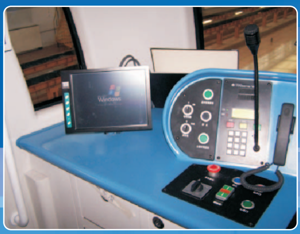
国联通信
Global Link

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)

誠信 • 專業 • 創新
Sincerely • Professional • Innovative



www.glink.hk

年報 2007/08
ANNUAL REPORT

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.

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

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ma Yuanguang *(Chairman)*
Hu Zhi Jian
Chau Siu Piu (resigned on 1 January 2008)
Lo Kam Hon, Gary

NON-EXECUTIVE DIRECTOR

Wing Kee Eng, Lee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Tiejun
Lu Ting Jie
Leung Kwok Keung

AUTHORIZED REPRESENTATIVES

Ma Yuanguang
Lo Kam Hon, Gary *FCCA, CPA*

COMPLIANCE OFFICER

Ma Yuanguang

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Lo Kam Hon, Gary *FCCA, CPA*

AUDIT COMMITTEE

Hu Tiejun
Lu Ting Jie
Leung Kwok Keung *FCCA, FCPA, ACA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2102, Manley Commercial Building
367-375 Queen's Road Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

6/F., Kexun Building, No.60 Jian Zhong Road,
High-Tech Industrial Park, Zhongshan Avenue,
Tianhe District, Guangzhou City, Guangdong Province,
The People's Republic of China.

PRINCIPAL BANKERS

China Construction Bank
Guangzhou Gong Ye Yuan Sub-branch
China Minsheng Banking Corp. Ltd.
Ti Yu Xi Sub-branch
The Bank of East Asia Limited
Guangzhou Branch
Chiyu Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street, P.O. BOX 705
George Town
Grand Cayman
Cayman Islands
British West Indies

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor
Services Limited
Shops 1806-1807
18th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

GC Alliance Limited
Certified Public Accountants
Suites 2406-7
24/F, Man Yee Building
68 Des Voeux Road
Central, Hong Kong

STOCK CODE

8060

CHAIRMAN'S STATEMENT

I represent the board (the "Board') of directors (the "Directors") of Global Link Communications Holdings Ltd (the "Company"), to present the audited financial statements of the Company and its subsidiaries ("Global Link" or the "Group") for the year ended 31 March 2008 for shareholders' 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.

The Board does not recommend any final dividend for the year ended 31 March 2008 and the basic earnings per share is approximately HK0.80 cents.

After the introduction of "The 11th Five Year Plan" for 2 years in the PRC, more than 20 core cities' construction of railway transportation have been fully started. The bidding of several underground railway in Beijing, Shanghai, Guangzhou, Shenzhen and Nanjing has been completed, while the train model selection and the bidding in the remaining 10 more cities will process in the second half of 2008. The Group timely grasps this hugh market opportunity through elaborating its attributes in using the advantage on resources. This led to the fully embodiment of the Group's consolidated strength and achieved the best operating result in its history.

1. Excellent enterprise qualifications: In this year, the Group's core subsidiary, Guangzhou Global Link communications Inc. obtained the following awards:

   – "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 Guangdong Province;

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

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

2. During the year, the Group kept on providing excellent value-added solutions for telecommunication industry simultaneously strengthened cooperation with major train manufacturers: the Group not only elaborated its core technology, self-developed patent right and wholly localized manufacturing advantages, but also strengthened full cooperation with train manufacturers for railway transportation in areas of product, technology and services.

3. Increase in consolidated strength: the Group's train view channel control system is a model operating system in the industry. To further enhance its consolidated advantage, the Group has put in more resources for the development of media broadcast and train broadcast system. The newly developed products were highly recognised by customers. With its strong brand name and goodwill, the Group has signed train information system supply contracts in relation to several underground railway in few core cities with 3 train manufacturers.

   During the year, to cope with PRC's development trend, the Group has started product and marketing development in the field of electricity operation control and security and believes the operation in this market segment will bring new impact on the Group. The Group also started series of strategies and market planning for RF-SIM business operation.

   Looking forward to the future, the Group believes that the coming peak season in construction of railway transportation, reform of information industry and the implementation of policies to promote modern service industry together with the Group's experience in the industry of more than 10 years, possession of advantageous resources, technology, product and services, the good operating result and high market share in railway transportation industry as well as high market share, the Group's earning will hence have high portion increment. Through the development in electricity protection product market and market planning in RF-SIM business operation in the current year, there will be a big development the Group's operation and a remarkable return expected by shareholders will achieved.

   I would like to express my sincere gratitude to the Directors, senior management and employees for their contribution and to our shareholders, customers and allied parties for their fully support.

Ma Yuanguang
Chairman

Hong Kong, 23 June 2008

MANAGEMENT DISCUSSION AND ANALYSIS

The Group keeps engaging in research and development of telecommunications software solutions in the PRC. Based on the hugh market demand caused by the investment in construction of railway transportation, the Group has identified train view channel control system, train broadcasting system and the research and development of train advertising media system and market development as its core business. Its major markets is the PRC and customers mainly comprise city railway transportation, train manufacturers, integrated railway transportation project companies, telecommunication backbone operators and large size information services provider.

MARKET OVERVIEW

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.

BUSINESS REVIEW

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 Guangdong Province;

- the "Train View Channel Control System" been granted subsidy for the established year 2007 Guangdong 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.

TURNOVER BY REGION

During the year, with Guangzhou Global Link Communications Inc. ("GZGL") as the base, through sales network all over the country, the Group aimed at developing new railway transportation view channel control system, government informative project, and backbone telecommunications operators and value-added services agents as the main target customers. The Group's turnover recognised in the PRC amounted to approximately HK$35,383,000 representing 92% of the Group's turnover for the year.

For Hong Kong and overseas market, the Group continuously maintained its business operation through providing software solution which fits market changes, trading of certain informative application products as well as providing related technology services. During the year, the Group's turnover recognised in Hong Kong and overseas market was approximately HK$3,018,000, representing approximately 8% of the Group's turnover for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

CUSTOMER ANALYSIS

During the year, the Group's customers are mainly PRC underground railway companies, railway trains manufacturers and installers. The Group also kept its old customers in traditional areas including backbone telecommunication operators and overseas telecommunications operators and value-added services providers.

WIDE-RANGING ALLIANCE

The Group has established friendly and good faith long term alliance with train manufacturers and underground railway company for the railway transportation market, started multi area alliance with famous parts and machine manufactures, which led to timely coordination of the product chain for system solution. The interest of several parties were protected and a continuous strength status was created.

The Group also started alliance in different level with telecommunication backbone operators, electricity control and protection technology providers as well as enterprises that holds the RF-SIM patent, which scheduled the Group's continuous growth and development on phases.

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.

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.

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.

CHARGES IN THE GROUP'S ASSETS

Other than disclosed in note 29 to the financial statements, the Group had no change in its assets for the year under review.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

GEARING RATIO

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

FOREIGN EXCHANGE EXPOSURE

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

SEGMENT REVENUE

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

CONTINGENT LIABILITIES

Other than disclosed in note 29 to the financial statements, the Group had no material contingent liabilities as at 31 March 2008 (2007: Nil).

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang (馬遠光), aged 54, is the co-founder of the Group and is also the chairman of the board of Directors. Mr. Ma is responsible for the overall strategic planning of the Group. Mr. Ma has over twenty-nine years' experience in the telecommunications industry. Prior to joining the Group, Mr. Ma had the experience of managing a state-owned telecommunications system production enterprise for eight years. Mr. Ma has cooperated with several multinational hi-tech firms in United States, Canada and Australia, etc. for the introduction of various new products and new technologies to the PRC. Mr. Ma is also the compliance officer and member of the remuneration committee of the Company. Mr. Ma is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited, all being subsidiaries of the Company. Mr. Ma is also an authorized representative of the Company.

Mr. Hu Zhi Jian (胡志堅) aged 44, is the founding staff of the Group and is also the chief executive officer of the Group. Mr. Hu is responsible for overseeing the research and development and production of the Group. Mr. Hu has engaged in the research and development of communication technologies for more than ten years. Prior to joining the Group, he was the manager of research and development department of various companies and the introduction of technologies. Mr. Hu received a degree from the Automation Department (自動控制系統) of the Huazhong University of Science and Technology (華中工學院). Mr. Hu is also a director of Guangzhou Global Link Communications Inc., 北京國聯偉業通信技術有限公司, all being subsidiaries of the Company.

Mr. Lo Kam Hon, Gary (勞錦漢), aged 44, is also the Group's company secretary. Mr. Lo is a qualified accountant, responsible for the Group's financial and cash flow management and budget control. Mr. Lo is a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo joined the Group in February 2003 and has more than eighteen years' experience in finance, accountancy and treasury. Mr. Lo is also an authorized representative of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Wing Kee Eng, Lee, aged 55. Mr. Lee joined the Group in May 2002. Mr. Lee has over 25 years of experience in the telecommunications industry. Mr. Lee pursued his career with Harris Corporation where he had been a visiting engineer, senior engineer and the head of sales of the Pan Asia Pacific region. Mr. Lee has also been the vice president of the marketing and business development for various telecom operators in the United States of America. Currently, Mr. Lee is developing the Golf training centers for the greater of China, represent Parmasters Golf Training Centers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Tiejun (胡鉄君), aged 57. Mr. Hu joined the Group in November 2002. Mr. Hu holds a Bachelor Degree in Physics from the Zhongshan (Sun Yat-sen) University (中山大學) and has over twenty years' experience in telecommunications, computer systems, data warehouse and information network. Mr. Hu was a director and chief scientist of China Motion Telecom International Limited, a listed company in Hong Kong. Mr. Hu is now a marketing director of WIMAX Forum, which is an industry-led, not-for-profit organization, South East Asia district. Mr. Hu is also the chairman of the remuneration committee and audit committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Professor Lu Ting Jie (呂廷杰), aged 53. Professor Lu joined the Group in November 2002. Professor Lu graduated from the Beijing University of Posts and Telecommunications (北京郵電學院) with a Master's degree, and obtained a Doctorate degree from Japan's Kyoto University (京都大學). Professor Lu is now the principal and tutor for doctorate students at the Economics and Management school of Beijing University of Posts and Telecommunications. He had contributed a number of thesis and articles in the area of economics, communications and telecommunications. Mr. Lu is also a member of the audit committee of the Company.

Mr. Leung Kwok Keung, (梁覺強), aged 45, is the financial controller of a listed company on the main board of The Stock Exchange of Hong Kong Limited. Mr. Leung joined the Group in September 2004. He is currently an independent non-executive director of Lee Kee Holdings Limited, a Company Listed on the main board of The Stock Exchange of Hong Kong Limited. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Tsinghua University. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He has more than 17 years' experience in finance, accountancy and treasury. Mr. Leung is also a member of the remuneration committee and audit committee of the Company.

SENIOR MANAGEMENT

Mr. Li Guo Hui (李國輝), aged 52, the assistant to general manager of Guangzhou Global Link Communications Inc. since April 1999, is accountable for the system manufacturing, project implementation, after-sales technical services and the quality control of the Group. Mr. Li Guo Hui has over twenty years' working experience in the telecommunications industry particularly in the quality control and manufacturing management process. Mr. Li is also a director of Guangzhou Global Link Communications Inc., subsidiaries of the Company.

Mr. Zhang Wei Jing (張維敬), aged 40, joined Guangzhou Global Link Communications Inc. in July 2000 and is the deputy general manager. Mr. Zhang Wei Jing has over ten years' working experience in the marketing and sales in the telecommunications industry. Mr. Zhang is also a director of Guangzhou Global Link Communications Inc., subsidiaries of the Company.

Mr. Xian Bao wen (冼寶文), aged 33, joined Guangzhou Global Link Communications Inc, in October 2007 and is the finance controller. Mr. Xian graduated from Guangdong Commercial College with a bachelor degree of Economics. Mr. Xian has worked in a state-owned enterprise which engaged in telecommunication as accountant for almost 7 years. From July 2005 to 0ctober 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, subsidiaries of the company.

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 18 to the financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 28.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2008.

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 31 and note 27 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 25 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law 2003 (Revised) of the Cayman Islands and the articles of association of the Company, the share premium of the Company is distributable to the shareholders, subject to a solvency test and the provisions of the Company's articles of association. As at 31 March 2008, the Company recorded for its reserves amounted to approximately HK$3,693,000 (2007: negative reserves approximately HK$4,483,000).

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

	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**38,401**	37,105	25,736	30,107	36,473
Gross profit	**14,601**	11,867	5,556	6,289	3,832
Profit/(loss) before tax	**7,964**	3,468	2,138	(8,772)	(23,126)
Profit/(loss) attributable to equity holders of the Company	**6,120**	2,774	2,140	(8,787)	(23,108)
Total assets	**40,412**	28,609	12,805	14,812	23,213
Total liabilities	**12,986**	19,575	6,879	11,108	10,813
Minority interests	**–**	–	–	2	29
Net assets	**27,426**	9,034	5,926	3,704	12,401

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	10%
– five largest suppliers combined	38%
Sales	
– the largest customer	22%
– five largest customers combined	62%

None of the Directors, any of their associates or any shareholder (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Ma Yuanguang
Mr. Hu Zhi Jian
Mr. Chau Siu Piu (resigned on 1 January 2008)
Mr. Lo Kam Hon, Gary

Non-executive Director

Mr. Wing Kee Eng, Lee

Independent non-executive Directors

Mr. Hu Tiejun
Professor Lu Ting Jie
Mr. Leung Kwok Keung

In accordance with the Company's articles of association of the Company, Mr. Lo Kam Hon, Gary, Mr. Hu Tiejun and Mr. Leung Kwok Keung will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Directors confirms that it has received from each of its independent non-executive Directors a confirmation of his independence pursuit to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors to be independent.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the income statement for the year are set out in note 16 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ma Yuanguang and Mr. Hu Zhi Jian has entered into a service contract with the Company for a term of two years commencing from 1 November 2006. Mr. Lo Kam Hon, Gary has entered into a service contract with the Company for a term of two years commencing from 23 September 2006. Such service contracts may be terminated by either party thereto giving to the other not less than three months' prior written notice.

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Mr. Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2006 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2006. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory obligations.

DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments of the Directors and of the five highest paid employees of the Group are set out in note 15 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company and its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on page 10 of this report.

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

As at 31 March 2008, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	165,217,600 ordinary shares Long position	21.47%
		Beneficial owner	10,556,000 ordinary shares Long position *(Note 1)*	1.37%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position *(Note 2)*	10.31%
		Beneficial owner	8,889,000 ordinary shares Long position *(Note 1)*	1.15%

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Lo Kam Hon, Gary	Company	Beneficial owner	120,000 ordinary shares Long position	0.02%
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position *(Note 1)*	0.36%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position *(Note 1)*	0.11%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.11%

Note:

1. Share options to subscribe for 10,556,000 shares, 8,889,000 shares, 2,778,000 shares and 833,000 shares of the Company were granted to Ma Yuanguang, Hu Zhi Jian, Wing Kee Eng, Lee and Hu Tiejun respectively pursuant to the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted and approved by the shareholders of the Company on 24 October 2002.
2. Bright Cosmos Holdings Limited, the entire issued share capital of which is held by Hu Zhi Jian, is interested in the 79,347,600 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2008, 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 2008, so far is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Name	Capacity	Class and number of securities	Approximate percentage of shareholdings
Chau Siu Piu	Beneficial owner	58,560,400 ordinary shares Long position	7.61%
Leung Kin Man	Beneficial owner	50,000,000 ordinary shares Long position	6.50%
Tang Yuk Fu	Beneficial owner	49,480,000 ordinary shares Long position	6.43%

Save as disclosed above, as at 31 March 2008, so far is known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

SHARE OPTION SCHEMES

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

			Number of share options under the Pre-IPO Share Option Scheme			
Name of grantee	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2007**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2008**
Executive Directors						
Ma Yuanguang	24 October 2002	10,556,000	10,556,000	–	–	10,556,000
Hu Zhi Jian	24 October 2002	8,889,000	8,889,000	–	–	8,889,000
Non-executive Director						
Wing Kee Eng, Lee	24 October 2002	2,778,000	2,778,000	–	–	2,778,000
Independent non-executive Directors						
Hu Tiejun	24 October 2002	833,000	833,000	–	–	833,000
Lu Ting Jie	24 October 2002	833,000	–	–	–	–
Senior Management						
Li Guo Hui	24 October 2002	611,000	–	–	–	–
Zhang Wei Jing	24 October 2002	500,000	–	–	–	–
Advisers/consultants	24 October 2002	9,054,000	4,583,000	–	1,695,500	2,887,500
Other employees of the Group	24 October 2002	3,054,000	–	–	–	–
Others *(Note)*	24 October 2002	20,663,000	14,139,000	–	1,111,000	13,028,000
Total		57,771,000	41,778,000	–	2,806,500	38,971,500

Note:

These refer to the former employees of the Group.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain Directors, employees, consultants and advisers of the Group to the growth of the Group and/or the listing of shares of the Company on the GEM board. Each of the grantees to whom options have been conditionally granted under the Pre-IPO Share Option Scheme will be entitled to exercise (i) 50% of the shares so granted to him/her (rounded down to the nearest whole number) at any time after the expiry of 12 months from the Listing Date, and (ii) the remaining 50% of the options granted to him/her (rounded down to the nearest whole number) at any time after 24 months from the Listing Date, and in each case, not later than 10 years from the date of the grant of the options.

As at the date of this report, there are 38,971,500 outstanding share options granted under the Pre-IPO Share Option Scheme representing approximately 5.1% of the issued share capital of the Company if the said share options are exercised in full.

Under the terms of the share option scheme (the "Share Option Scheme") adopted by the Company on 24 October 2002, the Directors may at their discretion grant options to participants to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions to the Group. The total number of shares of the Company issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period, subject to any performance target specified by the Directors, commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of Directors which shall not be more than 10 years from the date on which the option is deemed to be granted and accepted. A consideration of HK$1 will be payable upon acceptance of the offer. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. The subscription price should, subject to the adjustment as stated on the Share Option Scheme, be a price determined by the Directors and should be at least the highest of (i) the nominal value of a Share; (ii) the closing price per Share as stated on the daily quotation sheets revised by the Stock Exchange on the offer date, which should be a business day; or (iii) the average closing price of the shares as stated in the daily quotation sheets revised by the Stock Exchange for the five-business days immediately preceding the offer date.

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

				Number of share options under Share Option Scheme			
Capacity	**Date of grant**	**Number of share options granted**	**Outstanding as at 1 April 2007**	**Lapsed during the year under review**	**Exercised during the year under review**	**Outstanding as at 31 March 2008**	**Exercise price**
Executive Directors							
Lo Kam Hon, Gary	10 December 2003	350,000 *(Note 2)*	350,000	–	350,000	–	HK$0.132
Employees	10 December 2003	880,000 *(Note 2)*	880,000	–	880,000	–	HK$0.132
Advisers/consultants	10 December 2003	2,700,000 *(Note 2)*	2,700,000	–	1,900,000	800,000	HK$0.132
Other *(Note 1)*	10 December 2003	2,580,000 *(Note 2)*	250,000	–	250,000	–	HK$0.132
Employees	5 October 2007	16,400,000 *(Note 3)*	N/A	–	–	16,400,000	HK$0.242
Total		22,910,000	4,180,000	–	3,380,000	17,200,000	

Note:

(1) These refer to the former employees of the Group.

(2) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$0.120.

Each of the grantees to whom options have been conditionally granted under the Share Option Scheme will be entitled to exercise: (i) 50% of the options granted to each grantee (rounded down to the nearest whole number) after 9 December 2004; and (ii) the remaining 50% of the option granted to each grantee (rounded down to the nearest whole number) after 9 December 2005; and in each case, not later than 10 years from the date of grant of the options.

(3) The closing price of the shares of the Company immediately before the date on which the options were granted was HK$0.220.

Each of the grantees to whom options have been conditionally granted under the Share Option Scheme will be entitled to exercise the options only after 4 October 2008, and in any event, not later than 2 years from the date of grant of the options.

The Directors consider that disclosure of value of options granted during the year is not appropriate because in the absence of a readily available market value of the options on the Company's shares, they are unable to arrive at an accurate assessment of the value of the options granted.

As at the date of this report, 17,200,000 shares of the Company are available for issue under the Share Option Scheme, representing 2.23% of the issued share capital of the Company if the said share options are exercised in full.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus and note 26 to the financial statements.

COMPETING INTERESTS

Save as disclosed in the Prospectus the Directors are not aware of any business or interest of each Director, initial management shareholder or substantial shareholder of the Company or any of his/her respective associate that competes or may compete with the business of the Group and any other conflicts of interest which may such person has or may have with the Group as at 31 March 2008.

BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company was in compliance with the "board practices and procedures" as set out in Appendix 15 of the GEM Listing Rules.

CORPORATE GOVERNANCE

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

PLACING OF SHARES

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 the new shares was completed on 26 April 2007. Please refer to the announcements of the Company dated 11 April 2007 and 26 April 2007 for further details of the allotment of shares.

AUDITORS

The financial statements have been audited by GC Alliance Limited who will retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of GC Alliance Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ma Yuanguang
Chairman

Hong Kong, 23 June 2008

INTRODUCTION

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2008.

BOARD OF DIRECTORS AND BOARD MEETING

The board of Directors, which currently comprises seven Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the board of Directors to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the Report of the Directors. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Mr. Ma Yuanguang is the chairman of the board of Directors and an executive Director. Mr. Hu Zhi Jian is the chief executive officer of the Company and an executive Director.

To improve the transparency and independency of the corporate governance, the chairman and chief executive officer of the Company are segregated and are not exercised by the same individual with effect from 30 March 2006.

The executive Directors include Mr. Ma Yuanguang, Mr. Hu Zhi Jian and Mr. Lo Kam Hon, Gary. The non-executive Director is Mr. Wing Kee Eng, Lee. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Hu Tiejun, Mr. Lu Ting Jie and Mr. Leung Kwok Keung are the independent non-executive Directors.

Each of Mr. Wing Kee Eng, Lee, Mr. Hu Tiejun and Mr. Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2006 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2006. All of them are subject to retirement by rotation in accordance with the Company' s articles of association.

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

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

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman)*	4/4
Mr. Hu Zhi Jian *(Chief executive officers)*	4/4
Mr. Lo Kam Hon, Gary	4/4
Non-executive Director	
Mr. Wing Kee Eng, Lee	4/4
Independent non-executive Directors	
Mr. Hu Tiejun	4/4
Mr. Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4

Apart from the above regular board meetings of the year, the board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

REMUNERATION OF DIRECTORS

The remuneration committee was established in March 2006. The chairman of the committee is Mr. Hu Tiejun, an independent non-executive Director, and other members include Mr. Leung Kwok Keung and Mr. Ma Yuanguang, the majority being independent non-executive Directors.

The role and function of the remuneration committee included the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of Directors of the remuneration of non-executive Directors. The remuneration committee should consider factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration.

During the period under review, a meeting of the remuneration committee was held in March 2008. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	1/1
Mr. Leung Kwok Keung	1/1
Mr. Ma Yuanguang	1/1

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the executive Directors and senior management and appointment letters of the independent non-executive Directors. The remuneration committee of the Company considers that the existing terms of employment contracts of the executive Directors and senior management and appointment letters of the independent non-executive Directors are fair and reasonable.

NOMINATION OF DIRECTORS

The board of Directors considers the past performance and qualification of the candidates for Directors, general market conditions and the Company's articles of association in selecting and recommending candidates for directorship during the year under review.

The board of Directors held a meeting for nomination of Directors on 23 June 2008. Details of the attendance of the meeting are as follows:–

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

During the meeting, the board of Directors considered and resolved that all the existing Directors should be recommended to be retained by the Company. Further, in accordance with the Company's articles of association and subject to the proposed amendments being passed at the forthcoming annual general meeting, the board of Directors resolved that Mr. Lo Kam Hon, Gary, Mr. Hu Tiejun 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.

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Company has paid an aggregate of approximately HK$220,000 to the external auditors for its services including audit, taxation, due diligence and other advisory services.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, Mr. Hu Tiejun, 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 audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	**Attendance**
Mr. Hu Tiejun *(Chairman)*	4/4
Mr. Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4

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.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out on page 26 of this report.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

INVESTORS RELATIONS

The Company disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Meeting with media and investors periodically. The Company also replied the enquires from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer to their enquiries.

GC Alliance Limited
Certified Public Accountants
正立會計師事務所有限公司

TO THE SHAREHOLDERS OF
GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Link Communications Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 28 to 61, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the states of affairs of the Group and the Company at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

GC ALLIANCE LIMITED
Certified Public Accountants

Suites 2406-7, 24th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong
23 June 2008

Pang Fung Ming
Practising Certificate number P03124

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Revenue	7(a)	**38,401**	37,105
Cost of sales		**(23,791)**	(25,238)
Gross profit		**14,610**	11,867
Other income	7(b)	**3,811**	2,495
Selling expenses		**(4,154)**	(3,375)
Administrative expenses		**(6,282)**	(4,513)
Research and development expenses		**–**	(2,900)
Finance costs	9	**(21)**	(106)
Profit before tax	10	**7,964**	3,468
Income tax	11	**(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)	14		
– Basic		**0.80 cent**	0.42 cent
– Diluted		**0.77 cent**	0.41 cent

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	17	**606**	887
Current assets			
Trade and other receivables	20	**23,528**	14,043
Prepayments and deposits		**2,856**	2,817
Pledged bank deposit and balance	21	**842**	4,400
Cash and bank balances	22	**12,580**	6,462
Total current assets		**39,806**	27,722
Current liabilities			
Trade and other payables	23	**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	25	**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

Approved and authorised for issue by the Board of Directors on 23 June 2008.

Ma Yuanguang
Director

Hu Zhi Jian
Director

The accompanying notes form part of these financial statements.

BALANCE SHEET

AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Investments in subsidiaries	18	**21**	21
Current assets			
Prepayments and deposits		**203**	188
Due from a subsidiary	19	**11,351**	10,194
Total current assets		**11,554**	10,382
Current liabilities			
Other payables	23	**185**	160
Due to a subsidiary	19	**–**	8,091
Total current liabilities		**185**	8,251
Net current assets		**11,369**	2,131
Net assets		**11,390**	2,152
Capital and reserves			
Share capital	25	**7,697**	6,635
Reserves	27	**3,693**	(4,483)
Total equity		**11,390**	2,152

Approved and authorised for issue by the Board of Directors on 23 June 2008

Ma Yuanguang
Director

Hu Zhi Jian
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 (note a)	Foreign currency translation reserve HK$'000	Share option reserve HK$'000	Accumu-lated losses HK$'000	Statutory reserves HK$'000 (note b)	Total HK$'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

Note:

(a) The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiary arising from group reorganisation in 2002.

(b) Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of a subsidiary in the People's Republic of China (the "PRC").

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	2008 HK$'000	2007 HK$'000
Operating activities		
Profit before tax	**7,964**	3,468
Adjustments for:		
Depreciation	**439**	520
Property, plant and equipment written off	**1**	–
Bad debts written off	**–**	65
Impairment loss on trade receivable	**416**	310
Bad debts recovery	**(542)**	–
Reversal of allowance for doubtful debts	**(426)**	(2,151)
Bank interest income	**(251)**	(50)
Equity-settled share-based payments	**509**	–
Operating cash flows before changes in working capital	**8,110**	2,162
Increase in trade and other receivables	**(8,933)**	(6,382)
Increase in prepayments and deposits	**(39)**	(2,239)
Increase/(decrease) in trade and other payables	**(7,629)**	12,306
Cash (used in)/generated from operations	**(8,491)**	5,847
Withholding tax refunded	**–**	20
Income tax paid	**(803)**	(232)
Net cash (used in)/generated from operating activities	**(9,294)**	5,635
Investing activities		
Purchase of property, plant and equipment	**(129)**	(50)
Bank interest received	**251**	50
Decrease/(increase) in pledged bank deposits and balances	**3,558**	(3,631)
Net cash generated from/(used in) investing activities	**3,680**	(3,631)
Financing activities		
Proceeds from share option exercised	**547**	126
Proceeds from issue of new shares	**10,600**	–
Net cash generated from financing activities	**11,147**	126
Net increase in cash and cash equivalents	**5,533**	2,130
Cash and cash equivalents at beginning of year	**6,462**	4,193
Effect of foreign currency translation	**585**	139
Cash and cash equivalents at end of year	**12,580**	6,462
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**12,580**	6,462

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

3. 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.

However, as a result of the adoption of HKFRS 7, "Financial Instruments: Disclosures" and HKAS 1 Amendment, "Capital Disclosures", there have been some additional disclosures provided.

HKFRS 7 has required expanded disclosures about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments.

HKAS 1 Amendment has introduced additional disclosure requirements to provide qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequence of any non-compliance.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

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. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Company's balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(iii) Translation of consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;

– income and expenses for each income statement are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Foreign currency translation *(Continued)*

(iii) Translation of consolidation (Continued)

– all resulting exchange differences are recognised as foreign currency translation reserve in equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the profit or loss on disposal.

(c) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Furniture and fixtures	6 – 10 years
Office equipment	5 – 10 years
Leasehold improvements	3 years
Tools and equipment	5 years
Motor vehicle	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(d) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Financial liability and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(h) Trade and other payables

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

(i) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(j) Revenue recognition

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

Interest income is recognised on a time-proportion basis using the effective interest method.

(k) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Employee benefits *(Continued)*

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(l) Borrowing costs

Borrowing costs are recognised in income statement in the period in which they are incurred.

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Taxation *(Continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(n) Equity-settled share-based payment transactions

The fair value of services received is measured by reference to the fair value of share options granted at the date of grant which is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that geographical be presented as the primary reporting format and business segments as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment and trade receivables. Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the combination process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loan, borrowings, corporate and financing expenses and minority interests.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Segment reporting *(Continued)*

In respect of geographical segment reporting, sales are based on the countries in which customers are located. Total assets and capital expenditure are based on where the assets are located.

(p) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans for the benefit of employees of the Group or of any entity that is a related party of the Group.

(q) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Provisions and contingent liabilities *(Continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade and other receivables

The impairment policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts receivable and on management's judgement. Outstanding account balances are reviewed individually for collectibility. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. Details of the allowance for impairment losses of trade receivables are disclosed in note 20. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required that would affect future results.

6. FINANCIAL RISK MANAGEMENT, OBJECTIVE AND POLICIES

(a) Capital management

The Group manages its capital to ensure that the Group will be able to maintain a net cash position throughout the year while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group primarily consists of equity attributable to shareholders of the Group and debts, which include trade and other payables.

The directors of the Group review the capital structure on a periodical basis. As a part of this view, the directors of the Group consider the cost of capital and the risks associated with each class of capital to balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2008:

	2008 ***HK$'000***	2007 *HK$'000*
Total liabilities	**12,986**	19,575
Total equity	**27,426**	9,034
Debt to equity ratio	**47.3%**	216.7%

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

(b) Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(i) Financial risk management objectives

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors periodically reviews the Group's exposure to market risk, including changes in interest rates and currency exchange rates. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Foreign currency risk management

The Group has minimal exposure to foreign currency risk as its business transactions, assets and liabilities are principally denominated in the functional currencies of the entities to which they relate. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2008 and 2007, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which it relate.

(iii) Credit risk management

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables. The Group's bank deposits are placed with banks of high credit ratings such that the risk of bank failure is minimised. The management continuously evaluates the credit worthiness of each customer and these credit risks are closely monitored on an ongoing basis. At each balance sheet date, the Group reviews the recoverable amount of each individual debt to ensure that adequate impairment losses are made for irrecoverable amounts. Normally the Group does not obtain collateral from customers.

The Group has certain concentration risk, as approximately 30% (2007: 60%) and 81% (2007: 88%) of its trade receivables as of 31 March 2008 was attributable to one single customer and five customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(iv) Liquidity risk management

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

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

(b) Financial instruments *(Continued)*

(iv) Liquidity risk management (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Group can be required to pay:

	Within 1 year or on demand *HK$'000*	**Total** *HK$'000*
As at 31 March 2008		
Trade and other payables	**11,253**	**11,253**
Provision for taxation	**1,733**	**1,733**
	12,986	**12,986**

	Within 1 year or on demand HK$'000	Total HK$'000
As at 31 March 2007		
Trade and other payables	18,882	18,882
Provision for taxation	693	693
	19,575	19,575

(v) Interest rate risk management

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

(vi) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

FOR THE YEAR ENDED 31 MARCH 2008

7. 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		
	Reversal of allowance for doubtful debts	**426**	2,151
	Bad debts recovery	**542**	–
	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.*

8. SEGMENTAL INFORMATION

(a) 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.

FOR THE YEAR ENDED 31 MARCH 2008

8. SEGMENTAL INFORMATION *(Continued)*

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

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 and write-off of trade receivable	**352**	375	**64**	–			**416**	375

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

8. SEGMENTAL INFORMATION *(Continued)*

(b) 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.

	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

9. FINANCE COSTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

10. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2008 HK$'000	2007 HK$'000
Auditors' remuneration	220	200
Bad debts written off	–	65
Impairment loss on trade receivables	416	310
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 *(note 15)*:		
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.*

11. INCOME TAX

Income tax in the consolidated income statement represents:

	2008 HK$'000	2007 HK$'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.

11. INCOME TAX *(Continued)*

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

12. PROFIT FOR THE YEAR

Profit for the year attributable to the equity holders of the Company includes a loss of approximately HK$2,418,000 (2007: HK$796,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

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

14. EARNINGS PER SHARE

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

	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.

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the 8 (2007: 9) directors were as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008				
Executive directors:				
Mr. Ma Yuanguang	–	384	12	396
Mr. Hu Zhi Jian	–	391	5	396
Mr. Chau Siu Piu (resigned on 1 January 2008)	–	180	9	189
Mr. Lo Kam Hon, Gary	–	123	7	130
	–	1,078	33	1,111
Independent non-executive directors:				
Mr. Hu Tiejun	33	–	–	33
Professor Lu Ting Jie	33	–	–	33
Mr. Leung Kwok Keung	63	–	–	63
	129	–	–	129
Non-executive director:				
Mr. Wing Kee Eng, Lee	53	–	–	53
	182	1,078	33	1,293
Year ended 31 March 2007				
Executive directors:				
Mr. Ma Yuanguang	–	384	12	396
Mr. Hu Zhi Jian	–	369	5	374
Mr. Chau Siu Piu (resigned on 1 January 2008)	–	240	12	252
Mr. Li Guo Ping *(note)*	–	–	–	–
Mr. Lo Kam Hon, Gary	–	120	6	126
	–	1,113	35	1,148
Independent non-executive directors:				
Mr. Hu Tiejun	30	–	–	30
Professor Lu Ting Jie	30	–	–	30
Mr. Leung Kwok Keung	60	–	–	60
	120	–	–	120
Non-executive director:				
Mr. Wing Kee Eng, Lee	50	–	–	50
	170	1,113	35	1,318

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

Note:

Pursuant to the service contract dated 24 October 2004, the total director remuneration payable to Mr. Li Guo Ping, who resigned as a director of the Company on 18 August 2006, should have been approximately HK$137,000 for the year ended 31 March 2007. However, he agreed irrevocably to waive his entitlements to director emoluments since September 2005. The waiver was approved by the Company's board at a meeting held on 8 August 2005. Except for the waiver given by Mr. Li Guo Ping, there has been no arrangement under which a director has waived or agreed to waive any emoluments for the years ended 31 March 2008 and 2007.

The five highest-paid individuals of the Group for the year ended 31 March 2008 included three (2007: three) directors, details of which are disclosed above. Details of the emoluments of the remaining two (2007: two) highest paid individuals for the year ended 31 March 2008 are as follows:

	2008 ***HK$'000***	2007 *HK$'000*
Basic salaries, other allowances and benefits in kind	**479**	389
Employee share option benefits	**174**	–
Contributions to retirement benefit schemes	**10**	9
	663	398

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

	2008	2007
Nil to HK$1,000,000	**2**	2

During the year, 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 (2007: Nil).

16. RETIREMENT BENEFITS

The Group participates in mandatory provident fund scheme established under Mandatory Provident Fund Ordinance ("MPF Scheme"). The Group is required to participate in a MPF Scheme operated by approved trustees in Hong Kong and to make compulsory contributions for its eligible employees. The Group's contributions to MPF Scheme are set at 5% of employees' relevant income up to a maximum of HK$1,000 per employee per month.

The employees of the Group participate in a retirement benefit plan (社會保險基金) organised by the Guangzhou Labour and Social Security Department (廣州市勞動和社會保障局) of the PRC under which the Group was required to make monthly defined contributions to the plan at certain rates of the relevant employees' basic salaries during the year.

16. RETIREMENT BENEFITS *(Continued)*

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments discussed above.

The total cost charged to the consolidated income statement of approximately HK$132,000 (2007: HK$144,000) represents contributions payable to the MPF Scheme and the retirement benefit plan in the PRC.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fixtures *HK$'000*	Office Equipment *HK$'000*	Leasehold improvements *HK$'000*	Tools and equipment *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost						
At 1 April 2006	78	761	181	1,914	276	3,210
Additions	–	37	–	13	–	50
Exchange realignment	5	44	11	115	16	191
At 31 March 2007 and 1 April 2007	83	842	192	2,042	292	3,451
Additions	–	129	–	–	–	129
Written off	–	(3)	–	–	–	(3)
Exchange realignment	4	50	10	108	15	187
At 31 March 2008	87	1,018	202	2,150	307	3,764
Accumulated depreciation						
At 1 April 2006	49	423	181	1,095	189	1,937
Charge for the year	7	123	–	337	53	520
Exchange realignment	3	23	11	60	10	107
At 31 March 2007 and 1 April 2007	59	569	192	1,492	252	2,564
Charge for the year	7	124	–	282	26	439
Written off	–	(2)	–	–	–	(2)
Exchange realignment	3	36	10	93	15	157
At 31 March 2008	69	727	202	1,867	293	3,158
Carrying amounts						
At 31 March 2008	**18**	**291**	**–**	**283**	**14**	**606**
At 31 March 2007 and 1 April 2007	24	273	–	550	40	887

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**21**	21

Details of the subsidiaries as at 31 March 2008 are as follows:

Name of company	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company Directly	Indirectly	Principal activities
GL Limited	British Virgin Islands	21,052 ordinary shares of US$1 each	100%	–	Investment holding
Hilltop Holdings Group Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	–	100%	Investment holding and holding of software rights
Guangzhou Global Link Communications Inc. *(note (a))*	PRC	Registered capital HK$10,000,000	–	100%	Provision of message communication systems and telecommunications solutions, telecommunications application software and networking solutions
北京國聯偉業通信技術有限公司 *(note (b))*	PRC	Registered capital RMB1,000,000	–	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions
Global Link Communications (HK) Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	Provision of value-added telecommunications solutions and telecommunications application software

18. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Notes:

(a) Guangzhou Global Link Communications Inc. is a wholly foreign-owned enterprise with an operating period of 10 years expiring on 23 September 2008, which has been extended for 10 further years to 23 September 2018.

(b) 北京國聯偉業通信技術有限公司 is an enterprise with limited liabilities and an operating period of 20 years expiring on 12 May 2023.

19. DUE FROM/(TO) A SUBSIDIARY

The balances with subsidiaries are unsecured, interest-free and repayable on demand.

20. TRADE AND OTHER RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**22,860**	13,480
Less: Allowance for doubtful debts	**(568)**	(549)
	22,292	12,931
Other receivables	**1,236**	891
Bills receivables	**–**	221
	23,528	14,043

The ageing analysis of trade receivables, net of allowance, is 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. Generally, the Group does not hold any collaterals from customers.

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.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts are as follows:

	2008 **HK$'000**	2007 HK$'000
At beginning of year	**549**	7,841
Impairment losses recognized	**416**	310
Impairment losses reversed	**(426)**	(2,151)
Amount written off as uncollectible	**–**	(5,710)
Exchange realignment	**29**	259
At end of year	**568**	549

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate gross amount of approximately HK$777,000 (2007: HK$691,000) which have delayed payments. The Group does not hold any collaterals over these balances.

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

	2008 **HK$'000**	2007 HK$'000
Past due but not impaired:		
Between 0 to 3 months past due	**5,883**	1,741
Between 4 to 9 months past due	**3,418**	1,377
	9,301	3,118

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK$12,782,000 (2007: HK$9,671,000) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21. PLEDGED BANK DEPOSIT AND BALANCE

The amount represents bank deposit and balance pledged to banks to secure the general banking facilities granted to a subsidiary of the Company see also note 29.

22. CASH AND BANK BALANCES

Included in the bank and cash balances of the Group was approximately HK$6,790,000 (2007: HK$5,148,000) deposited with banks in the PRC and denominated in Renminbi. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	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

24. DEFERRED TAXATION

At 31 March 2008, the Group has unused tax losses of approximately HK$11,995,000 (2007: HK$11,620,000) 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$71,000, HK$325,000, HK$156,000 and HK$3,000 (2007: HK$71,000, HK$325,000, HK$156,000 and HK$3,000 in 2008, 2009 2010 and 2011 respectively) that will expire in 2009, 2010, 2011 and 2012 respectively according to the prevailing tax laws and regulations in the country in which the Group operates. Other losses may be carried forward indefinitely.

At 31 March 2008, the aggregate amount of temporary differences associated with impairment of trade receivables for which deferred tax assets have not been recognised was approximately HK$503,000 (2007: HK$549,000). No deferred tax asset has been recognised in respect of these differences because the directors are of the opinion that it is uncertainty whether the provisions will be accepted by the relevant local tax authority as tax deductible.

25. SHARE CAPITAL

	2008		2007	
	No. of shares	**HK$'000**	No. of shares	HK$'000
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
Ordinary share of HK$0.01 each:				
At beginning of year	**663,509,000**	**6,635**	660,024,500	6,600
Allotment *(i)*	**100,000,000**	**1,000**	–	–
Exercise of share options *(ii)*	**6,186,500**	**62**	3,484,500	35
At end of year	**769,695,500**	**7,697**	663,509,000	6,635

(i) *On 26 April, 2007, pursuant to a subscription agreement dated 11 April, 2007 between the Company and a number of independent investors (the "Subscribers"), the Company allotted and issued to the Subscribers an aggregate of 100,000,000 new shares at HK$0.106 per subscription share.*

(ii) *On 27 June 2007, 2,806,500 and 3,380,000 ordinary shares of the Company were issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme and the Share Option Scheme at the exercise price of HK$0.036 and HK$0.132 respectively. On 12 March 2007, 3,484,500 ordinary shares of the Company were issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme at the exercise price of HK$0.036. Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 26.*

26. SHARE OPTION SCHEMES

The Group operates two share option schemes, namely, Pre-IPO Share Option Scheme and Share Option Scheme.

Pursuant to the Pre-IPO Share Option Scheme of the Company adopted on 24 October 2002, the directors, employees, consultants and advisors of the Group were granted share options to subscribe for shares of the Company at an exercise price of HK$0.036 each. Share options granted under the Pre-IPO Share Option Scheme have a duration of 10 years from the date of grant of the options and exercisable after one to two years from the date of listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The purpose of the Pre-IPO Share Option Scheme was to give a reward for the contribution made by the grantees to the Group.

Under the Share Option Scheme of the Company adopted on 24 October 2002, the directors, employees and business associates ("participants") may be granted share options to subscribe for shares of the Company at an exercise price determined by the Board of Directors and shall be at least the highest of (i) the nominal value of a share; (ii) the closing price of the Company's share on the offer date; or (iii) the average closing price of the Company's shares for the five business days immediately preceding the offer date. The options granted in the year 2003 and year 2007 under the Share Option Scheme are exercisable within a period of not more than 10 years and 2 years respectively from the offer date and subject to vesting provisions as determined by the Board of Directors. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group.

26. SHARE OPTION SCHEMES *(Continued)*

The number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other share option scheme adopted by the Company shall not exceed 30% of the issued shares of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 66,002,450 shares of the Company, representing 10% of the Company's total number of shares in issue as at 29 July 2004, being the date of approval of the refreshment of the share option scheme limit, or representing 8.6% of the Company's total number of shares in issue as at the date of this annual report.

The maximum number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme and any other share option scheme of the Company to any one participant in any 12-month period may not exceed 1% of the shares of the Company in issue from time to time. Any further grant in excess of this limit is subject to the approval of the Company' shareholders. Any grant of options to a director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates must be approved by all independent non-executive directors of the Company. In addition, any further grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates that would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in a 12-month period in excess of 0.1% of the Company's shares in issue and having an aggregate value, based on the closing price of the Company's shares at the date of grant, in excess of HK$5 million is subject to the issue of a circular of the Company and the approval of the shareholders of the Company.

Each option gives the holder the right to subscribe for one share of the Company. A consideration of HK$1 will be payable by the grantee upon acceptance of the offer of share options.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme were disclosed in the prospectus of the Company dated 31 October 2002.

Movements in share options are as follows:

	2008		2007	
	Number of share options		Number of share options	
	Pre-IPO Share Option Scheme	**Share Option Scheme**	Pre-IPO Share Option Scheme	Share Option Scheme
Outstanding at the beginning of year	**41,778,000**	**4,180,000**	45,526,000	4,730,000
Granted	**–**	**16,400,000**	–	–
Exercised	**(2,806,500)**	**(3,380,000)**	(3,484,500)	–
Lapsed	**–**	**–**	(263,500)	(550,000)
Outstanding at the end of year	**38,971,500**	**17,200,000**	41,778,000	4,180,000
Vested at the end of year	**38,971,500**	**800,000**	41,778,000	4,180,000

26. SHARE OPTION SCHEMES *(Continued)*

Details of the outstanding share options at 31 March 2008:

Option scheme	Date of grant	Vesting period	Remaining contractual life (years) at 31 March		Exercise period	Exercise price	No. of share options		Notes
			2008	2007			**2008**	2007	
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2003	**4.6**	5.6	13 November 2003 – 23 October 2012	HK$0.036	**18,056,000**	18,472,500	*(a)*
Pre-IPO Share Option Scheme	24 October 2002	24 October 2002 – 12 November 2004	**4.6**	5.6	13 November 2004 – 23 October 2012	HK$0.036	**20,915,500**	23,305,500	*(a)*
Share Option Scheme	10 December 2003	10 December 2003 – 9 December 2004	**5.7**	6.7	10 December 2004 – 9 December 2013	HK$0.132	**–**	1,815,000	*(a)*
Share Option Scheme	10 December 2003	10 December 2003 – 9 December 2005	**5.7**	6.7	10 December 2005 – 9 December 2013	HK$0.132	**800,000**	2,365,000	*(b)*
Share Option Scheme	5 October 2007	5 October 2007 – 4 October 2008	**1.5**	–	5 October 2008 – 4 October 2009	HK$0.242	**16,400,000**	–	*(b)*

Notes:

(a) The Group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement polices have not been applied to these options granted, as these options were granted before 7 November 2002, or vested before 1 April 2005.

(b) The fair value of the share options granted during the year was HK$1,018,000, of which the Group recognised a share option expense of approximately HK$509,000 during the year ended 31 March 2008 (2007: Nil).

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2008:

Closing share price at the date of grant	**HK$0.230**
Expected volatility (per annum)	**104.28%**
Historical volatility (per annum)	**104.28%**
Expected life of option	**1.5 years**
Risk free interest rate (per annum)	**3.735%**
Expected dividend yield (per annum)	**0%**

The expected life of option is the period commencing on the date of grant and has been estimated based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. It is not necessarily indicative of the exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility of closing prices of the shares of the Company in the past one year immediately before the date of grant is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

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27. RESERVES

Company

	Share option reserve HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
1 April 2006	177	15,120	(19,075)	(3,778)
Issue of shares upon exercise of share options	–	91	–	91
Loss for the year	–	–	(796)	(796)
At 31 March 2007 and 1 April 2007	177	15,211	(19,871)	(4,483)
Issue of new shares	–	9,600	–	9,600
Issue of shares upon exercise of share options	–	485	–	485
Equity-settled share-based payment	509	–	–	509
Loss for the year	–	–	(2,418)	(2,418)
At 31 March 2008	**686**	**25,296**	**(22,289)**	**3,693**

Under the Companies Law 2003 (Revised) of the Cayman Islands and the article of association of the Company, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the relevant provisions of the Articles of Association of the Company.

28. COMMITMENTS

At 31 March 2008, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	2008 ***HK$'000***	2007 *HK$'000*
Not later than one year	**705**	520
In second to fifth years inclusive	**1,301**	–
	2,006	520

29. 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.

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

The Company considers that all members of key management consist of directors of the Company. Details of the remuneration of the directors of the Company are disclosed in note 15 to the financial statements.