国联通信
Global Link

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

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

Annual Results Announcement for the Year ended 31 March 2007

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

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

Highlights

- Turnover of the Group for the year ended 31 March 2007 was approximately HK$37,105,000, representing an increase of approximately 44%, as compared with that of the year ended 31 March 2006.
- Profit attributable to equity shareholders of the Company was approximately HK$2,774,000 for the year ended 31 March 2007.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2007.

The board of directors (the "Directors") of Global Link Communications Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the audited comparative figures for the year ended 31 March 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Revenue	4	**37,105**	25,736
Cost of sales		**(25,238)**	(20,180)
Gross profit		**11,867**	5,556
Other income	4	**2,495**	5,760
Selling expenses		**(3,375)**	(3,590)
Administrative expenses		**(4,513)**	(5,566)
Research and development expenses		**(2,900)**	–
Finance costs	5	**(106)**	(22)
Profit before tax	6	**3,468**	2,138
Income tax	8	**(694)**	–
Profit for the year		**2,774**	2,138
Attributable to:			
Equity holders of the Company		**2,774**	2,140
Minority interests		**–**	(2)
		2,774	2,138
Earnings per share (in HK cents)	10		
– Basic		**0.42 cent**	0.32 cent
– Diluted		**0.41 cent**	0.32 cent

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Non-current assets			
Property, plant and equipment		**887**	1,273
Current assets			
Trade and other receivables	*11*	**14,043**	5,912
Prepayments and deposits		**2,817**	578
Tax refundable		**–**	80
Pledged bank deposit and balance		**4,400**	769
Cash and bank balances		**6,462**	4,193
		27,722	11,532
Current liabilities			
Trade and other payables	*12*	**18,882**	6,636
Provision for taxation		**693**	243
		19,575	6,879
Net current assets		**8,147**	4,653
Total assets less current liabilities		**9,034**	5,926
Net assets		**9,034**	5,926
Capital and reserves			
Share capital		**6,635**	6,600
Reserves		**2,399**	(674)
Total equity attributable to equity holders of the Company		**9,034**	5,926
Minority interests		**–**	–
Total equity		**9,034**	5,926

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Attributable to equity holders of the Company									
	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share option reserve	Accumulated losses	Statutory reserves	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	6,600	15,120	2,135	12	118	(22,356)	2,073	3,702	2	3,704
Exchange differences on translating foreign operations	–	–	–	25	–	–	–	25	–	25
Net income recognised directly in equity	–	–	–	25	–	–	–	25	–	25
Profit for the year	–	–	–	–	–	2,140	–	2,140	(2)	2,138
Total recognised income and expense for the year	–	–	–	25	–	2,140	–	2,165	(2)	2,163
Equity-settled share-based payments	–	–	–	–	59	–	–	59	–	59
Transfer to statutory reserves	–	–	–	–	–	(74)	74	–	–	–
At 31 March 2006 and 1 April 2006	6,600	15,120	2,135	37	177	(20,290)	2,147	5,926	–	5,926
Exchange differences on translating foreign operations	–	–	–	208	–	–	–	208	–	208
Net income recognised directly in equity	–	–	–	208	–	–	–	208	–	208
Profit for the year	–	–	–	–	–	2,774	–	2,774	–	2,774
Total recognised income and expense for the year	–	–	–	208	–	2,774	–	2,982	–	2,982
Issue of shares upon exercise of share option	35	91	–	–	–	–	–	126	–	126
Transfer to statutory reserves	–	–	–	–	–	(205)	205	–	–	–
At 31 March 2007	6,635	15,211	2,135	245	177	(17,721)	2,352	9,034	–	9,034

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, High-Tech Industrial Park, Zhongshan Avenue, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted a number of new HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") (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 December 2005 or 1 January 2006. The adoption of these new HKFRSs did not result in substantial impact on the Group's accounting polices and amounts reported for the current year and prior years.

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

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008

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

4. REVENUE AND OTHER INCOME

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

	2007	2006
	HK$'000	*HK$'000*
(a) Turnover		
Revenue from the supply, development and integration of message communication systems and passenger information management systems	**37,105**	25,736
(b) Other income		
Bad debts recovery	**2,151**	4,592
Bank interest income	**50**	45
Refund on value-added tax	**87**	600
	2,288	5,237
Sundry income	**207**	523
Total other income	**2,495**	5,760

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Bank charges	**106**	22

6. PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration	**200**	280
Impairment loss on trade and other receivables	**375**	1,184
Cost of inventories sold*	**25,238**	20,180
Depreciation*	**520**	536
Minimum lease payments under operating lease – land and buildings	**606**	607
Net exchange loss	**80**	71
Staff costs, including directors' emoluments*:		
Salaries and wages	**4,270**	4,716
Contribution to retirement benefit schemes	**144**	163
Equity-settled share-based payments	**–**	59
Provision for staff welfare benefits	**91**	95
	4,505	5,033

* *Cost of inventories sold includes HK$1,453,000 (2006: HK$1,850,000) relating to staff costs and depreciation expenses which are also included in the respective total amounts disclosed separately above for each of these types of expenses.*

7. SEGMENTAL INFORMATION

Primary reporting format – geographical segments

Geographical segment information is chosen as the primary reporting format because this is more relevant to the Group in making operation and financial decision.

The Group's business can be subdivided into the PRC and Hong Kong markets.

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

Secondary reporting format – business segments

As the Group has developed the new market for passenger information management systems, in presenting the information on the basis of business segments, management has evaluated and considered that the Group's business segments are now structured and managed separately according to the nature of the products they provide instead of the customers they serve. The Group's business segments are as follows:

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

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

There are no sales between the business segments.

(a) Primary reporting format – geographical segments

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

	PRC		Hong Kong		Elimination		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
External sales	**34,233**	10,942	**2,872**	14,794	**–**	–	**37,105**	25,736
Inter-segment sales*	**376**	2,498	**964**	283	**(1,340)**	(2,781)	**–**	–
	34,609	13,440	**3,836**	15,077	**(1,340)**	(2,781)	**37,105**	25,736
RESULT								
Segment result	**9,654**	2,648	**1,008**	1,535			**10,662**	4,183
Unallocated corporate expenses							**(9,689)**	(7,805)
Interest income							**50**	45
Other unallocated income							**2,445**	5,715
Profit before tax							**3,468**	2,138
Income tax							**(694)**	–
Profit for the year							**2,774**	2,138
ASSETS								
Segment assets	**26,436**	8,525	**2,173**	4,200			**28,609**	12,725
Unallocated assets							**–**	80
Total assets							**28,609**	12,805
LIABILITIES								
Segment liabilities	**14,037**	4,059	**4,845**	2,577			**18,882**	6,636
Unallocated liabilities							**693**	243
Total liabilities							**19,575**	6,879
OTHER INFORMATION								
Capital expenditure	**40**	47	**10**	–			**50**	47
Depreciation	**516**	533	**4**	3			**520**	536
Impairment of trade receivable	**375**	1,087	**–**	97			**375**	1,184

* *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	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**15,594**	25,736	**21,511**	–	**–**	–	**37,105**	25,736
Segment assets	**3,513**	5,477	**9,418**	–	**15,678**	7,328	**28,609**	12,805
Capital expenditure	**–**	–	**–**	–	**50**	47	**50**	47

8. INCOME TAX

Income tax in the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Current year provision:		
PRC enterprise income tax	**667**	–
Hong Kong	**27**	–
	694	–

During the year, Global Link Communications (HK) Limited paid license fees to Hilltop Holdings Group Limited 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% on 30% of the payments.

PRC enterprise income tax represents tax charges on the assessable profits of the PRC subsidiaries of the Group at the prevailing tax rates applicable. One of the PRC subsidiaries of the Group, Guangzhou Global Link Communications Inc. ("Guangzhou GL"), has been approved as a high and new technology enterprise and entitled to a favorable national tax rate of 15%. In addition, being a wholly foreign-owned enterprise, Guangzhou GL was entitled to preferential tax treatments including full exemption from PRC enterprise income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three consecutive years. The statutory financial year ended 31 December 2006 was the final year for Guangzhou GL to be entitled to 50% tax reduction treatment. The tax rates applicable to Guangzhou GL were 10.5% for the year ended 31 December 2006 and 18% thereafter.

Income tax expense on the Group's profit before taxation differs from the theoretical amount that would arise using the PRC statutory Enterprise Income Tax ("EIT") rate in the PRC as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation	**3,468**	2,138
Calculated at the PRC EIT rate of 33% (2006: 33%)	**1,144**	706
Effect of different tax rates in other countries/regions	**518**	–
Effect of tax exemptions granted to PRC subsidiaries	**(1,630)**	145
Effect of income not subject to taxation	**(101)**	(2,122)
Effect of expenses not deductible for taxation purposes	**824**	360
Effect of unrecognised temporary differences	**(168)**	248
Utilisation of tax losses previously not recognised	**(62)**	–
Effect of tax losses not recognised	**169**	656
Effect of withholding tax	**–**	7
Taxation charge for the year	**694**	–

9. DIVIDENDS

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: Nil).

10. EARNINGS PER SHARE

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

	2007	2006
	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)	**2,774**	2,140

	Number of shares	
	2007	2006
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**660,206**	660,025
Effect of dilutive potential ordinary shares:		
Share options	**16,505**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**676,711**	660,025

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

11. TRADE AND OTHER RECEIVABLES

	Group 2007 HK$'000	2006 HK$'000
Trade receivables	**12,931**	5,477
Other receivables	**891**	435
Bills receivables	**221**	–
	14,043	5,912

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

	2007 HK$'000	2006 HK$'000
Between 0 to 90 days	**9,671**	3,046
Between 91 to 180 days	**1,741**	900
Between 181 to 365 days	**1,377**	1,478
Between 1 to 2 years	**142**	53
	12,931	5,477

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

12. TRADE AND OTHER PAYABLES

	Group 2007 HK$'000	2006 HK$'000
Trade payables	**15,254**	4,007
Other payables	**3,549**	2,629
Deposits received from customers	**79**	–
	18,882	6,636

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

	2007 HK$'000	2006 HK$'000
Between 0 to 90 days	**7,835**	138
Between 91 to 180 days	**3,310**	45
Between 181 to 365 days	**759**	247
Between 1 to 2 years	**1,328**	1,853
Over 2 years	**2,022**	1,724
	15,254	4,007

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year, the Group has started integral enterprise operation standing on its products and services concept "to increase enterprise's competitive advantage through creative products, to satisfy customer's actual demand through professional solution". The Group's operating result developed under the concept in a steady way during the year. The Group's turnover for the year was approximately HK$37,105,000, represent a 44% increase from last year.

The Group's gross profit for the year was approximately HK$11,867,000, and gross profit margin increased from approximately 22% to approximately 32%. The Group believes that market development through multi media view control system in railway transportation can enhance its products' competitive edge in the industry and the corresponding operating benefits. During the year, the Group continued to control the selling expenses accounts receivable and customer risks, which led to a net increase in cash flow corresponding to the increased turnover. The Group has operating profit for the year despite the significant increase in research and development expenses for new products.

Business Review

During the year, the Group has started integral enterprise operation standing on its products and services concept, "to increase enterprise's competitive advantage through creative products, to satisfy customers' actual demand through professional solution", caught the good opportunity from the country's high investment in railway transportation construction, increased research and development in view channel control system, broadcasting media system, and intelligent view channel security control system, and assigned top marketing staff to develop the market in an active way. As a result, the enterprise has captured new market segment in underground railway construction, train manufacturers and integrated railway transportation project companies.

The Group's turnover for the year was approximately HK$37,105,000.

The Group deeply realizes that, an enterprise's competitive power is rely on its continuous creative capability. During the year, implementation of the enterprise's operation strategy, market and product development were surrounded with the core theme – "professional" and "creativity". As a result, the enterprise's operation has achieved unprecedented result.

With the contribution from employees, the Group's products, technology and market have the following advantages:–

1) advantages in underground railway multi media view control system.

   – market leader advantage: the multi media view channel control system were installed and used in operation for both new and old train and the Group's reliable system and good impact were highly appreciated by owners and train manufacturers, and became the actual application standard in the industry.

   – product technology advantage: the Group has adopted the most advanced view channel express and IP technology, passed related safety and technology certification, accorded with train's usage standard which became industry' guideline.

   – project technology advantage: the Group has experience in project design and construction technology for the specific environment for underground trains and the Group has provided consultancy and training to underground railway owners, train manufacturers and integrated companies.

   – localized advantage: the Group holds the core technology and self-developed technology patent, accorded with the country's industry policy - wholly localized and cost advantage with competitive power.

2) advantages in telecommunication value-added services software solutions

   – product leader advantage: the Group's varies software solutions adopted by backbone operators in the country will be adopted by more provinces and cities.

   – self-developed technology advantage: all the Group's software products were self-developed and the Group holds the core technology and sufficient self-determination dissection.

Business Outlook

Following PRC's continuous economic development, city transportation is the main focus that PRC government dedicated to construct. Well developed and convenient transportation not only became citizen's request, it's also directly related to the city's overall strength and investment environment. The NDRC has already approve 22 core cities to construct underground railway. At present, 22 underground railway were opened in cities including Beijing, Shanghai, Guangzhou, Shenzhen and Nanjing. According to the plan, by 2010, these 22 core cities will each additionally open 1 to several underground lines, where the total additional open lines are 50 with total investment exceeding in RMB500 billion. In the coming years, Olympics Games, World Expo, Asian Games and World University Games will be held in PRC core cities. For the country and cities security, government has invested huge amount to construct security projects. View channel security control system were installed in roads, community, public transportation, long-distance passenger transportation and underground railway. Billion dollars will be invested for underground railway view channel control system projects in the next 3-5 years.

Telecommunications operators, on the basis of having advanced network technology, aim to capture market share through new operation model. Accordingly, new telecommunication software solution still have good market prospect.

With board and foreseeable market in the PRC and the world's railway transportation security and board casting media construction, the Group's management believe, through management insistence, creative products and services, Global Link will have more outstanding competitive advantage in the industry. In the foreseeable future, the Group will launch new products, new systems and new software solutions for the railway transportation and information industry and it will achieve better operating earnings.

The Group believes the application of Radio Fequency Identification (RFID) technology, one of the new technology in the information technology industry, is being applied in a more general way. The Group is actively seeking alliance with telecommunication operators in the research and development for new market and growth opportunity.

Material Acquisitions, Disposals and Significant Investments

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

Capital Structure

There has been no material change in the capital structure of the Company 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 (the "Prospectus") or identified by the Directors during the normal course of business. As at 31 March 2007, the Group had a total cash and bank balances, amounted to approximately HK$6,462,000, which was mainly generated from daily operation.

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

Liquidity and financial resources

As at 31 March 2007, the Group had net current assets of approximately HK$8,147,000 (2006: approximately HK$4,653,000), of which approximately HK$6,462,000 (2006: approximately HK$4,193,000) were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Gearing ratio

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

Foreign exchange exposure

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

Segment revenue

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

Employee and salaries policy

As at 31 March 2007, the Group has 52 staff (2006: 63 staff), with 43 and 9 staff employed in the PRC and Hong Kong respectively.

	At 31 March 2007 Number of staff	At 31 March 2006 Number of staff
Management, finance and administration	**17**	18
Research and development	**12**	25
Marketing and sales	**23**	20
Total	**52**	63

The total staff costs, including Directors' emoluments, amounted to approximately HK$4,505,000 (2006: approximately HK$5,033,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

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

Contingent Liabilities and charges on the Group's assets

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

	2007	2006
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**6,568**	769

At 31 March 2007, banking facilities of HK$12,340,000 (2006: HK$1,500,000) 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 HK$4,400,000 (2006: HK$769,000) and a long term standby letter of credit for HK$2,300,000 (2006: HK$ Nil) issued by a related company.

Purchase, Sale or Redemption of Shares

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

Subsequent events

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 announcements of the Company dated 11 April 2007 and 26 April 2007 for further details of the allotment of shares.

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 of the GEM Listing Rules throughout the period under review.

Audit Committee

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

The Group's annual audited results during the year ended 31 March 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

On behalf of the Board
Ma Yuanguang
Chairman

Hong Kong, 22 June 2007

As at the date of this announcement, the executive directors of the Company are Mr. Ma Yuanguang, Mr. Hu Zhi Jian, Mr. Chau Siu Piu 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.