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Global Link

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Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

Interim Report 2009

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

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HIGHLIGHTS

Turnover for the six months ended 30 September 2009 was approximately HK\$22,194,000, representing a 21% increase from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company for the six months ended 30 September 2009 was approximately HK\$2,093,000, representing a 176% increase from that of the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The board of directors (the “Board”) of Global Link Communications Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, “Global Link” or the “Group”) for the three months and the six months ended 30 September 2009 together with the unaudited comparative figures for the corresponding period in 2008 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	2 & 4	10,904	7,613	22,194	18,359
Cost of sales		(7,477)	(4,944)	(13,932)	(12,285)
Gross profit		3,427	2,669	8,262	6,074
Other income		394	49	421	183
Selling expenses		(1,184)	(1,020)	(2,680)	(2,207)
Administrative expenses		(1,896)	(1,177)	(3,078)	(2,511)
Finance costs		(2)	(1)	(5)	(3)
Profit before tax	3	739	520	2,920	1,536
Income tax	5	(375)	(296)	(827)	(778)
Profit for the period		364	224	2,093	758
Attributable to:					
Equity holders of the Company		364	224	2,093	758
Minority interests		-	-	-	-
		364	224	2,093	758
Earnings per share (in HK cents)	7				
- Basic		0.05	0.03	0.27	0.10
- Diluted		0.05	0.03	0.26	0.09

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 September 2009 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	As at 31 March 2009 (Audited) <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	1,739	965
Current assets			
Inventories		18	–
Trade and other receivables	9	35,390	24,394
Prepayments and deposits		1,587	1,574
Pledged bank deposit and balance		889	889
Cash and bank balances		9,845	16,307
		47,729	43,164
Current liabilities			
Trade and other payables	10	13,697	12,258
Provision for taxation	5	2,343	1,516
		16,040	13,774
Net current assets		31,689	29,390
Total assets less current liabilities		33,428	30,355
Minority interests		980	–
Net assets		32,448	30,355
Capital and reserves			
Share capital		7,775	7,775
Reserves		24,673	22,580
		32,448	30,355
Total equity attributable to equity holders of the Company		32,448	30,355
Total equity		32,448	30,355

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(6,591)	637
Net cash (outflow) from investing activities	(851)	(500)
Net cash inflow from financing	<u>980</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents	(6,462)	137
Cash and cash equivalents at 1 April	16,307	12,580
Effect of foreign currency translation	<u>-</u>	<u>1,278</u>
Cash and cash equivalents at 30 September	<u><u>9,845</u></u>	<u><u>13,995</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (Unaudited) <i>HK\$'000</i>	Share premium (Unaudited) <i>HK\$'000</i>	Merger reserve (Unaudited) <i>HK\$'000</i> <i>(note a)</i>	Foreign exchange translation reserve (Unaudited) <i>HK\$'000</i>	Share option reserve (Unaudited) <i>HK\$'000</i>	Accumulated losses (Unaudited) <i>HK\$'000</i>	Statutory reserve (Unaudited) <i>HK\$'000</i> <i>(note b)</i>	Total (Unaudited) <i>HK\$'000</i>
As at 1 April 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426
Profit for the period	-	-	-	-	-	758	-	758
Recognition of equity-settled share based payments	-	-	-	-	509	-	-	509
Transfer to statutory reserves	-	-	-	-	-	(244)	244	-
Exchange differences on translating foreign operations	-	-	-	1,117	-	-	-	1,117
As at 30 September 2008	<u>7,697</u>	<u>25,296</u>	<u>2,135</u>	<u>1,978</u>	<u>1,195</u>	<u>(11,880)</u>	<u>3,389</u>	<u>29,810</u>
As at 1 April 2009	7,775	25,498	2,135	1,979	1,195	(11,810)	3,583	30,355
Profit for the period	-	-	-	-	-	2,093	-	2,093
Transfer to statutory reserves	-	-	-	-	-	(471)	471	-
As at 30 September 2009	<u>7,775</u>	<u>25,498</u>	<u>2,135</u>	<u>1,979</u>	<u>1,195</u>	<u>(10,188)</u>	<u>4,054</u>	<u>32,448</u>

Note:

- (a) The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiary arising from group reorganisation in 2002.
- (b) Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of subsidiary in the People's Republic of China (the "PRC").

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. REVENUE

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

3. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	73	99	125	256
Operating lease rentals	340	259	565	471
Staff costs including directors' emolument	2,414	1,763	4,039	3,257

4. SEGMENTAL INFORMATION

Primary reporting format – geographical segments

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

In presenting information on the basis of geographical segment, segment information is reported based on the geographical location of customers.

Secondary reporting format – business segments

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

- Supply, development and integration of message communication systems; and
- Supply, development and integration of passenger information management systems.

There are no sales between the business segments.

(a) Primary reporting format – geographical segments

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

	PRC		Hong Kong		Elimination		Total	
	For the six months		For the six months		For the six months		For the six months	
	ended 30 September		ended 30 September		ended 30 September		ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
External sales	22,035	18,289	159	70	-	-	22,194	18,359
Inter-segment sales*	-	-	-	-	-	-	-	-
	<u>22,035</u>	<u>18,289</u>	<u>159</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>22,194</u>	<u>18,359</u>
RESULT								
Segment result	<u>8,054</u>	<u>5,750</u>	<u>83</u>	<u>68</u>	-	-	8,137	5,818
Unallocated corporate expenses							(5,638)	(4,465)
Interest income							48	134
Other unallocated income							373	49
Profit before tax							2,920	1,536
Income tax							(827)	(778)
Profit for the period							2,093	758
Minority interests							-	-
Profit attributable to equity holders of the Company							<u>2,093</u>	<u>758</u>

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

(b) Secondary reporting format – business segments

	Message communication systems		Passenger information management systems		Unallocated		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	1,362	9,061	20,832	9,298	-	-	22,194	18,359
Segment assets	1,545	8,722	30,716	16,586	17,207	18,997	49,468	44,305
Capital expenditure	-	-	-	-	899	256	899	256

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits for the six months ended 30 September 2009 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the six months ended 30 September 2009 (2008: Nil).

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Enterprise Income Tax Law (the "New EIT Law"). Which has become effective from 1 January 2008. According to the New EIT Law, the Company's subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") has been subject to the unified EIT rate of 25%. However, on 16 December 2008, Guangzhou GL was approved as a high and new technology enterprise and allowed a favorable EIT rate of 15% for three years. EIT tax charge for the six months ended 30 September 2009 was HK\$827,000 (2008: HK\$778,000).

There was no significant unprovided deferred taxation for the six months ended 30 September 2009.

6. DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2009 (2008: Nil).

7. EARNINGS PER SHARE

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

	For the three months ended 30 September 2009 (Unaudited) <i>HK\$'000</i>		For the six months ended 30 September 2009 (Unaudited) <i>HK\$'000</i>	
	2008 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the parent)	<u>364</u>	<u>224</u>	<u>2,093</u>	<u>758</u>
	Number of shares			
	For the three months ended 30 September 2009 (Unaudited) <i>'000</i>		For the six months ended 30 September 2009 (Unaudited) <i>'000</i>	
	2008 (Unaudited) <i>'000</i>	2008 (Unaudited) <i>'000</i>	2008 (Unaudited) <i>'000</i>	2008 (Unaudited) <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	777,474	769,695	777,474	769,695
Effect of dilutive potential ordinary shares: Shares issued for no consideration assuming exercise of share options	<u>21,551</u>	<u>28,138</u>	<u>20,409</u>	<u>29,649</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>799,025</u>	<u>797,833</u>	<u>797,883</u>	<u>799,344</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2009 (Unaudited) <i>HK\$'000</i>
Opening balance	965
Additions	899
Depreciation	<u>(125)</u>
Closing balance	<u>1,739</u>

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (Audited) <i>HK\$'000</i>
Trade receivables	32,261	22,172
Other receivables	2,573	1,666
Bills receivables	556	556
	<u>35,390</u>	<u>24,394</u>

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

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (Audited) <i>HK\$'000</i>
Not yet due	1,153	4,445
Between 0 to 90 days	12,079	6,818
Between 91 to 180 days	10,424	3,898
Between 181 to 365 days	6,637	6,113
Between 1 to 2 years	1,968	898
	<u>32,261</u>	<u>22,172</u>

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

10. TRADE AND OTHER PAYABLES

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (Audited) <i>HK\$'000</i>
Trade payables	7,420	6,861
Other payables	6,277	5,175
Deposits received from customers	-	222
	<u>13,697</u>	<u>12,258</u>

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

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Between 0 to 90 days	2,481	525
Between 91 to 180 days	382	–
Between 181 to 365 days	–	1,804
Between 1 to 2 years	868	1,466
Over 2 years	3,689	3,066
	<u>7,420</u>	<u>6,861</u>

11. COMMITMENTS

As at 30 September 2009, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Not later than one year	1,015	572
In second to fifth years inclusive	4,721	444
	<u>5,736</u>	<u>1,016</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

During the period under review, the Gross Domestic Product (“GDP”) of the PRC maintains a steady increase as a result of the revitalization plan launched by the PRC government to cope with the financial crises. Railway construction industry benefits most following the increased investment in infrastructure. Both quantity and speed of railway construction grew rapidly in provincial capitals and developed cities including Pearl River Delta and Yangtze River Delta. Enterprises in railway transportation related equipment, establishment and trains gained increasing purchase orders accordingly.

Provincial major cities have pushed underground railway projects ahead of schedule. The Group has started mass product delivery to Southern Group and the China Northern Locomotive and Rolling Stock Industry (Group) Corporation’s entities in Changchun, Sifeng, Zhuzhou and Puzhen. With the success in product delivery for Guangzhou Line 1 and 8, Beijing Line 4, Hong Kong Line 4, Shenzhen Line 3 and Wuhan Line 1, the brand name of Global Link is well-known in the railway transportation industry.

With the continuous creativity in management, the Group has made an effective promotion in technology and services, market development. In the past few months, marketing and project engineering departments have secured early stage communication for projects in around 10 cities and entered into new contracts with comparatively high sales amount and established a firm base for capturing new contracts.

During the period under review, the Group’s subsidiary which was engaged in electricity protection work, has launched its product to electricity department. Under the direction of national and electricity industry and the relevant policy in the industry, the subsidiary will make contribution to the Group’s operating result. Pre-commercial and related operation test for RF-SIM have reached the latest stage. The project for public transportation will start operation in Guangzhou by the end of this year.

The Group’s principal activities have therefore entered into a high growing stage with increasing number of contracts. Management believes that Global Link will have a good prospect in its business development.

Financial review

For the six months ended 30 September 2009, the Group recorded a turnover of approximately HK\$22,194,000, a 21% increase comparing with that of last corresponding period. Gross profit at approximately HK\$8,262,000 with gross margin at 37%, a 4% increase from last corresponding period. Net profit attributable to equity shareholders of the Company for this period was approximately HK\$2,093,000.

During the period under review, the Group has strengthened its cost control on product and software solution and in result the gross profit margin increased. Selling expenses have increased by 21% and is mainly resulted from the increased business activities with underground railway companies, technology communication with train manufacturers and the launch of promotion activities for electricity products. Increase in administrative expenses by 23% is mainly due to the increase in staff salary and office rent incurred by the newly incorporated subsidiary – 廣州國聯電力科技發展有限公司.

Capital structure

The Group carried out prudent financial policy, surplus cash is deposited in bank to finance operation and investments. Management will review the financial forecast on a regular basis to ensure the use of proceeds strictly follows those stated in the prospectus of the Company dated 31 October 2002 (the “Prospectus”) or identified by the Directors during the normal course of business. As at 30 September 2009, the Group had a total cash and bank balances, amounted to approximately HK\$9,845,000.

Employee information

As at 30 September 2009, the Group had 105 employees (2008: 81 employees), 97 and 8 of them are working in the PRC and Hong Kong respectively. For the six months ended 30 September 2009, staff costs including Directors’ remuneration was approximately HK\$4,039,000 (2008: approximately HK\$3,257,000).

Liquidity, financial resources and gearing

As at 30 September 2009, the Group had net current assets of approximately HK\$31,689,000, of which approximately HK\$9,845,000 were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Contingent liabilities

As at 30 September 2009, contingent liabilities not provided for in the financial statements were as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Guarantees in respect of performance bonds in favour of contract customers	889	889
Guarantees in respect of bid bonds in favour of contract customers	889	–
	<u>1,778</u>	<u>889</u>

As at 30 September 2009, banking facilities of HK\$1,778,000 (including HK\$889,000, those facilities were granted from 27 September 2009 to 10 November 2009) (31 March 2009: HK\$889,000) were granted by a bank to a wholly owned subsidiary of the Company. Those facilities were secured by pledged bank deposit and balance in the aggregate sum of approximately HK\$1,778,000 (31 March 2009: HK\$889,000).

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

As at 30 September 2009, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	165,217,600 ordinary shares Long position	21.25%
		Beneficial owner	10,556,000 ordinary shares Long position (Note 1)	1.36%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	10.21%
		Beneficial owner	8,889,000 ordinary shares Long position (Note 1)	1.14%

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

Note:

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

Save as disclosed above, as at 30 September 2009, 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.

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

As at 30 September 2009, so far is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

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

Save as disclosed above, as at 30 September 2009, so far is known to the Directors, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

SHARE OPTION SCHEMES

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

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

Name of grantee	Date of grant	Number of share options under the Pre-IPO Share Option Scheme				
		Number of share options granted 1 April 2009	Number of Outstanding share options as at 30 September 2009	Lapsed during the period under review	Exercised during the period under review	
<i>Executive Directors</i>						
Ma Yuanguang	24 October 2002	10,556,000	10,556,000	-	-	10,556,000
Hu Zhi Jian	24 October 2002	8,889,000	8,889,000	-	-	8,889,000
<i>Non-executive Director</i>						
Wing Kee Eng, Lee	24 October 2002	2,778,000	2,778,000	-	-	2,778,000
<i>Independent non-executive Directors</i>						
Hu Tiejun	24 October 2002	833,000	833,000	-	-	833,000
Lu Ting Jie	24 October 2002	833,000	-	-	-	-
<i>Senior Management</i>						
Li Guo Hui	24 October 2002	611,000	-	-	-	-
Zhang Wei Jing	24 October 2002	500,000	-	-	-	-
Advisers/consultants	24 October 2002	9,054,000	2,887,500	-	-	2,887,500
Other employees of the Group	24 October 2002	2,971,000	-	-	-	-
Others (Note)	24 October 2002	<u>20,746,000</u>	<u>5,250,000</u>	-	-	<u>5,250,000</u>
Total		<u>57,771,000</u>	<u>31,193,500</u>	-	-	<u>31,193,500</u>

Note:

These refer to the former employees of the Group.

Under the terms of the share option scheme (the “Share Option Scheme”) adopted by the Company on 24 October 2002, the Directors may at their discretion grant options to participants to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions to the Group.

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

Capacity	Date of grant	Number of share options under Share Option Scheme					Exercise price
		Number of share options granted	Outstanding as at 1 April 2009	Lapsed during the period under review	Exercised during the period under review	Outstanding as at 30 September 2009	
<i>Executive Directors</i>							
Lo Kam Hon, Gary	10 December 2003	350,000 (Note 2)	-	-	-	-	HK\$0.132
Employees	10 December 2003	480,000 (Note 2)	-	-	-	-	HK\$0.132
Advisers/consultants	10 December 2003	2,700,000 (Note 2)	800,000	-	-	800,000	HK\$0.132
Other (Note 1)	10 December 2003	2,980,000 (Note 2)	-	-	-	-	HK\$0.132
Employees	5 October 2007	16,400,000 (Note 3)	16,400,000	-	-	16,400,000	HK\$0.242
Total		<u>22,910,000</u>	<u>17,200,000</u>	<u>-</u>	<u>-</u>	<u>17,200,000</u>	

Note:

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

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

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

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

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.

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

A total of Options to subscribe for an aggregate of 16,400,000 ordinary shares of the Company had lapsed in October 2009.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has 3 members, namely Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited interim results for the six months ended 30 September 2009 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

By order of the Board

Ma Yuanguang

Chairman

Hong Kong, 11 November 2009

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