



国 联 通 信

Global Link

國 聯 通 信 控 股 有 限 公 司

Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

HIGHLIGHTS

- Turnover of the Group for the year ended 31 March 2015 was approximately HK\$75,427,000, representing an increase of approximately 11%, as compared with that for the year ended 31 March 2014.
- Loss attributable to equity shareholders of the Company was approximately HK\$42,462,000 for the year ended 31 March 2015 and net loss of approximately HK\$56,809,000 was recorded in the Last Corresponding Period.
- The board of the Directors does not recommend the payment of final dividend for the year ended 31 March 2015.

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 2015 together with the audited comparative figures for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	3	75,427	68,133
Cost of sales		<u>(73,680)</u>	<u>(53,952)</u>
Gross profit		1,747	14,181
Other revenue and net income	4	1,324	3,238
Selling expenses		(9,023)	(15,817)
Administrative expenses		(12,027)	(14,359)
Loss on disposal of a subsidiary		–	(1,622)
Other operating expenses		<u>(23,947)</u>	<u>(38,663)</u>
(Loss) before taxation	5	(41,926)	(53,042)
Income tax	7	<u>(542)</u>	<u>(3,780)</u>
(Loss) for the year		(42,468)	(56,822)
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating of financial statements of foreign operations		76	836
Reclassification adjustments relating to overseas subsidiary disposed of during the year		<u>–</u>	<u>299</u>
Other comprehensive income for the year, net of income tax		<u>76</u>	<u>1,135</u>
Total comprehensive (loss) for the year		<u>(42,392)</u>	<u>(55,687)</u>
(Loss) attributable to:			
Equity shareholders of the Company		(42,462)	(56,809)
Non-controlling interests		<u>(6)</u>	<u>(13)</u>
		<u>(42,468)</u>	<u>(56,822)</u>
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		(42,386)	(55,674)
Non-controlling interests		<u>(6)</u>	<u>(13)</u>
		<u>(42,392)</u>	<u>(55,687)</u>
(Loss) per share (in HK cents):			
– Basic and diluted	9	<u>(4.28 cents)</u>	<u>(5.91 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,242	1,433
Intangible assets		31,687	2,420
Deferred tax assets		–	346
		<u>33,929</u>	<u>4,199</u>
Current assets			
Inventories		29,492	23,579
Trade and other receivables	10	43,365	57,130
Deposits and prepayments		1,155	10,020
Pledged bank deposit		–	808
Cash and cash equivalents		18,677	29,297
		<u>92,689</u>	<u>120,834</u>
Current liabilities			
Trade and other payables	11	14,917	13,181
Provision		16,757	5,743
Provision for taxation		7,734	7,798
		<u>39,408</u>	<u>26,722</u>
Net current assets		<u>53,281</u>	94,112
Total assets less current liabilities		<u>87,210</u>	98,311
Non-current liabilities			
Provision		–	1,257
Provision for long service payments		56	56
		<u>56</u>	<u>1,313</u>
NET ASSETS		<u><u>87,154</u></u>	<u><u>96,998</u></u>
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital		10,888	9,608
Reserves		76,291	87,409
		<u>87,179</u>	97,017
Non-controlling interests		<u>(25)</u>	<u>(19)</u>
TOTAL EQUITY		<u><u>87,154</u></u>	<u><u>96,998</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Warrant reserve	(Accumulated losses) /retained profits	Statutory reserves	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	9,608	58,725	2,135	10,918	1,195	-	59,303	10,807	152,691	(1,329)	151,362
Loss for the year	-	-	-	-	-	-	(56,809)	-	(56,809)	(13)	(56,822)
Other comprehensive income for the year:											
Exchange differences on translating of financial statements of foreign operations	-	-	-	836	-	-	-	-	836	-	836
Reclassification adjustments relating to overseas subsidiary disposed of during the year	-	-	-	299	-	-	-	-	299	-	299
Total comprehensive (loss)/ income for the year	-	-	-	1,135	-	-	(56,809)	-	(55,674)	(13)	(55,687)
Transfer of share option reserve upon the expiry of share options	-	-	-	-	(1,195)	-	1,195	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	1,323	1,323
At 31 March 2014	<u>9,608</u>	<u>58,725^(#)</u>	<u>2,135^(#)</u>	<u>12,053^(#)</u>	<u>-^(#)</u>	<u>-</u>	<u>3,689^(#)</u>	<u>10,807^(#)</u>	<u>97,017</u>	<u>(19)</u>	<u>96,998</u>
At 1 April 2014	9,608	58,725	2,135	12,053	-	-	3,689	10,807	97,017	(19)	96,998
Loss for the year	-	-	-	-	-	-	(42,462)	-	(42,462)	(6)	(42,468)
Other comprehensive income for the year:											
Exchange differences on translating of financial statements of foreign operations	-	-	-	76	-	-	-	-	76	-	76
Total comprehensive (loss)/ income for the year	-	-	-	76	-	-	(42,462)	-	(42,386)	(6)	(42,392)
Issue of new shares	1,280	31,082	-	-	-	-	-	-	32,362	-	32,362
Issue of unlisted warrants	-	-	-	-	-	186	-	-	186	-	186
At 31 March 2015	<u>10,888</u>	<u>89,807^(#)</u>	<u>2,135^(#)</u>	<u>12,129^(#)</u>	<u>-^(#)</u>	<u>186^(#)</u>	<u>(38,773)^(#)</u>	<u>10,807^(#)</u>	<u>87,179</u>	<u>(25)</u>	<u>87,154</u>

^(#) These accounts comprise the consolidated reserves of approximately HK\$76,291,000 (2014: HK\$87,409,000) in the consolidated statement of financial position.

Notes:

1. GENERAL INFORMATION

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

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

The Group has not applied any new standard or interpretation that have been issued but are not yet effective for the current accounting period.

3. REVENUE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from the supply, development and integration of message communication system and passenger information management system	<u>75,427</u>	<u>68,133</u>

4. OTHER REVENUE AND NET INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
a) Other revenue		
Bank interest income	<u>582</u>	<u>706</u>
Total interest income on financial assets not at fair value through profit or loss	582	706
Refund on value-added tax	-	1,488
Write-back of trade and other payables	663	1,007
Other income	<u>79</u>	<u>8</u>
	<u>1,324</u>	<u>3,209</u>
b) Other net income		
Net exchange gain	<u>-</u>	<u>29</u>
	<u>1,324</u>	<u>3,238</u>

5. (LOSS) BEFORE TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
a) Staff costs, including directors' emoluments		
Salaries and wages	14,108	14,946
Contributions to retirement benefit schemes	1,339	1,515
Provision for staff welfare benefits	638	842
Provision for long service payments	–	56
	<u>16,085</u>	<u>17,359</u>
b) Other items		
Auditors' remuneration	552	422
Allowance for doubtful debts	30	7,137
(Reversal of) provision for impairment of deposits	(9)	(997)
Cost of inventories sold *	73,680	53,952
Research and development costs #	12,685	13,473
Depreciation	491	605
Amortisation of intangible assets (included in cost of inventories sold) *	378	649
Amortisation of intangible assets (included in other operating expenses) ##	813	–
Loss on disposal of property, plant and equipment	269	29
Loss on disposal of intangible assets	2,043	–
Provision for product warranty ##	23,134	7,088
Provision for long service payments	–	56
Net exchange loss/(gain)	29	(29)
Minimum lease payments under operating lease – land and buildings	1,543	1,675
Loss on disposal of a subsidiary	–	1,622

* Cost of inventories sold includes approximately HK\$9,397,000 (2014: HK\$10,671,000) relating to staff costs, depreciation expenses and amortisation charge which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

Research and development costs incurred for the year amounting to approximately HK\$12,685,000 (2014: HK\$13,473,000) which was included in cost of sales.

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

6. SEGMENT INFORMATION

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

Segment revenue of PRC comprises the revenue from supply, development and integration of passenger information management system while the segment revenue of Hong Kong comprises the revenue from supply, development and integration of message communication systems and passenger information management system.

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

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

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

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

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

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

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below.

	PRC		Hong Kong		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Reportable segment revenue						
Inter-segment revenue	815	–	–	–	815	–
Revenue from external customers	72,930	68,133	2,497	–	75,427	68,133
	<u>73,745</u>	<u>68,133</u>	<u>2,497</u>	<u>–</u>	<u>76,242</u>	<u>68,133</u>
Reportable segment (loss)	<u>(24,059)</u>	<u>(35,509)</u>	<u>1,623</u>	<u>(137)</u>	<u>(22,436)</u>	<u>(35,646)</u>
Research and development costs	(12,685)	(13,473)	–	–	(12,685)	(13,473)
Interest revenue	230	280	352	426	582	706
Depreciation	(466)	(496)	(25)	(109)	(491)	(605)
Amortisation of intangible assets	(1,191)	(649)	–	–	(1,191)	(649)
Allowance for doubtful debts	(30)	(7,137)	–	–	(30)	(7,137)
Loss on disposal of property, plant and equipment	(269)	(28)	–	(1)	(269)	(29)
Loss on disposal of intangible asset	(2,043)	–	–	–	(2,043)	–
Provision for product warranty	(23,134)	(7,088)	–	–	(23,134)	(7,088)
Provision for long service payments	–	–	–	(56)	–	(56)
Reversal of provision for impairment of deposits	9	997	–	–	9	997
	<u>82,276</u>	<u>108,927</u>	<u>47,486</u>	<u>18,087</u>	<u>129,762</u>	<u>127,014</u>
Reportable segment assets						
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	34,163	119	–	3	34,163	122
	<u>31,882</u>	<u>19,898</u>	<u>2,992</u>	<u>2,666</u>	<u>34,874</u>	<u>22,564</u>
Reportable segment liabilities						

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Total reportable segments' revenue	76,242	68,133
Elimination of inter-segment revenue	<u>(815)</u>	<u>–</u>
Consolidated turnover	<u><u>75,427</u></u>	<u><u>68,133</u></u>
(Loss)/profit		
Total reportable segments' (loss)	(22,436)	(35,646)
Elimination of inter-segment profits	<u>(815)</u>	<u>–</u>
Reportable segment (loss) derived from Group's external customers	(23,251)	(35,646)
Bank interest income	582	706
Unallocated head office and corporate expenses	<u>(19,257)</u>	<u>(18,102)</u>
Consolidated (loss) before tax expenses	<u><u>(41,926)</u></u>	<u><u>(53,042)</u></u>
Assets		
Total reportable segments' assets	129,762	127,014
Elimination of inter-segment receivables	<u>(3,144)</u>	<u>(2,327)</u>
	126,618	124,687
Deferred tax assets	<u>–</u>	<u>346</u>
Consolidated total assets	<u><u>126,618</u></u>	<u><u>125,033</u></u>
Liabilities		
Total reportable segments' liabilities	34,874	22,564
Elimination of inter-segment payables	<u>(3,144)</u>	<u>(2,327)</u>
	31,730	20,237
Current tax liabilities	<u>7,734</u>	<u>7,798</u>
Consolidated total liabilities	<u><u>39,464</u></u>	<u><u>28,035</u></u>

c) Revenue from major products and services

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Supply, development and integration of passenger information management system	<u>75,427</u>	<u>68,133</u>

d) Other geographical information

	Non-current assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PRC	33,923	3,822
Hong Kong	<u>6</u>	<u>31</u>
	<u>33,929</u>	<u>3,853</u>

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

e) Information about major customers

Revenue from three (2014: four) customers in PRC operating and reportable segment amounted to approximately HK\$24,396,000, HK\$13,383,000 and HK\$8,077,000 (2014: HK\$24,462,000, HK\$14,133,000, HK\$7,562,000 and HK\$6,961,000), which individually represent more than 10% of the Group's total revenue.

No other single customer contributed 10% or more to the Group's total revenue for both 2015 and 2014.

7. INCOME TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current year provision:		
PRC enterprise income tax	196	529
Underprovision in respect of prior years:		
PRC enterprise income tax	–	41
Deferred taxation		
Origination and reversal of temporary differences	346	3,210
	542	3,780

No Hong Kong profits tax has been provided in the financial statements as the Company and its subsidiaries in Hong Kong did not derive any assessable profits for the year. (2014: Nil)

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

Another PRC subsidiary, 廣州勝億信息科技有限公司 (formerly known as “廣州勝億交通信息軟件有限公司”) (“勝億”) was qualified as an approved software enterprise since year 2011 and was exempted from the PRC EIT for the year ended 31 December 2011, followed by a 50% reduction of enterprise income tax rate from year 2012 to year 2014. 勝億 was qualified as a high and new technology enterprise from October 2014 and was entitled to a concessionary rate of the PRC EIT at 15% over 3 years.

Except for Guangzhou GL and 勝億 as mentioned above, remaining subsidiary located in the PRC is subject to the PRC EIT rate of 25% (2014: 25%) on its assessable profits.

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss) before taxation	<u>(41,926)</u>	<u>(53,042)</u>
Notional tax on (loss) before taxation, calculated at the rates applicable to (loss) in the tax jurisdictions concerned	(6,319)	(7,721)
Tax effect of profits entitled to tax exemption in the PRC	–	(254)
Tax effect of non-taxable income	(58)	(77)
Tax effect of non-deductible expenses	2,022	2,262
Tax effect of unused tax losses not recognised	4,775	6,995
Tax effect of deductible temporary differences not recognised	(54)	2,824
Tax effect of utilisation of unused tax losses not recognised in prior years	(38)	–
Underprovision in respect of prior years	–	41
Others	<u>214</u>	<u>(290)</u>
Tax expenses	<u>542</u>	<u>3,780</u>

8. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2014: Nil).

9. (LOSS) PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to equity shareholders of the Company of approximately HK\$42,462,000 (2014: HK\$56,809,000) and the weighted average number of approximately 993,071,000 ordinary shares (2014: 960,808,000 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2015 <i>'000</i>	2014 <i>'000</i>
Issued ordinary shares at the beginning of the year	960,808	960,808
Effect of new shares issued	<u>32,263</u>	<u>–</u>
Weighted average number of ordinary shares at the end of the year	<u>993,071</u>	<u>960,808</u>

(b) Diluted loss per share

The basic and diluted loss per share are the same for the year ended 31 March 2015, as the warrants outstanding during the year are anti-dilutive. There were no dilutive potential ordinary shares in issue during the year ended 31 March 2014, and diluted loss per share is the same as basic loss per share.

10. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables and bills receivables	52,921	67,632
Less: allowance for doubtful debts	(11,375)	(11,332)
	41,546	56,300
Other receivables	1,819	830
	43,365	57,130

Included in trade receivables are retention monies receivable of approximately HK\$2,818,000 (2014: HK\$3,852,000), which are withheld and will be released upon the expiry of maintenance periods.

All of the trade and other receivables (including amounts due from subsidiaries) are expected to be recovered within one year, except for retention monies receivables of approximately HK\$2,337,000 (2014: HK\$3,101,000) which are expected to be recovered after more than one year.

Age analysis

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 90 days	18,558	20,179
Between 91 and 180 days	8,685	12,723
Between 181 and 365 days	9,730	14,803
Between 1 and 2 years	1,755	4,743
	38,728	52,448
Retention receivables	2,818	3,852
	41,546	56,300

Customers are generally granted with credit terms of 90 days. Generally, the Group does not hold any collaterals from customers.

11. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	9,496	5,919
Other payables	2,566	2,303
Accrued wages	868	822
Payables for value-added tax	1,456	3,464
Deposits received from customers	531	673
	<u>14,917</u>	<u>13,181</u>

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

Included in trade and other payables are trade payables with the following ageing analysis as at the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 90 days	7,455	1,218
Between 91 and 180 days	552	350
Between 181 and 365 days	28	879
Between 1 and 2 years	48	2,166
Over 2 years	1,413	1,306
	<u>9,496</u>	<u>5,919</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Over the past year, the Group supplied 12 train routes in 10 domestic and foreign cities with passenger information systems according to the delivery plans of signed contracts for the supply of goods. Sales of passenger information systems and parts both increased as compared with those of last year. The turnover of the Group for the year amounted to HK\$75,427,000, compared with HK\$68,133,000 for last year, representing an increase of 11%.

Gross profit and loss attributable to equity shareholders

As at 31 March 2015, the Group recorded gross profit of approximately HK\$1,747,000 and loss after tax of approximately HK\$42,468,000. Loss attributable to equity shareholders of the Company amounted to approximately HK\$42,462,000.

Mainly due to the decrease in the unit price of the passenger information systems delivered under newly signed contracts arising from heightened competition in the rail transit industry, gross margin for the year decreased to 2% from 21% of last year. During the year, gross margin was also driven down by factors like increased investment in research and development for system solutions of new projects, increased hiring and salary adjustments of staff in engineering and manufacturing departments, as well as increased costs of social insurance in compliance with government requirements.

Selling expenses

Selling expenses amounted to approximately HK\$9,023,000, a decrease of HK\$6,794,000 or 43% compared with those of last year. Based on the sales strategy formulated in the previous year, the Group abandoned projects of low gross profit and became more selective in bidding projects. Marketing activities were more targeted and expenses thus decreased.

Administrative expenses

The administrative expenses of the year decreased by HK\$2,332,000 compared with those of last year, mainly due to a decrease in allowance for doubtful debts.

Other operating expenses

Systems engineering maintenance was provided for projects delivered but still within warranty period during the year, and provision for product maintenance warranty was made for such projects. Other operating expenses incurred during the year amounted to HK\$23,134,000, a decrease of 40% from HK\$38,663,000 of last year.

Other income

During the year, other income decreased by approximately 59% as compared to that of the last year.

BUSINESS REVIEW

Based on the PRC government's reform principles in economic reforms and in various other areas, the Board of Directors summed up the experience and lessons over the years to formulate the "two-wheel-drive" strategy on the basis of rail transit information systems and the development of mobile Internet operations and services.

Guangzhou Global Link Communications Inc. is principally engaged in the overall solutions of rail transit information systems with over 10 years' track record in the industry. The products and solutions are well received by rail transit operators in various hub cities. Meanwhile, the company is a qualified supplier certified by CSR and CNR. With close partnership with those enterprises for many years, Guangzhou Global Link has been a key component supplier for train manufacturing enterprises participating in domestic and overseas tendering. The management conducted detailed analysis on the economic trend of recent years in the industry, especially the competitive market landscape and demand of operators for high quality train operating services. We are highly aware that we must take the initiative to give up the traditional business model of acquiring contracts by price wars, rather we must continue to improve product competitiveness through innovation and make full play of high-technology and innovative application systems and solutions in order to boost new market demand and penetrate new markets with reasonable margins. Under the guidance of this strategy, we collaborated with various research and development institutions of operators in several hub cities, and through joint planning and research and development, the business model under which operators put forward new requirements and formally set up a project with Guangzhou Global Link serving as the manufacturer and supplier will enable us to acquire new contracts and orders, and consolidate and boost our status in the industry.

Sustained creativity is the origin of corporate development, including reforms of the business strategy, the management structure, the product layout, and the allocation of manpower, indispensable for adapting to the requirements of the market. With the improvement of the Internet and Internet of Things, various new products, new services and new business models will bring changes to the traditional industries, giving rise to numerous business models and services with full vitality. The management has been striving to look for new corporate development opportunities and, with tireless efforts and perseverance, we eventually acquired certain application rights of Certificate Authority SIM ("CA-SIM") from International Elite (stock code: 1328) in December 2014.

International Elite owns exclusive proprietary rights of CA-SIM, and the core technology of its 2.4G RF SIM card for mobile phones became the national industry standard in late 2014, and it has been widely applied to extensive areas. Unique identity authentication, security authentication, integrated cloud processing, big data and mobile apps will provide smart cities with brand new services. The Group's acquisition of regional exclusive rights can cater for the robust demand arising from the development of smart cities in the PRC.

The implementation of the “two-wheel-drive plan” will lead to the overall upgrading and transformation of business operations. In view of the characteristics of development of community-based mobile Internet for constructing smart cities, we must establish an operation team that is dynamic, creative and vital. Following detailed planning, a team engaged in mobile Internet business operations and services was set up on the foundation of the wholly-owned 廣州勝億信息科技有限公司 (formerly known as “廣州勝億交通信息軟件有限公司”). Through internal transfer and open recruitment over several months, the team has already proceeded to the project execution stage.

The development of Panyu District, Guangzhou into a smart city is a domestic pilot government project for people’s livelihood under trial run with emphasis on the database, cards, bonus points scheme and services for the livelihood of the people, which has fully demonstrated the local government’s response to the calls of the national “Internet +” policy, and the plan may enable the government to function for the benefits and convenience of the people with higher working efficiency.

The development of Panyu into a smart city is the first battle for the Group in achieving its business upgrading and transformation initiatives. On the basis of opened-minded cooperation with the local government, various enterprises and various brand-name property management companies in small districts, the Group has gradually expanded its business model by aligning with national and local policies to achieve corporate efficiency through provision of services targeting the benefits and convenience of the people.

BUSINESS OUTLOOK

The management believes that, assisted by the massive economic structural reforms implemented by the PRC government, the implementation of “One Belt, One Road” will cover many overseas countries. The competitiveness of PRC companies in rail transit construction will drive more domestic enterprises to the international market. The demand for various operational support and services will increase as projects launch. While the trend of traditional industries being transformed by the Internet has become unstoppable, the Group has obtained a franchise for patent use. By aligning to the implementation of the Smart City project by the government, the Group will have ample development opportunities under the “two-wheel-drive” business strategy.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

CAPITAL STRUCTURE

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

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2015, the Group had a total cash and bank balances, amounted to approximately HK\$18,677,000 (2014: approximately HK\$29,297,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had net current assets of approximately HK\$53,281,000 (2014: approximately HK\$94,112,000), of which approximately HK\$18,677,000 (2014: approximately HK\$29,297,000) 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.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEE AND SALARIES POLICY

As at 31 March 2015, the Group had 156 staffs (2014: 163 staffs), with 147 staffs and 9 staffs employed in the PRC and Hong Kong respectively.

	At 31 March 2015	At 31 March 2014
	Number of staff	Number of staff
Management, finance and administration	35	32
Research and development	50	58
Sales and after-sales maintenance	71	73
	<hr/>	<hr/>
Total	156	163
	<hr/> <hr/>	<hr/> <hr/>

The total staff costs, including Directors' emoluments, amounted to approximately HK\$16,085,000 (2014: approximately HK\$17,359,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015 (2014: Nil).

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.

ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE

On 23 December 2014, the Company as assignee entered into an assignment of application rights (the "Assignment") with International Elite Ltd (Stock Code: 1328) (the "Assignor"), pursuant to which the Assignor has agreed to assign the Application Rights to the Group throughout the Panyu Region, Guangdong Province, the PRC, which was satisfied by the Company to allot and issue an aggregate of 128,000,000 new Shares at the issue price of HK\$0.25 per Share to satisfy the consideration of the Assignment. The completion took place on 30 December 2014. A total of 128,000,000 Consideration Shares were allotted and issued to the Assignor on 30 December 2014 in accordance with the terms and conditions of the Assignment.

ISSUE OF UNLISTED WARRANTS UNDER GENERAL MANDATE

On 5 August 2014, the Company entered into separate subscription agreements (the "Subscription Agreements") with six individuals investors (the "Subscribers"), pursuant to which, the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for in aggregate 186,000,000 warrants (the "Warrant(s)") (of 31,000,000 Warrants for each Subscribers) at the issue price of HK\$0.001 per Warrant. Warrants conferring the rights to the Subscribers to subscribe up to an aggregate of HK\$39,060,000 for the Warrant Shares were issued by the Company to the Subscribers. The initial subscription price of the aforesaid warrants is HK\$0.21 each. The completion of the subscription took place on 12 August 2014. During the period, no warrant was exercised and the subscription rights under the Warrant(s) will be expired on 11 August 2017.

CORPORATE GOVERNANCE

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

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

AUDIT COMMITTEE

The Company established an audit committee (the “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. Leung Kwok Keung, Mr. Lu Ting Jie and Mr. Liu Kejun. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Leung Kwok Keung.

The Group’s annual audited results during the year ended 31 March 2015 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, 26 June 2015

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