063**	824
Effect of unrecognised temporary differences	**–**	(168)
Utilisation of tax losses previously not recognised	**–**	(62)
Effect of tax losses not recognized	**103**	169
Others	**(58)**	–
Taxation charge for the year	**1,844**	694

9. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2007: Nil).

10. EARNINGS PER SHARE

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

	2008	2007
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	**6,120**	2,774

	Number of shares	
	2008	2007
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**761,941**	660,206
Effect of dilutive potential ordinary shares:		
Shares issued for no consideration assuming exercise of share options	**35,430**	16,505
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**797,371**	676,711

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

11. TRADE AND OTHER RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**22,292**	12,931
Other receivables	**1,236**	891
Bills receivables	**–**	221
	23,528	14,043

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

	2008	2007
	HK$'000	*HK$'000*
Not yet due	**3,868**	426
Between 0 to 90 days	**8,914**	9,245
Between 91 to 180 days	**5,883**	1,741
Between 181 to 365 days	**3,418**	1,377
Between 1 to 2 years	**209**	142
	22,292	12,931

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

Included in trade receivables are retention monies receivable of approximately HK$3,868,000 (2007: HK$426,000), which are withheld and will be released upon the expiry of maintenance periods.

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**7,311**	15,254	**–**	–
Other payables	**3,731**	3,549	**185**	160
Deposits received from customers	**211**	79	**–**	–
	11,253	18,882	**185**	160

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

	2008	2007
	HK$'000	*HK$'000*
Between 0 to 90 days	**2,780**	7,835
Between 91 to 180 days	**152**	3,310
Between 181 to 365 days	**1,438**	759
Between 1 to 2 years	**800**	1,328
Over 2 years	**2,141**	2,022
	7,311	15,254

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year ended 31 March 2008, the Group continued to take "fidelity, professional, creative" as its core business value for its integral enterprise operation, which led to the remarkable development in the operating result of the Group. For the year ended 31 March 2008, the Group's turnover was approximately HK$38,401,000 which recorded a slight increase as compared with that the year before. The Group's gross profit was approximately HK$14,610,000, the gross profit margin increased from 32% as at 31 March 2007 to 38% as at 31 March 2008. Such increase was mainly caused by the Group's current integral market strategy and effective operation by the management.

The Group believes that with the Group's increasing market share in the PRC in multi media view control system in the railway transportation as well as the Group's leading role in the product technology status in the industry, the Group will have a competitive edge and positive operating result. During the year ended 31 March 2008, the Group continuously insisted the business value as IT software creator, strengthened its core product development, market development and enhanced internal budgetary and kept cost control. The net cash inflow of the Group has increased and profit was 2.2 times of the previous year.

BUSINESS REVIEW

After the introduction of "The 11th Five Year Plan" for 2 years in the PRC, express passenger highway of the country's railway transportation and underground railway construction projects of more than 20 cities fully started. Based on the existing railway lines, core cities including Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing and Tianjin, have invested on the construction of several new railway lines. There are train bidding also in other cities including Chengdu, Shenyang, Chongqing, Hangzhou, Wuhan and Xi'an and the construction of some project for new railway lines has commenced. Currently, we are in the implementation stage of the railway transportation construction, which involves the largest investment in railway construction since the PRC was founded, and will reach peak stage within the coming 5 years, with a total investment over 1,500,000 million in year 2010. The investment in railway transportation in core cities will be approximately RMB500,000 million. Train view channel control system, information broadcasting system and advertising media system are necessary equipment to assure train operation, passenger safety and scientific operation, and will receive several billion investment during construction period.

During the year, the Group continued to take "fidelity, professional, creative" as core business value to carry out strategic arrangement and implement operation strategy. Based on the PRC government's railway transportation construction plan, the Group has conducted detail analysis in investment size, number of railway lines to be constructed, construction schedule, quantity of trains to be purchased and train model for each city that will construct underground railway. Focus on relevant situation, the Group has established a 3 year implementation plan for market promotion, technology interchange and demonstration, product development, system production, project installation and after sales protection. With a detail plan, management will focus on execution, enhancement of team creative and better demonstration of the Group's fidelity and professional core competitive edge. As a result, with our comparative advantages, our brand name will be widely recognised by customers and our sales will be further expanded.

The Group's turnover for the year under review was HK$38,401,000.

The Group recognised that enterprise's continuous development relied on endless creative, new competitive edge which can only arise through insistent creativity. During the year, the Group emphasised on satisfactory market demand by combining its own resources to bring creative concepts into operation, which led to the best overall operating status in its history. The main creative results were realized in the following aspects:

1. The Group has been awarded several excellent qualifications: In the year ended 31 March 2008, the Group's core subsidiary, Guangzhou Global Link Communications Inc. has been awarded:

   – "Year 2007 AAA Grade Quality Credit Enterprise" by the China Quality Credit Appraise Centre;

   – "First Grade Certificate for design, construction and repair of Security Technology Prevention System" by Guandong Province;

   – the "Train View Channel Control System" been granted subsidy for the established year 2007 Guandong Province Technology Industry Break Through Project; and

   – "Year 2007 Guangzhou City Outstanding Software Enterprise" by the Guangzhou software industry association.

2. Strong cooperation with major train manufacturers: under the country's policy, at least 70% of trains for railway transportation must be manufactured locally, local train manufacturers have step by step replaced foreign enterprise and became major suppliers and leading the industry's future development. The Group grasped the opportunity, fully elaborated its competitive edge in possessed core product technology, self-developed patent right and wholly realized manufacturing. The Group continuously strengthened full cooperation with train manufacturers for railway transportation in areas of product, technology and services and get the certified product and certified system supplier for train manufacturers. During the year, The Group started cooperation with subsidiaries of the China Northern Locomotive and Rolling Stock Industry (Group) Corporation, namely Changchun Railway Vehicles Co., Ltd, CNR Tangshan Railway Transportation Equipment Co., Ltd, CNR Dalian Locomotive and Rolling Stock Co., Ltd; subsidiaries of Southern Group, namely CSR Sifang Locomotive and Rolling Stock Co., Ltd, CSR Zhuzhou Electric Locomotive Co., Ltd and Nanjing SR Puzhen Rail Transport Co., Ltd.; as well as with Beijing Mass Transit Railway Operation Corp. Ltd Railcar Plant.

3. Increase in consolidated strength: train information system has more stringent requirement on safety operation than other on ground equipment and system, and with higher entry barrier in technology and result in commercial usage. With outstanding operating result in its train view channel control system, and the stable and advance product technology became industry's standard, the Group grasped the opportunity, and increased resources in the development of media broadcast and train broadcast system. The newly develop products were recognised by customers. With its strong brand name and goodwill, have signed train information system supply contracts in relation to several underground railway in few core cities with 3 train manufacturers.

BUSINESS OUTLOOK

Looking forward to the future, the Group believes that in the coming peak season in railway transportation construction, with the Group's 10 years experience and the consolidated strength in the market, technology, product and services, the Group will remain good operating results and high market share in railway transportation industry and will bring better operation effect in the future.

Accompanying the reform of information industry and the implementation of policies to encourage modern service industry, in the new financial year, the electricity protection product market and RF-SIM business operation market which have been prepared for a long time will have overall promotion effect on the Group's integral operation as fresh troops and also make better contribution to the Group's operation profit.

Material Acquisitions, Disposals and Significant Investments

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

Capital Structure

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

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review the financial forecast on a regular basis to ensure the use of proceeds strictly follows those stated in the prospectus of the Company dated 31 October 2002 or identified by the Directors during the normal course of business. As at 31 March 2008, the Group had a total cash and bank balances, amounted to approximately HK$12,580,000.

The Company allotted and issued an aggregate of 100,000,000 new shares at a subscription price of HK$0.106 each to six private investors under the general mandate of the Company, the subscription of which was completed on 26 April 2007. Please refer to the announcement of the Company dated 11 April 2007 and 26 April 2007 for further details of the allotment of shares.

Liquidity and financial resources

As at 31 March 2008, the Group had net current assets of approximately HK$26,820,000 (2007: approximately HK$8,147,000), of which approximately HK$12,580,000 (2007: approximately HK$6,462,000) were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Gearing ratio

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

Foreign exchange exposure

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

Segment revenue

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

Employee and salaries policy

As at 31 March 2008, the Group has 67 staff (2007: 52 staff), with 59 and 8 staff employed in the PRC and Hong Kong respectively.

	At 31 March 2008 *Number of staff*	At 31 March 2007 *Number of staff*
Management, finance and administration	**17**	17
Research and development	**36**	12
Marketing and sales	**14**	23
Total	**67**	52

The total staff costs, including Directors' emoluments, amounted to approximately HK$5,875,000 (2007: approximately HK$4,505,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

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

Contingent liabilities

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

	2008	2007
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**842**	6,568

At 31 March 2008, banking facilities of approximately HK$842,000 (2007: HK$12,340,000) were granted by a bank to a wholly owned subsidiary of the Company. Those facilities were secured by pledged bank deposit and balance in the aggregate sum of approximately HK$842,000 (2007: HK$4,400,000) and a long term standby letter of credit for nil (2007: HK$2,300,000) issued by a related company.

Purchase, Sale or Redemption of Shares

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

Corporate governance

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

Audit Committee

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

The Group's annual audited results during the year ended 31 March 2008 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
Ma Yuanguang
Chairman

Hong Kong, 23 June 2008

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