

**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of the Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Global Link Communications Holdings Limited, you should at once hand this document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the content of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

**Honor Crest Holdings Limited**

*(Incorporated in the British Virgin Islands with limited liability)*



**國聯通信**

**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)**

**COMPOSITE DOCUMENT IN RELATION TO  
UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA GALAXY**



**中國銀河國際**  
CHINA GALAXY INTERNATIONAL

**FOR AND ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED SHARES IN THE COMPANY  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial Adviser to the Offeror**



**中國銀河國際**  
CHINA GALAXY INTERNATIONAL

**Independent Financial Adviser to the Independent Board Committee**



**Lego Corporate  
Finance Limited**  
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from China Galaxy is set out on pages 7 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 24 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 25 to 26 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 27 to 42 of this document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Thursday, 19 May 2016 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from China Galaxy" on pages 7 to 15 of this Composite Document and paragraph 8 of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of GEM (<http://www.hkgem.com>) and the Company (<http://www.glink.hk>) as long as the Offer remains open.

28 April 2016

## CHARACTERISTICS OF GEM

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

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## EXPECTED TIMETABLE

*The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.*

Despatch date of this Composite Document and  
commencement date of the Offer (*Note 1*) . . . . . Thursday, 28 April 2016

Latest time and date for acceptance of the Offer (*Note 2*) . . . . . 4:00 p.m. on  
Thursday, 19 May 2016

Closing Date (*Note 2*) . . . . . Thursday, 19 May 2016

Announcement of the results of the Offer as at  
the Closing Date to be posted on the website of  
the Stock Exchange (*Note 2*) . . . . . no later than 7:00 p.m. on  
Thursday, 19 May 2016

Latest date for posting of remittances in respect of  
valid acceptances received under the Offer (*Note 3*) . . . . . Monday, 30 May 2016

*Notes:*

1. The Offer, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.
2. The Offer will be closed on the Closing Date. The latest time for acceptance is 4:00 p.m. on Thursday, 19 May 2016 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Thursday, 19 May 2016 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be made as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the valid requisite documents from the Independent Shareholders accepting the Offer.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal:
  - (a) in force in Hong Kong before 12:00 noon but no longer in force after 12:00 noon on the Closing Date, the time and date of the close of the Offer will remain at 4:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong between 12:00 noon and 4:00 p.m. on the Closing Date, the time and date of the close of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

## DEFINITIONS

*In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.*

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associates”	has the meaning ascribed thereto in the Takeovers Code or the GEM Listing Rules (as appropriate)
“Board”	the board of Directors from time to time
“Business Day”	the day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CA-SIM”	certificate authority subscriber identity module, a technology developed from RF-SIM, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard and has function of (i) public key infrastructure; (ii) application programming interface; and (iii) software development kit
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China Galaxy”	China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Closing Date”	19 May 2016, being the closing date of the Offer which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with consent of the Executive
“Company”	Global Link Communications Holdings Limited (stock code: 8060), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM

## DEFINITIONS

“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement which took place on 21 April 2016
“Completion Date”	the date on which the Completion takes place
“Composite Document”	this composite offer and response document dated 28 April 2016 jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer and in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“CRM”	customer relationship management
“Directors”	director(s) of the Company from time to time
“Executive”	the executive director of the Corporate Finance Division of the SFC or any of his delegates
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IEL”	International Elite Ltd. (stock code: 1328), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, the holding company of the Offeror

## DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all the non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Wing Kee Eng, Lee, Mr. Leung Kwok Keung, Professor Lu Ting Jie and Mr. Liu Kejin has been established to make a recommendation (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in relation to the terms of the Offer and in particular (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Independent Third Parties”	the parties who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)
“Joint Announcement”	the announcement dated 29 February 2016 jointly issued by the Offeror and the Company in relation to, among others, the Subscription and the Offer
“Last Trading Day”	26 February 2016, being the last full trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	25 April 2016, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC

## DEFINITIONS

“Offer”	the unconditional mandatory cash offer to be made by China Galaxy for and on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from 1 March 2016 and ending on the Closing Date
“Offer Price”	the price at which the Offer will be made, being HK\$0.08 per Offer Share
“Offer Share(s)”	issued Share(s) and Shares which may be issued by the Company following the date of the Joint Announcement, other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it and “Offer Share” means any of them
“Offeror” or “Subscriber”	Honor Crest Holdings Limited, a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of IEL
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Macau and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office, whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding the commencement of the Offer Period up to and including the Latest Practicable Date

## DEFINITIONS

“RF-SIM”	radio-frequency subscriber identity module, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Subscriber for, and the allotment and issue by the Company of, the Subscription Shares under the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 27 February 2016 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Share(s)”	1,000,000,000 Shares for which the Subscriber has subscribed for and the Company has allotted and issued under the Subscription in accordance with the terms and conditions of the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur

## DEFINITIONS

“Warrants”	unlisted warrants issued by the Company on 12 August 2014 at the issue price of HK\$0.001, which entitles the holder thereof to subscribe for one Warrant Share at the adjusted subscription price of HK\$0.16 per Warrant Share at any time during a period of 36 months commencing from the date of issue of the Warrants
“Warrant Shares”	up to an aggregate of 244,125,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants which amounts to approximately 11.69% of the issued share capital of the Company as at the Latest Practicable Date
“%”	per cent.

# LETTER FROM CHINA GALAXY



中國銀河國際證券(香港)有限公司  
China Galaxy International Securities (Hong Kong) Co., Limited  
香港中環皇后大道中 183 號中環大廈 35 樓 3501-7 及 3513-14 室  
Units 3501-7 & 3513-14, 35/F, Cosco Tower, 183 Queen's Road Central, Hong Kong  
電話 Tel : 3698-6888 傳真 Fax : 3698-6386 網址 website : www.chinastock.com.hk

28 April 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA GALAXY  
FOR AND ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED SHARES IN THE COMPANY  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

## INTRODUCTION

Reference is made to the Joint Announcement.

Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 1,128,000,000 Shares, representing approximately 54.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer are set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board" and "Letter from the Independent Board Committee" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

## THE OFFER

As at the Latest Practicable date, there are 2,088,807,500 Shares in issue and outstanding Warrants which entitle the holders to subscribe for up to an aggregate of 244,125,000 new Shares. Each of the holders of the Warrants has executed an irrevocable undertaking to the Offeror and the Company not to exercise the subscription rights attached to the Warrants and not to transfer, dispose of or otherwise deal in the Warrants before the close of the Offer, and not to accept the mandatory cash offer for the outstanding Warrants if there is any or otherwise make the Warrants available for

## LETTER FROM CHINA GALAXY

acceptance under the Offer. As such, the Offer is not extended to the holders of the Warrants. Save for the Warrants, the Company has no other outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

### Principal terms of the Offer

China Galaxy, on behalf of the Offeror, hereby makes the Offer in accordance with the Takeovers Code on the following terms:-

For every Offer Share accepted under the Offer . . . . . HK\$0.08 in cash

The Offer Price of HK\$0.08 per Offer Share is the same as the subscription price pursuant to the Subscription Agreement and was determined after arm's length negotiations between the Offeror and the Company.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

There is no restrictions on subsequent sale of the Offer Shares.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

### Comparison of value

The Offer Price of HK\$0.08 is equal to the subscription price under the Subscription Agreement and represents:

- (i) a discount of approximately 46.31% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.95% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.148 per Share;
- (iii) a discount of approximately 47.71% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.153 per Share;
- (iv) a discount of approximately 49.37% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.158 per Share;

## LETTER FROM CHINA GALAXY

- (v) a discount of approximately 59.39% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.197 per Share;
- (vi) a discount of 75.00% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 14.29% over the unaudited consolidated net asset value of approximately HK\$0.07 per Share as at 30 September 2015 (based on the unaudited consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the date of the Joint Announcement).

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.32 per Share (on 25 April 2016) and HK\$0.108 per Share (on 15 March 2016) respectively.

### **The outstanding Warrants**

As at the Latest Practicable Date, there are four holders of the Warrants. Each Warrant entitles the holder thereof to subscribe for one Warrant Share at the adjusted subscription price of HK\$0.16 per Warrant Share at any time during a period of 36 months commencing from 12 August 2014, being the date of issue of the Warrants. Upon exercise of the subscription rights attaching to the Warrants in full, an aggregate of 244,125,000 new Shares will be allotted and issued. Apart from being holders of the Warrants, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the holders of the Warrants are Independent Third Parties and do not have any relationship with the Offeror. Each of the holders of the Warrants has executed an irrevocable undertaking to the Offeror and the Company not to exercise the subscription rights attached to the Warrants and not to transfer, dispose of or otherwise deal in the Warrants before the close of the Offer, and not to accept the mandatory cash offer for the outstanding Warrants if there is any or otherwise make the Warrants available for acceptance under the Offer. As such, the Offer is not extended to the holders of the Warrants.

### **Total consideration of the Offer**

On the basis of the Offer Price of HK\$0.08 per Offer Share and there are 2,088,807,500 Shares in issue as at the Latest Practicable Date. Excluding the Subscription Shares having been subscribed by the Offeror pursuant to the Subscription and 128,000,000 Shares being held by IEL as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, 960,807,500 Shares are subject to the Offer and the total consideration of the Offer would be approximately HK\$77,000,000 based on the Offer Price and on the basis of full acceptances of the Offer.

## LETTER FROM CHINA GALAXY

### **Financial resources available for the Offer**

The financial resources required from the Offeror to satisfy the total consideration of the Offer amount to approximately HK\$77,000,000. The Offeror intends to finance the total consideration for the Offer by internal resources.

China Galaxy has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as practicable but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid, whichever is later.

### **Effect of accepting the Offer**

By accepting the Offer, the Independent Shareholders will sell their Shares free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date. The Offer is unconditional in all respects and will open for acceptance from the date of the Offer Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Hong Kong Stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares as determinate by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 111 of the laws of Hong Kong) or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 111 of the laws of Hong Kong).

## LETTER FROM CHINA GALAXY

### **Taxation advice**

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, China Galaxy, Lego and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Overseas Shareholders**

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction).

### **ACCEPTANCE AND SETTLEMENT**

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### **Dealings and interests in securities of the Company**

Save for the Subscription, none of the Offeror nor parties acting in concert with it has dealt in the Shares and any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares during the six-month period prior to the date of the Joint Announcement.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of its members borrowed or lent any Relevant Securities in the Company. As at the Latest Practicable Date, save for the Subscription Shares and the 128,000,000 Shares held by IEL, the holding company of the Subscriber, the Offeror and parties acting in concert with it do not hold, own or control any Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

## LETTER FROM CHINA GALAXY

### **Other arrangements**

As at the Latest Practicable Date, (i) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer; (ii) save for the Subscription Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; (iii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offer; and (iv) none of the Offeror nor parties acting in concert with it has borrowed or lent any Relevant Securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

### **Compulsory acquisition**

The Offeror and parties acting in concert with it do not intend to exercise any right which may be available to them to acquire compulsorily any Shares not tendered for acceptance under the Offer.

### **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of IEL, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 1328). IEL, through its subsidiaries, is a customer relationship management outsourcing service provider which principally engages in the provision of inbound and outbound services to companies in various service-oriented industries and the research and development, production and sales of RF-SIM products and the licensing of RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of CA-SIM application right to customers.

### **INFORMATION ON THE GROUP**

The Company is an investment holding company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in provision of train information systems, and development of various community mobile internet applications and related services through the licensed utilization of the CA-SIM patented technology.

## LETTER FROM CHINA GALAXY

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2014 and 31 March 2015, for the six months ended 30 September 2015 and for the nine months ended 31 December 2015.

	<b>Year ended</b>	<b>Year ended</b>	<b>Six months</b>	<b>Nine</b>
	<b>31 March</b>	<b>31 March</b>	<b>ended</b>	<b>months</b>
	<b>2014</b>	<b>2015</b>	<b>30</b>	<b>ended</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>September</b>	<b>December</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>2015</b>	<b>2015</b>
			<b>HK\$'000</b>	<b>HK\$'000</b>
			<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	68,133	75,427	20,589	37,984
(Loss) before taxation	(53,042)	(41,926)	(9,993)	(13,208)
(Loss) after taxation attributable to equity Shareholders	(56,809)	(42,462)	(9,993)	(13,208)

The unaudited net assets value attributable to equity Shareholders as at 30 September 2015 was approximately HK\$76,029,000.

### OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Company and will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group and has no intention to (i) discontinue the employment of any employees of the Group (save for a change in the composition of the Board as discussed below); (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Company.

### PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board is made up of six Directors, comprising two executive Directors, namely Mr. Ma Yuanguang and Mr Hu Tiejun; one non-executive Director, namely Mr. Wing Kee Eng, Lee; and three independent non-executive Directors, namely Mr. Liu Kejin, Professor Lu Ting Jie and Mr. Leung Kwok Keung.

After the despatch of the Composite Document, the Offeror will nominate new Director(s) to the Board, representing a majority of the Board. Any changes to the composition of the Board will be made in compliance with the memorandum and articles of association of the Company, the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

## LETTER FROM CHINA GALAXY

### MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The directors of the Offeror had jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.

**The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares under the GEM Listing Rules.**

### GENERAL

To ensure equality of the treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to paragraph 8 in Appendix I to this Composite Document.

All documents and remittance will be sent to the Independent Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Company, the Offeror and parties acting in concert with it, China Galaxy, Lego and the Registrar, nor any of their respective directors or any persons involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

## LETTER FROM CHINA GALAXY

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**China Galaxy International Securities (Hong Kong) Co., Limited**  
**Steven Chiu**  
*Managing Director*

LETTER FROM THE BOARD



**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)**

*Executive Directors:*

Mr. Ma Yuanguang (*Chairman and Chief Executive Officer*)

Mr. Hu Tiejun

*Non-executive Director:*

Mr. Wing Kee Eng, Lee

*Independent non-executive Directors:*

Mr. Lu Ting Jie

Mr. Leung Kwok Keung

Mr. Liu Kejun

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Office C, 17th Floor

Hollywood Centre

Nos. 77-91 Queen's Road West

Hong Kong

28 April 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA GALAXY  
FOR AND ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED SHARES IN THE COMPANY  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

## LETTER FROM THE BOARD

Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 1,128,000,000 Shares, representing approximately 54.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it). China Galaxy is making the Offer on behalf of the Offeror.

The Independent Board Committee comprising all the non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. The Independent Board Committee has appointed Lego Corporate Finance Limited as the Independent Financial Adviser to advise the Independent Board Committee on the terms of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the “Letter from the Independent Board Committee” containing its recommendation to the Independent Shareholders in respect of the Offer; and (iii) the “Letter from the Independent Financial Adviser” containing its recommendation to the Independent Board Committee in respect of the Offer.

### SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY

The authorised share capital of the Company as at the Latest Practicable Date was HK\$50,000,000.

## LETTER FROM THE BOARD

Set out below are the shareholding structure of the Company (i) immediately before the Completion; and (ii) immediately following Completion (assuming none of the outstanding Warrants have been exercised) and as at the Latest Practicable Date:

<i>Shareholders</i>	<b>Immediately before Completion</b>		<b>Immediately following Completion (assuming none of the outstanding Warrants have been exercised) and as at the Latest Practicable Date</b>	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
<b>Directors</b>				
Mr. Ma Yuanguang	255,121,200	23.43%	255,121,200	12.21%
Mr. Hu Tiejun	833,000	0.08%	833,000	0.04%
Professor Lu Ting Jie	833,000	0.08%	833,000	0.04%
	256,787,200	23.59%	256,787,200	12.29%
<b>Past Director</b>				
Mr. Lo Kam Hon, Gary (deceased) (Note 1)	120,000	0.01%	120,000	0.01%
<b>Subscriber/Offeror and parties acting in concert with it</b>				
IEL	128,000,000	11.76%	128,000,000	6.13%
The Subscriber/Offeror (Note 2)	-	-	1,000,000,000	47.87%
	128,000,000	11.76%	1,128,000,000	54.00%
Public Shareholders	703,900,300	64.65%	703,900,300	33.70%
<b>Total</b>	<b>1,088,807,500</b>	<b>100.0%</b>	<b>2,088,807,500</b>	<b>100.0%</b>

Notes:

- Mr. Lo Kam Hon, Gary passed away on 1 March 2016. Mr. Lo Kam Hon, Gary remained a registered Shareholder before his death and his Shares cannot be dealt with until the probate is duly granted by the court.
- The Subscriber is a direct wholly-owned subsidiary of IEL.

All existing issued Shares rank pari passu in all respect including all rights as to dividends, voting and interests in capital.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, apart from the Warrants, the Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Save for the Subscription Shares, no new Shares have been issued since 31 March 2015 (being the date on which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date.

### THE SUBSCRIPTION AGREEMENT

On 27 February 2016, the Subscriber and the Company entered into the Subscription Agreement. The principal terms of the Subscription Agreement are summarised below.

#### Date

27 February 2016

#### Parties

Issuer: The Company

Subscriber: Honor Crest Holdings Limited, which is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of IEL.

IEL is an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. IEL, through its subsidiaries, is a CRM outsourcing service provider which principally engages in the provision of inbound and outbound services to companies in various service-oriented industries and the research and development, production and sales of RF-SIM products and the licensing of RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of CA-SIM application right to customer.

#### Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,000,000,000 Subscription Shares at a subscription price of HK\$0.08 per Subscription Share.

The Subscription Shares, when allotted and issued, rank equally in all respects with each other and the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

## LETTER FROM THE BOARD

There is no restrictions on subsequent sale of the Subscription Shares.

### Conditions precedent

Completion is conditional upon fulfilment of the following conditions precedent:

- (i) the Listing Committee of GEM granting listing of, and permission to deal in, the Subscription Shares;
- (ii) trading in the Shares on the GEM not being suspended for a period of more than seven consecutive trading days in the period of 21 days immediately preceding completion of the Subscription excluding any suspension for the purposes of clearing any announcement and circular in relation to the Subscription and/or the Offer by the regulatory authorities;
- (iii) trading in the Shares on GEM not being revoked or withdrawn at any time prior to completion of the Subscription;
- (iv) there being no indication being received from the Stock Exchange or the SFC that the listing of the Shares on GEM will be suspended, revoked or withdrawn at any time after completion of the Subscription, whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (v) the warranties given by the Company remaining true, accurate in all material respects;
- (vi) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement having been obtained by the Company;
- (vii) the passing by the Shareholders (other than those prohibited from voting under the GEM Listing Rules and/or the Takeovers Code, if applicable) of all necessary resolutions at the extraordinary general meeting of the Company approving the Subscription Agreement and the transactions contemplated thereunder including (but not limited to) the allotment and issue of the Subscription Shares in accordance with the terms of the Subscription Agreement;
- (viii) the passing by the Shareholders of all necessary resolutions at the extraordinary general meeting of the Company approving the increase in authorised share capital of the Company;
- (ix) all necessary consents and approvals as may be required to be obtained on the part of IEL in respect of the Subscription and the transactions contemplated under the Subscription Agreement and the Offer having been obtained by IEL; and

## LETTER FROM THE BOARD

- (x) the passing by the shareholders of IEL of all necessary resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the Offer in accordance with the requirements under the Listing Rules.

### **Completion**

Completion of the Subscription Agreement took place on 21 April 2016.

### **UNCONDITIONAL MANDATORY CASH OFFER**

Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 1,128,000,000 Shares, representing approximately 54.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it).

Details of the Offer are set out in the "Letter from China Galaxy" on pages 7 to 15 of this Composite Document and in the Form of Acceptance.

### **Principal terms of the Offer**

China Galaxy, on behalf of the Offeror, hereby makes the Offer in accordance with the Takeovers Code on the following terms:-

For every Offer Share accepted under the Offer . . . . . HK\$0.08 in cash

The Offer Price of HK\$0.08 per Offer Share is the same as the Subscription Price pursuant to the Subscription Agreement and was determined after arm's length negotiations between the Offeror and the Company.

## LETTER FROM THE BOARD

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

There is no restrictions on subsequent sale of the Offer Shares.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

### Further details of the Offer

Further details of the Offer, among other things, including the terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer, are contained in the "Letter from China Galaxy" on pages 7 to 15 of and in Appendix I to this Composite Document, and in the Form of Acceptance.

### INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in provision of train information systems, and development of various community mobile internet applications and related services through the licensed utilization of the CA-SIM patented technology.

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2014 and 31 March 2015, for the six months ended 30 September 2015 and for the nine months ended 31 December 2015.

	<b>Year ended</b>	<b>Year ended</b>	<b>Six months</b>	<b>Nine</b>
	<b>31 March</b>	<b>31 March</b>	<b>ended</b>	<b>months</b>
	<b>2014</b>	<b>2015</b>	<b>30</b>	<b>ended</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>September</b>	<b>December</b>
	<i>(audited)</i>	<i>(audited)</i>	<b>2015</b>	<b>2015</b>
			<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	68,133	75,427	20,589	37,984
(Loss) before taxation	(53,042)	(41,926)	(9,993)	(13,208)
(Loss) after taxation				
attributable to				
equity Shareholders	(56,809)	(42,462)	(9,993)	(13,208)

The unaudited net assets value attributable to equity Shareholders as at 30 September 2015 was approximately HK\$76,029,000.

## LETTER FROM THE BOARD

### Further Information

Further information in relation to the Company is set out in Appendix III to this Composite Document. An expected timetable in relation to the Offer is set out under the section headed “Expected timetable” of this Composite Document.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from China Galaxy” as set out on page 12 of this Composite Document.

### OFFEROR’S INTENTION ON THE GROUP

The Directors note from the “Letter from China Galaxy” that the Offeror intends that the Company will continue its existing principal businesses. Your attention is drawn to the section headed “Offeror’s Intention on the Group” in the “Letter from China Galaxy” as set out on page 13 of this Composite Document.

The Directors have noted the intentions of the Offeror in respect of the Company and its employees, as disclosed in the “Letter from China Galaxy” on page 13 of this Composite Document.

### PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board is made up of six Directors, comprising two executive Directors, namely Mr. Ma Yuanguang and Mr Hu Tiejun; one non-executive Director, namely Mr. Wing Kee Eng, Lee; and three independent non-executive Directors, namely Mr. Liu Kejin, Professor Lu Ting Jie and Mr. Leung Kwok Keung.

Your attention is drawn to the section headed “Proposed change of composition of the Board’ in the “Letter from China Galaxy” on page 13 of this Composite Document.

After the despatch of this Composite Document, the Offeror will nominate new Director(s) to the Board. Any changes to the Board composition will be made in compliance with the memorandum and articles of association of the Company, the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

### MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

**The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares under the GEM Listing Rules.**

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

## LETTER FROM THE BOARD

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The directors of the Offeror had jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.

### RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 25 and 26 of this Composite Document which contains its recommendation to the Independent Shareholders in respect of the Offer, and the “Letter from the Independent Financial Adviser” as set out on pages 27 to 42 of this Composite Document containing its advice to the Independent Board Committee in respect of the Offer.

### ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from China Galaxy” as set out on pages 7 to 15 of and Appendix I to this Composite Document and the Form of Acceptance, which contain details of the Offer. Your attention is also drawn to the information set out in the appendices to this Composite Document.

In considering which action is to be taken in connection with the Offer, the Independent Shareholders should consider their own tax positions and, if they are in any doubt, they should consult their professional advisers.

Yours faithfully,  
By order of the Board  
**Global Link Communications Holdings Limited**  
**Ma Yuanguang**  
*Chairman*



**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)**

28 April 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA GALAXY  
FOR AND ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED SHARES IN THE COMPANY  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to the composite offer and response document (the “**Composite Document**”) dated 28 April 2016 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee to advise us in respect of the terms of the Offer and as to acceptance of the Offer. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 27 to 42 of this Composite Document.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**RECOMMENDATION**

Having taken into account the terms of the Offer and the advice and recommendations of the Independent Financial Adviser, we consider the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Therefore, we recommend the Independent Shareholders to accept the Offer.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee of  
**Global Link Communications Holdings Limited**

**Wing Kee Eng, Lee**  
*Non-executive Director*

**Lu Ting Jie**  
*Independent non-executive Director*

**Leung Kwok Keung**  
*Independent non-executive Director*

**Liu Kejun**  
*Independent non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter of advice from Lego, the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation in this Composite Document, setting out its advice to the Independent Board Committee in respect of the Offer.*



28 April 2016

*To the Independent Board Committee*

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
CHINA GALAXY  
FOR AND ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED SHARES IN THE COMPANY  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, details of which are set out in this Composite Document dated 28 April 2016 jointly issued by the Offeror and the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 27 February 2016, the Offeror and the Company entered into the Subscription Agreement pursuant to which the Offeror has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,000,000,000 Subscription Shares at the subscription price of HK\$0.08 per Subscription Share. Completion has taken place at 21 April 2016. As at the Latest Practicable Date, the Offeror and parties acting in concert it were interested in 1,128,000,000 Shares, representing approximately 54% of the entire issued share capital of the Company. As such, China Galaxy is, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, making the Offer to acquire all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Wing Kee Eng, Lee, Mr. Leung Kwok Keung, Professor Lu Ting Jie and Mr. Liu Kejin, has been formed to advise the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee in this respect and our appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Lego did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego. We are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. In the last two years, Lego has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to the Subscription (details of which were set out in the circular of the Company dated 30 March 2016). Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties to the transactions, therefore we consider such relationship would not affect our independence.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and opinions expressed to us by them and that all information or representations regarding the Group and the Offer provided to us by the Group, the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and up to the Latest Practicable Date. The Company will notify the Shareholders of any material changes during the Offer Period as soon as possible. The Shareholders will also be informed by us as soon as practicable should there be any material changes to our opinion after the Latest Practicable Date throughout the Offer Period. We have also relied on the responsibility statements made by the directors of the Company and the Offeror contained in the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, the advisers of the Company and/or the Offeror (where applicable).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group or the Offeror or any of their respective subsidiaries or associates.

### PRINCIPAL TERMS OF THE OFFER

China Galaxy, on behalf of the Offeror, is making the Offer in accordance with the Takeovers Code on the following terms:

**For every Offer Share accepted under the Offer . . . . . HK\$0.08 in cash**

The Offer Price of HK\$0.08 per Offer Share is the same as the subscription price pursuant to the Subscription Agreement and was determined after arm's length negotiations between the Offeror and the Company.

The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Completion Date, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the Completion Date.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details of the Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Offer, are set out in the sections headed "Expected timetable", "Letter from China Galaxy" and Appendix I to the Composite Document and the Form of Acceptance.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

#### **1. Information and historical financial performance of the Group**

##### *1.1 Principal business of the Group*

The Company is an investment holding company incorporated in the Cayman Islands and through its subsidiaries, is principally engaged in provision of train information systems, and development of various community mobile internet applications and related services through the licensed utilisation of the CA-SIM patented technology.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 1.2 Financial performance of the Group

The following table is a summary of the audited financial information of the Group for the two financial years ended 31 March 2015 and the unaudited financial information of the Group for the six months ended 30 September 2014 and 30 September 2015, as extracted from the annual report (“**2014/15 Annual Report**”) of the Company for the financial year ended 31 March 2015 and the interim report (“**2015 Interim Report**”) of the Company for the six months ended 30 September 2015, respectively.

	For the financial year ended 31 March		For the six months ended 30 September	
	2014	2015	2014	2015
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Revenue	68,133	75,427	43,896	20,589
Gross profit/(loss)	14,181	1,747	4,084	(2,539)
(Loss) for the year/period	(56,822)	(42,468)	(1,758)	(9,993)
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Intangible assets	2,420	31,687	30,062	30,062
Cash and cash equivalents	29,297	18,677	12,619	12,619
Pledged bank deposit	808	–	–	–
Total assets	125,033	126,618	108,572	108,572
Net assets	96,998	87,154	76,004	76,004
	<b>For the financial year</b>	<b>For the financial year</b>	<b>For the six months</b>	<b>For the six months</b>
	<b>ended 31 March</b>	<b>ended 31 March</b>	<b>ended 30 September</b>	<b>ended 30 September</b>
	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Net cash (used in) operating activities	(3,641)	(10,577)	(6,872)	(5,092)
Net cash generated from/(used in) investing activities	584	(174)	283	191
Net cash generated from financing activities	–	48	–	–

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the tables above, the revenue of the Group amounted to approximately HK\$75.4 million for the financial year ended 31 March 2015, representing an increase of approximately 10.7% as compared to the prior year. According to the 2014/15 Annual Report, the increase in turnover was mainly attributable to the increase in revenue generated from the supply, development and integration of passenger information management system in the PRC. Despite the increase in revenue, the gross profit margin decreased substantially from approximately 20.8% for the financial year ended 31 March 2014 to approximately 2.3% for the financial year ended 31 March 2015, which was mainly due to the decrease in the unit price of the passenger information systems delivered under newly signed contracts of the Group arising from heightened competition in the rail transit industry, as well as the increase in cost of sales which included the increase in investment in research and development for system solutions of new projects, increase in hiring and salary adjustments of staff in engineering and manufacturing departments, as well as the increase in costs of social insurance in compliance with government requirements. In this regard, the Group continued to be loss making and recorded loss after tax of approximately HK\$42.5 million for the financial year ended 31 March 2015. The reduction in loss was primarily due to the decrease in other operating expenses, which comprised of the provision for product maintenance warranty made during the financial year, from approximately HK\$38.7 million for the financial year ended 31 March 2014 to approximately HK\$23.1 million for the financial year ended 31 March 2015.

As disclosed in the 2015 Interim Report, as a result of the postponed delivery of equipment under the passenger information system supply contracts signed in the previous two years and hence the delay in recognition of revenue, the revenue of the Group decreased significantly from approximately HK\$43.9 million for the six months ended 30 September 2014 to approximately HK\$20.6 million for the six months ended 30 September 2015, representing a decrease of approximately 53.1%. Furthermore, due to the decrease in selling prices of items delivered as a result of intense market competition during the period as well as the costs of sales of the Group included research and development expenses and production costs which were relatively fixed expenses in nature, the Group recorded gross loss for the six months ended 30 September 2015 as compared to the gross profit recorded in the corresponding period in the prior financial year. The Group's loss for the period also escalated from approximately HK\$1.8 million for the six months ended 30 September 2014 to approximately HK\$10.0 million for the six months ended 30 September 2015.

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As at 31 March 2015, the Group had cash and cash equivalents of approximately HK\$18.7 million, representing a decrease of approximately 36.2% as compared to approximately HK\$29.3 million as at 31 March 2014. As at 30 September 2015, the cash position of the Group further deteriorated to approximately HK\$12.6 million, representing a decrease of approximately 32.4% as compared to that as at 31 March 2015. On the other hand, we also noted that the intangible assets, which comprised of software and the sole and exclusive right for certain applications of the CA-SIM (the “**Application Rights**”) at Panyu Region, Guangdong Province of the PRC (the “**Territory**”) held by the Group, formed a significant portion of the total assets of the Group. Other than the intangible assets, assets of the Group primarily consisted of (i) trade and other receivables, substantial amount of which are past-due; and (ii) inventories.

Given the loss making result of the Group, the net cash used in operating activities amounted to approximately HK\$10.6 million for the financial year ended 31 March 2015, representing a substantial increase in cash outflow as compared to approximately HK\$3.6 million recorded in the financial year ended 31 March 2014. The Group continued to record negative cash flow from operating activities of approximately HK\$5.1 million for the six months ended 30 September 2015. On the other hand, no significant net cash flow has been generated from investing activities or financing activities during the two financial years ended 31 March 2015 and the six months ended 30 September 2015. In light of the cash position of the Group as at 30 September 2015 only amounted to approximately HK\$12.6 million and the continuous net cash outflow, should the Group fail to improve its profitability and cash flow or conduct any financing activities, the Group might not have sufficient working capital in foreseeable future.

As advised by the management of the Group, the competition in the passenger information system market was increasingly intense, resulting to the decreasing trend in selling prices of products and hence the margin generated from this business segment. During the financial year ended 31 March 2015, the Company acquired the Application Rights from IEL and the Group commenced the promotion on the application of CA-SIM patented technology and undertook substantive work in relation to the planning towards a “Smart City” by the local government and information collection, management, services and future long-term operation and maintenance of the project in the Territory during the six months ended 30 September 2015. In light of the favourable policies on the development of “Smart City” promulgated by the PRC government, the management of the Company expected that the financial performance of the Group may improve following the development of the CA-SIM application business segment. Nonetheless, Shareholders should bear in mind that the Group may or may not be able to successfully develop the “Smart City” using the Application Rights as expected given that the business segment is new to the Group and that the expansion plan may or may not lead to the turnaround of the Group’s financial position.

**2. Information on the Offeror and its intentions regarding the Group**

*2.1 Information on the Offeror*

The Offeror is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of IEL, a substantial shareholder of the Company. IEL is a Company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 1328). IEL, through its subsidiaries, is a customer relationship management outsourcing service provider which principally engages in the provision of inbound and outbound services to companies in various service-oriented industries and the research and development, production and sales of RF-SIM products and the licensing of RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of CA-SIM application right to customers. As confirmed by the management of IEL, IEL has spent considerable efforts in the research and development of RF-SIM cards for over a decade, making its CA-SIM a product with exclusive proprietary rights.

*2.2 Intention of the Offeror regarding the Group*

(a) Business

As set out in the “Letter from China Galaxy” of the Composite Document, following the close of the Offer, it is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror has indicated that it will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Company and will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group and has no intention to (i) discontinue the employment of any employees of the Group (save for a change in the composition of the Board to be discussed below); (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group.

(b) Maintain listing of the Company

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer. The directors of the Offeror had jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares. The Stock Exchange has stated that if, upon the close of the

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Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares under the GEM Listing Rules.

(c) Proposed change of Board composition of the Company

As at the Latest Practicable Date, the Board is made up of six Directors, comprising two executive Directors, namely Mr. Ma Yuanguang and Mr Hu Tiejun; one non-executive Director, namely Mr. Wing Kee Eng, Lee; and three independent non-executive Directors, namely Mr. Liu Kejin, Professor Lu Ting Jie and Mr. Leung Kwok Keung. After the despatch of the Composite Document, the Offeror will nominate new Director(s) to the Board, representing a majority of the Board.

In light of that, among other things, the Offeror will review the operations of the Group and explore and consider any other business opportunities which may arise in the market from time to time and intends to change the entire Board composition, we are of the view that the future prospects of the Group are uncertain.

### 3. The Offer Price

*Comparison of value*

The Offer Price of HK\$0.08 is equal to the subscription price under the Subscription Agreement and represents:

- (i) a discount of approximately 46.31% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.95% to the average closing prices of approximately HK\$0.148 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 47.71% to the average closing prices of approximately HK\$0.153 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

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- (iv) a discount of approximately 49.37% to the average closing prices of approximately HK\$0.158 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 59.39% to the average closing prices of approximately HK\$0.197 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of 75.00% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 14.29% over the unaudited consolidated net asset value of approximately HK\$0.07 per Share as at 30 September 2015 (based on the unaudited consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the date of the Joint Announcement).

### Historical performance of Share price

We have reviewed the daily closing price of the Shares during the period commencing from 27 February 2015 up to and including the Latest Practicable Date (the “**Review Period**”), being the approximate one-year period before the Latest Practicable Date. The comparison of closing price of the Shares during the Review Period and the Offer Price are illustrated as follows:



Source: The Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

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During the Review Period, the daily closing price of the Shares as quoted on the Stock Exchange ranged from HK\$0.108 to HK\$0.61. The Offer Price hence represents a discount of approximately 25.9% to the lowest closing price and a discount of approximately 86.9% to the highest closing price of the Shares. Based on the chart above, it is also noted that the Offer Price lies below the range of the closing prices of the Shares for the entire Review Period. However, Shareholders should note that there are no guarantees that the trading price of the Shares will sustain at a level higher than the Offer Price during and after the Offer Period.

### Historical trading volume and liquidity of the Shares

In assessing the fairness of the Offer Price, we have further assessed the average daily trading volume of the Shares in each month below, and the respective percentages of the Shares' average trading volume as compared to (i) the total number of issued Shares of the Company as at the Latest Practicable Date and (ii) the total number of issued Shares held by the public as at the Latest Practicable Date are shown as below:

	Number of trading days	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>%</i> <i>(Note 1)</i>	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>%</i> <i>(Note 2)</i>
<b>2015</b>				
March	22	860,345	0.12	0.04
April	19	4,041,579	0.57	0.19
May	19	12,152,889	1.73	0.58
June	22	13,232,273	1.88	0.63
July	22	4,121,364	0.59	0.20
August	21	1,274,286	0.18	0.06
September	20	788,500	0.11	0.04
October	20	1,103,500	0.16	0.05
November	21	1,218,571	0.17	0.06
December	22	537,273	0.08	0.03
<b>2016</b>				
January	20	889,500	0.13	0.04
February	18	266,667	0.04	0.01
March	21	1,173,810	0.17	0.06
April (up to and including the Latest Practicable Date)	16	9,569,119	1.36	0.46

Source: The Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

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*Notes:*

1. Based on 703,900,300 Shares held by the public as at the Latest Practicable Date.
2. Based on 2,088,807,500 Shares in issue as at the Latest Practicable Date.

From the above table, we noted that trading in the Shares had been inactive during the Review Period. Save for May 2015, June 2015 and April 2016, the Shares' monthly average daily trading volume had been below 0.6% of the total number of issued Shares held by the public as at the Latest Practicable Date.

Having regard that the overall trading liquidity of the Shares was relatively low during the Review Period, the Independent Shareholders should note that if they wish to realise their investments in the Company, especially those with bulk quantities of Shares, they might not be able to dispose the Shares in the market without exerting a downward pressure on the market price of the Shares in short term. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a significant number of Shares in the open market within a short period of time if the same trading pattern of the Shares persists during and shortly after the Offer Period. In such circumstance, the Offer represents an exit for the Independent Shareholders to realise their investment in the Company at the Offer Price, should they wish to do so.

Nonetheless, if any Independent Shareholders who would like to realise their investments in the Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares in the open market and/or to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer.

Furthermore, those Independent Shareholders who, after reading through the 2014/15 Annual Report, the 2015 Interim Report and the Composite Document, are optimistic about the future financial performance of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group as well as the intentions of the Offeror in relation to the Company in the future, and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer.

### Comparison with comparable companies

Price-to-earnings ratio (“P/E”) and price-to-book ratio (“P/B”) are the most commonly used benchmarks. Particularly, for companies that generate recurring revenue and income, P/E analysis is the most appropriate approach for valuation. However, as the Group is loss making for the two financial years ended 31 March 2015, the P/E is therefore not applicable. Therefore, for the purpose of our analysis, we have adopted P/B analysis to assess the fairness and reasonableness of the terms of the Offer.

We have tried to identified companies listed on the Stock Exchange that (i) are principally engaged in similar line of business to the Group and generate a majority (i.e. over 50%) of their revenue from the business of information system and solutions for infrastructure and transportation in their respective latest financial year; and (ii) have positive net asset value based on their latest published financial statements. To the best of our knowledge and as far as we are aware of, we have identified six companies (the “**Comparables**”) that were engaged in similar line of business to the Group and with positive net asset value, which represented an exhaustive list. The table below illustrates the details of the Comparables:

Company name	Stock code	Principal business	Market capitalisation (HK\$ million) <i>(Note 1)</i>	P/B (times) <i>(Note 2)</i>
TravelSky Technology Limited	696	Provision of aviation information technology service, distribution of information technology service, as well as accounting, settlement and clearing services.	42,723	2.95

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Company name	Stock code	Principal business	Market capitalisation (HK\$ million) <i>(Note 1)</i>	P/B (times) <i>(Note 2)</i>
Automated Systems Holdings Limited	771	Supplying of information technology and associated products, providing systems integration, software and consulting services, engineering support for products and solutions and managed services.	466	0.68
China City Railway Transportation Technology Holdings Company Limited	1522	Design, implementation & sale, & maintenance, of application solutions for the networking & controlling systems of public transport & other companies, & the lease of civil communication transmission systems to telecommunication companies.	1,928	1.58
Nanjing Sample Technology Company Limited	1708	Provision of visual identification and RFID technologies based full solutions to intelligent traffic, customs logistics and health care and other application areas.	4,752	2.32
Vodatel Networks Holdings Limited	8033	Provision of network and systems infrastructure and applications, customer network management system and customised software solutions.	215	0.81

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Company name	Stock code	Principal business	Market capitalisation (HK\$ million) <i>(Note 1)</i>	P/B (times) <i>(Note 2)</i>
Powerleader Science & Technology Group Ltd.	8236	Provision of cloud server & cloud storage related equipment; provision of research and development, design, manufacturing and sale of cloud computing equipment related components, provision of development & services of cloud computing related software & platform.	957	0.97
		<b>Maximum</b>		<b>2.95</b>
		<b>Minimum</b>		<b>0.68</b>
		<b>Average</b>		<b>1.55</b>
The Company	8060	Provision of train information systems, and development of various community mobile Internet applications and related services through the licensed utilisation of the CA-SIM patented technology.	167 <i>(Note 3)</i>	2.20 <i>(Note 3)</i>

*Source: The Stock Exchange web-site (www.hkex.com.hk)*

*Notes:*

1. The market capitalisations are calculated based on the share price and number of issued shares of the respective companies as at the Latest Practicable Date.
2. The P/Bs of the Comparables are calculated based on their respective market capitalisations and net asset value from their latest published annual results or reports.
3. The implied market capitalisation and P/B of the Company is calculated based on the Offer Price of HK\$0.08 and the unaudited net asset value based on the unaudited consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown above, the Comparables were trading at P/B ranging from approximately 0.68 times to approximately 2.95 times (the “**Market Range**”). The implied P/B of the Company (based on the Offer Price) of approximately 2.20 times is thus within the aforesaid market range, which we consider to be fair and reasonable so far as the Independent Shareholders are concerned. Among the Comparables, we further noted that the P/B of companies with market capitalisation of below HK\$1.0 billion were relatively lower. In the case of companies with market capitalisation above HK\$1.0 billion were excluded, the implied P/B of the Company (based on the Offer Price) of approximately 2.20 times is higher than the P/Bs of the Comparables ranging from approximately 0.68 times to approximately 0.97 times. Therefore, we are of the view that the Offer Price is fair and reasonable to the Independent Shareholders.

### RECOMMENDATION

We have considered the principal factors discussed above and, in particular, the following in arriving at our opinion:

- (a) the deteriorating financial performance and financial position of the Group;
- (b) the Offeror will explore and consider any other business opportunities and hence the future prospects of the Group are uncertain;
- (c) although the Offer Price lies below the range of the closing prices of the Shares for the entire Review Period, it is uncertain whether the trading price of the Shares could be sustained at a level higher than the Offer Price during and after the Offer Period;
- (d) the Offer Price represents a premium of approximately 14.29% over the unaudited consolidated net asset value of approximately HK\$0.07 per Share as at 30 September 2015;
- (e) the trading liquidity of the Shares was relatively thin during the Review Period and the disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of the extremely thin trading volume of the Shares; and
- (f) the results of the market comparison as set forth under the sub-section headed “Comparison with comparable companies” of this letter,

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

However, given that the Offer Price represents discounts to the recent market prices of the Shares (including but not limited to the closing price of the Shares as at the Latest Practicable Date) but due to the low trading liquidity of the Shares, disposal of large block of Shares by the Independent Shareholders in the open market would likely to trigger price slump of the Shares. We would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from China Galaxy” and Appendix I to the Composite Document.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 18 years of experience in the finance and investment banking industry.*

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by post or by hand, marked "**Global Link Communications Holdings Limited Offer**" on the envelope in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver it in an envelope marked "**Global Link Communications Holdings Limited Offer**" with the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Global Link Communications Holdings Limited Offer**" with the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares (whether in full or in part), the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**Global Link Communications Holdings Limited Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipts) and/or other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the signed Form of Acceptance and deliver it in an envelope marked "**Global Link Communications Holdings Limited Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to China Galaxy and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it/they were delivered to the Registrar with the relevant Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) inserted in the Form of Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Offer. If no number is inserted or a number inserted in excess or smaller than that represented by the certificates for Shares tendered for acceptance of the Offer, the Form of Acceptance will be returned to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
  - (iv) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

**2. SETTLEMENT OF THE OFFER**

- (a) Provided that the Form(s) of Acceptance and relevant share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder to the addresses specified on the Forms of Acceptance by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.
- (b) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Thursday, 19 May 2016, being the Closing Date. The Offer is unconditional in all respects.
- (b) The Offeror reserves the right to revise the Offer in accordance with the relevant provisions of the Takeovers Code.
- (c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The benefit of any revision of the Offer will be available to any Independent Shareholder who has/have previously accepted the Offer. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.

- (d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (e) In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the relevant Form of Acceptance by no later than 4:00 p.m. on the Closing Date unless the Offer are extended or revised.
- (f) If the closing date of the Offer are extended, any reference in this Composite Document and in the relevant Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

#### 4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

#### 5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentage of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1(e) of this Appendix according to the requirement under Rule 30.2 of the Takeovers Code.
- (c) As required under Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the GEM Listing Rules.

## **6. RIGHT OF WITHDRAWAL**

Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances below.

Set out in Rule 19.2 of the Takeovers Code, which provides that if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Independent Shareholder withdraw the acceptance, the Offeror shall, as soon as possible but in any event within seven Business Days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the relevant Form of Acceptance to the Independent Shareholder(s).

## **7. TAXATION**

Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of their accepting the Offer. None of the Company, the Offeror and parties acting in concert with it, China Galaxy, Lego, the Registrar, or any of their respective directors, nor any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

The Composite Document does not include any information in respect of overseas taxation. Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Shares.

**8. OVERSEAS HOLDERS OF SHARES AND WARRANTS**

The making of the Offer to persons resident in any jurisdiction outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Shareholders who are so resident should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person who is a citizen, resident or national of a jurisdiction outside Hong Kong and who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent, exchange control and any registration or filing which may be required in compliance with all necessary formalities, taxation, regulatory and/or legal requirements. Any such persons shall be fully responsible for the payment of any transfer or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. Acceptance of the Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

**9. GENERAL**

- (a) All communications, notices, Form of Acceptance, certificate(s) of Shares, transfer receipt(s), other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk. None of the Company, the Offeror and parties acting in concert with it, China Galaxy, Lego, the Registrar, nor any of their respective directors or other parties involved in the Offer or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch the Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, China Galaxy or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purpose of vesting in or the Offeror, or such person or persons as it may direct, the Shares in respect of which such person has accepted the Offer.

- (f) Acceptance of the Offer by any person or persons holding Shares will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer, as the case may be, are fully paid and are sold by any such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the Completion Date. The settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

## 1. THREE-YEAR FINANCIAL SUMMARY

Set out below is a summary of the financial results of the Group for each of the years ended 31 March 2013, 2014 and 2015 as extracted from the published annual reports of the Group and for the nine months ended 31 December 2015 as extracted from the published unaudited third quarterly report of the Group.

### *Financial Highlights*

	<b>For the nine months ended 31 December 2015 (unaudited) HK\$'000</b>	<b>For the year ended 31 March</b>		
	<b>2015 (audited) HK\$'000</b>	<b>2014 (audited) HK\$'000</b>	<b>2013 (audited) HK\$'000</b>	<b>2013 (audited) HK\$'000</b>
Revenue	37,984	75,427	68,133	121,120
Gross profit	(2,619)	1,747	14,181	38,324
(Loss)/profit before tax	(13,208)	(41,926)	(53,042)	23,584
(Loss)/profit attributable to equity Shareholders	(13,208)	(42,462)	(56,809)	19,267

There were no extraordinary items or exceptional items in respect of the consolidated income statement of the Group for each of the aforesaid years.

No qualified opinion had been given in the auditor's reports issued by the auditors of the Company in respect of the three years ended 31 March 2015.

## 2. AUDITED FINANCIAL INFORMATION

The followings are the audited financial statements of the Group for the year ended 31 March 2015 as extracted from the annual report of the Company for the year ended 31 March 2015. Capitalised items used in this section shall have the same meaning as those defined in the annual report. Reference to notes numbers therein are to the notes numbers in the annual report.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2015*

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>Revenue</b>	6	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	7	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>
<b>(Loss) before taxation</b>	9	(41,926)	(53,042)
Income tax	10	<u>(542)</u>	<u>(3,780)</u>
<b>(Loss) for the year</b>		(42,468)	(56,822)
<b>Other comprehensive income for the year:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
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>
<b>Other comprehensive income for the year, net of income tax</b>		<u>76</u>	<u>1,135</u>
<b>Total comprehensive (loss) for the year</b>		<u><u>(42,392)</u></u>	<u><u>(55,687)</u></u>

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>(Loss) attributable to:</b>			
Equity shareholders of the Company		(42,462)	(56,809)
Non-controlling interests		<u>(6)</u>	<u>(13)</u>
		<u><u>(42,468)</u></u>	<u><u>(56,822)</u></u>
<b>Total comprehensive (loss)</b>			
<b>attributable to:</b>			
Equity shareholders of the Company		(42,386)	(55,674)
Non-controlling interests		<u>(6)</u>	<u>(13)</u>
		<u><u>(42,392)</u></u>	<u><u>(55,687)</u></u>
<b>(Loss) per share (in HK cents):</b>			
- Basic and diluted	12	<u><u>(4.28 cents)</u></u>	<u><u>(5.91 cents)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	14	2,242	1,433
Intangible assets	15	31,687	2,420
Deferred tax assets	16	–	346
		<u>33,929</u>	<u>4,199</u>
<b>Current assets</b>			
Inventories	18	29,492	23,579
Trade and other receivables	19	43,365	57,130
Deposits and prepayments	20	1,155	10,020
Pledged bank deposit	22	–	808
Cash and cash equivalents	21	18,677	29,297
		<u>92,689</u>	<u>120,834</u>
<b>Current liabilities</b>			
Trade and other payables	23	14,917	13,181
Provision	24	16,757	5,743
Provision for taxation		7,734	7,798
		<u>39,408</u>	<u>26,722</u>
<b>Net current assets</b>		<u>53,281</u>	<u>94,112</u>
<b>Total assets less current liabilities</b>		<u>87,210</u>	<u>98,311</u>
<b>Non-current liabilities</b>			
Provision	24	–	1,257
Provision for long service payments	25	56	56
		<u>56</u>	<u>1,313</u>
<b>NET ASSETS</b>		<u><u>87,154</u></u>	<u><u>96,998</u></u>

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Equity attributable to equity shareholders of the Company			
Share capital	26	10,888	9,608
Reserves		<u>76,291</u>	<u>87,409</u>
Non-controlling interests		87,179 <u>(25)</u>	97,017 <u>(19)</u>
<b>TOTAL EQUITY</b>		<b><u>87,154</u></b>	<b><u>96,998</u></b>

Approved and authorised for issue by the board of directors on 26 June 2015.

## STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Investments in subsidiaries	17	411	411
Intangible assets	15	31,687	–
		<u>32,098</u>	<u>411</u>
<b>Current assets</b>			
Other receivables	19	34,870	40,669
Deposits and prepayments	20	203	203
		<u>35,073</u>	<u>40,872</u>
<b>Current liabilities</b>			
Other payables	23	952	772
		<u>952</u>	<u>772</u>
<b>Net current assets</b>		<u>34,121</u>	<u>40,100</u>
<b>NET ASSETS</b>		<u><b>66,219</b></u>	<u><b>40,511</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	26	10,888	9,608
Reserves	26	55,331	30,903
<b>TOTAL EQUITY</b>		<u><b>66,219</b></u>	<u><b>40,511</b></u>

Approved and authorised for issue by the board of directors on 26 June 2015.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 MARCH 2015

	Attributable to equity shareholders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Warrant reserve HK\$'000	(Accumulated losses) /retained profits HK\$'000	Statutory reserves HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity 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<sup>(#)</sup></u>	<u>2,135<sup>(#)</sup></u>	<u>12,053<sup>(#)</sup></u>	<u>-<sup>(#)</sup></u>	<u>-</u>	<u>3,689<sup>(#)</sup></u>	<u>10,807<sup>(#)</sup></u>	<u>97,017</u>	<u>(19)</u>	<u>96,998</u>

	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 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 (note 26(a)(i))	1,280	31,082	-	-	-	-	-	-	32,362	-	32,362
Issue of unlisted warrants (note 26(c))	-	-	-	-	-	186	-	-	186	-	186
At 31 March 2015	10,888	89,807 <sup>(#)</sup>	2,135 <sup>(#)</sup>	12,129 <sup>(#)</sup>	- <sup>(#)</sup>	186 <sup>(#)</sup>	(38,773) <sup>(#)</sup>	10,807 <sup>(#)</sup>	87,179	(25)	87,154

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>Operating activities</b>			
(Loss) before tax		(41,926)	(53,042)
Adjustments for:			
Depreciation	<i>9(b)</i>	491	605
Amortisation of intangible asset	<i>9(b)</i>	1,191	649
Loss on disposal of property, plant and equipment	<i>9(b)</i>	269	29
Loss on disposal of intangible assets	<i>9(b)</i>	2,043	–
Loss on disposal of a subsidiary	<i>9(b)</i>	–	1,622
Write-back of trade and other payables	<i>7(a)</i>	(663)	(1,007)
Allowance for doubtful debts	<i>9(b)</i>	30	7,137
(Reversal of) provision for impairment of deposits	<i>9(b)</i>	(9)	(997)
Bank interest income	<i>7(a)</i>	(582)	(706)
		<hr/>	<hr/>
<b>Changes in working capital</b>		(39,156)	(45,710)
(Increase)/decrease in inventories		(5,913)	690
Decrease in trade and other receivables		13,722	31,233
Decrease in deposits and prepayments		8,874	8,887
Increase/(decrease) in trade and other payables		2,399	(4,526)
Increase in provision for product warranties		9,757	7,088
Increase in provision for long service payments		–	56
		<hr/>	<hr/>
<b>Cash (used in) operations</b>		(10,317)	(2,282)
PRC enterprise income taxes paid		(260)	(1,359)
		<hr/>	<hr/>
<b>Net cash (used in) operating   activities</b>		<hr/> <b>(10,577)</b> <hr/>	<hr/> <b>(3,641)</b> <hr/>

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment		(1,663)	(122)
Proceeds from disposals of property, plant and equipment		99	–
Bank interest received		582	706
Decrease in pledged bank deposit		808	–
		<u>          </u>	<u>          </u>
<b>Net cash (used in)/generated from investing activities</b>		<u>(174)</u>	<u>584</u>
<b>Financing activities</b>			
Proceeds from issuance of warrants		186	–
Payment of transaction costs on issue of shares		(138)	–
		<u>          </u>	<u>          </u>
<b>Net cash generated from financing activities</b>		<u>48</u>	<u>–</u>
<b>Net (decrease) in cash and cash equivalents</b>		(10,703)	(3,057)
<b>Cash and cash equivalents at the beginning of the year</b>		29,297	31,674
Effect of foreign exchange rate changes		83	680
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>18,677</u></u>	<u><u>29,297</u></u>
<b>Analysis of the balances of cash and cash equivalents:</b>			
Cash and cash equivalents	21	<u><u>18,677</u></u>	<u><u>29,297</u></u>

**NOTES TO THE FINANCIAL STATEMENTS***FOR THE YEAR ENDED 31 MARCH 2015***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.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

**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 (see note 32).

**3. SIGNIFICANT ACCOUNTING POLICIES****a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

**b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries (together referred as the “Group”).

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Hong Kong dollars (“HK\$”), rounded to the nearest thousand unless otherwise indicated. Hong Kong dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

**c) Going concern**

The Group has incurred loss for the year of approximately HK\$42,468,000 and net cash outflow of approximately HK\$10,703,000 for the year ended 31 March 2015 which indicated the existence of an uncertainty that may cast doubt on the Group’s ability to continue as a going concern. The directors of the Company have evaluated all the relevant facts available, which included operation plan and cashflow forecast of the Group.

The directors of the Company have been taking active steps to improve the liquidity position of the Group. These steps included (1) the directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limit to, private placements, rights issue of new shares of the Company; (2) the directors of the Company continue to take action to tighten cost controls over various operating expenses and (3) the directors also expect that sufficient sales orders will be secured in the coming year, with an aim in attaining profitable and positive cash flow operations.

**d) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

**e) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the equity shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(s)).

**f) Property, plant and equipment**

All property, plant and equipment are stated in the consolidated statement of financial position at historical cost less accumulated depreciation and any accumulated impairment losses (see note 3(s)).

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	5 years or over the lease term whichever is shorter
Tools and equipment	5 to 10 years
Motor vehicles	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal and the carrying amount of the asset and is recognised in profit or loss on the date of retirement or disposal.

**g) Intangible assets (other than goodwill)**

*(i) Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost, being the fair value at the date of acquisition, less accumulated amortisation and any accumulated impairment losses (see note 3(s)). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	5 years
Application rights	10 years

*(ii) Research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (see note 3(s)), on the same basis as intangible assets that are acquired separately.

*(iii) Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**h) Leased assets**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

*i) Classification of assets leased to the Group*

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property- by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) *Operating leases charges*

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

i) **Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

j) **Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 3(s)).

k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

l) **Trade and other payables**

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

m) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) *Supply, development and integration of passenger information management system*

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

ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

n) **Employee benefits**

i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) *Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

iii) *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

iv) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

v) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

o) **Income tax**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current or deferred tax is charged or credited to in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxation entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**p) Provisions and contingent liabilities**

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

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

**q) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors of the Company for the purposes of allocating resources to, and assessing the performance of the Group by geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**r) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- i) has control or joint control over the Group;
  - ii) has significant influence over the Group; or
  - iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - vi) The entity is controlled or jointly controlled by a person identified in (a).
  - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**s) Impairment of assets***i) Impairment of trade and other receivables*

Current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.
- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

##### a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) *Impairment of property, plant and equipment and intangible asset*

If circumstances indicate that the carrying amounts of property, plant and equipment and intangible asset may not be recoverable, the asset may be considered "impaired", and an impairment loss is recognised in accordance with the accounting policy for impairment of property, plant and equipment and intangible asset as described in note 3(s). The carrying amounts of property, plant and equipment and intangible asset are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use.

In assessing value in use, expected cash flows generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets, which requires significant judgement relating to level of revenue and the amount of operating costs and discount rates. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the carrying amounts of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 March 2015, the carrying amount of property, plant and equipment and intangible assets were approximately HK\$2,242,000 (2014: HK\$1,433,000) and HK\$31,687,000 (2014: HK\$2,420,000).

*ii) Impairment of receivables*

The Group maintains allowance for doubtful debts based on evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance might be required. As at 31 March 2015, the carrying amount of trade and other receivables was approximately HK\$43,365,000 (2014: HK\$57,130,000).

*iii) Useful lives of property, plant and equipment and depreciation*

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

*iv) Write down of inventories*

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 3(i). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write down or the related reversals of write down made in prior years and affect the Group's net asset value. As at 31 March 2015, the carrying amount of inventories was approximately HK\$29,492,000 (2014: HK\$23,579,000).

*v) Provision*

A provision is recognised when a present obligation has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Significant estimation is required in determining the amount of certain obligations. Where the final outcomes of these obligations are different from the amounts that were initially recognised, adjustments will be made according to the latest information available.

**b) Critical accounting judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

*i) Impairment of assets*

The Group has to exercise judgements in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying amount of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

*ii) Income taxes*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. As at 31 March 2015, the carrying amount of provision for taxation was approximately HK\$7,734,000 (2014: HK\$7,798,000).

Deferred tax assets are recognised for certain deductible temporary differences as management considers it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets at 31 March 2015 was approximately HK\$ Nil (2014: HK\$346,000).

**5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Financial assets**

*The Group*

The Group has classified the following financial assets under the category of "loans and receivables":

	2015 HK\$'000	2014 HK\$'000
Pledged bank deposit	–	808
Trade and other receivables	43,365	57,130
Deposits	39	39
Cash and cash equivalents	18,677	29,297
	<u>62,081</u>	<u>87,274</u>

*The Company*

The Company has classified the following financial assets under the category of “loans and receivables”:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Amounts due from subsidiaries	<u>34,870</u>	<u>40,669</u>

**Financial liabilities***The Group*

The Group has classified the following financial liabilities under the category of “financial liabilities at amortised cost”:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade and other payables	<u>12,930</u>	<u>9,044</u>

*The Company*

The Company has classified the following financial liabilities under the category of “financial liabilities at amortised cost”:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other payables	<u>952</u>	<u>772</u>

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**a) Financial risk management objectives and policies**

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

**b) Credit risk**

- i) The Group's and the Company's credit risk is primarily attributable to trade and other receivables.
- ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 90 days from the date of billing. For debtors with balances aged more than 90 days past due, further credit would not be granted until all outstanding balances are settled or have the discretion of the management to further extend the credit.
- iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. Concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 21% (2014: 15%) and 62% (2014: 50%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within PRC segment.
- iv) The Company's concentration of credit risk is on amounts due from subsidiaries. The Company reviews the recoverable amounts of individual debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. With respect to credit risk arising from amounts due from subsidiaries, the Company's exposure to credit risk arising from default of the counterparties is limited as the Company does not expect to incur a significant loss for uncollected amounts due from subsidiaries.
- v) In respect of amounts due from subsidiaries, the Company has concentration of credit risk as 100% (2014: 100%) of the amounts due from subsidiaries are owed from 2 subsidiaries within Hong Kong segment.
- vi) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

**c) Liquidity risk**

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

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

*The Group*

	2015			2014			Carrying amount at 31/3/2014 HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year undiscounted cash flow HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year undiscounted cash flow HK\$'000	Total contractual undiscounted cash flow HK\$'000	
Trade and other payables	12,930	-	12,930	9,044	-	9,044	9,044

*The Company*

	2015			2014			Carrying amount at 31/3/2014 HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year undiscounted cash flow HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year undiscounted cash flow HK\$'000	Total contractual undiscounted cash flow HK\$'000	
Other payables	952	-	952	772	-	772	772

**d) Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances and cash flow interest rate risk in relation to variable rate bank balances and deposits. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

*i) Interest rate profile**The Group*

The following table details the interest rate profile of the Group's bank balances and deposits at the end of the reporting period:

	The Group			
	2015		2014	
	Effective interest rates %	HK\$'000	Effective interest rates %	HK\$'000
Fixed rate bank deposit	-	-	3.75	808
Variable rate bank balances and deposits	0.01-4.25	18,594	0.01-3.8	29,205

The Company

The Company has no significant interest rate risk. Accordingly, no sensitivity analysis has been prepared for the Company for 2014 and 2015.

ii) *Sensitivity analysis*

At 31 March 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate bank balances and deposits, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK\$180,000 (2014: decrease/increase the Group's loss after tax and increase/decrease retained profits by approximately HK\$274,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 100 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2014.

The management is of the opinion that the sensitivity analysis is unrepresentative of the Group's inherent interest rate risk as exposure at the end of reporting period does not reflect the exposure during the year.

e) **Currency risk**

(i) *Exposure to currency risk*

The Group

The Group operates in Hong Kong and the People's Republic of China ("PRC"), and is exposed to foreign exchange risk arising from currency exposures primarily with respect to Renminbi ("RMB") and United States Dollars ("US\$").

The Group does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars ("HK\$"), translated using the spot rate at the end of the reporting period.

	The Group	
	2015	2014
	HK\$'000	HK\$'000
Cash and cash equivalents		
US\$	122	170
RMB	12,782	14,937
	<u>          </u>	<u>          </u>
Net exposure arising from recognised assets and liabilities	<u>12,904</u>	<u>15,107</u>

#### The Company

The Company has no significant currency risk. Accordingly, no sensitivity analysis has been prepared for the Company for 2014 and 2015.

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax and (accumulated losses)/retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	Increase/ (decrease) in foreign exchange rates	The Group			
		2015	2014	2015	2014
		Effect on loss after tax HK\$'000	Effect on accumulated losses HK\$'000	Effect on loss after tax HK\$'000	Effect on retained profits HK\$'000
RMB	5%	(639)	(639)	(747)	747
	(5%)	639	639	747	(747)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' (loss) after tax and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2014.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

**f) Fair values measurements**

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2015 and 31 March 2014.

**6. 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 passenger information management system	75,427	68,133

**7. OTHER REVENUE AND NET INCOME**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
a) Other revenue		
Bank interest income	582	706
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	79	8
	1,324	3,209
b) Other net income		
Net exchange gain	-	29
	1,324	3,238

**8. 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 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 described in note 3. 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
<b>Reportable segment revenue</b>						
Inter-segment revenue	815	-	-	-	815	-
Revenue from external customers	<u>72,930</u>	<u>68,133</u>	<u>2,497</u>	<u>-</u>	<u>75,427</u>	<u>68,133</u>
	<u>73,745</u>	<u>68,133</u>	<u>2,497</u>	<u>-</u>	<u>76,242</u>	<u>68,133</u>
<b>Reportable segment (loss)</b>	<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	<u>9</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>997</u>
<b>Reportable segment assets</b>	<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 includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>34,163</u>	<u>119</u>	<u>-</u>	<u>3</u>	<u>34,163</u>	<u>122</u>
<b>Reportable segment liabilities</b>	<u>31,882</u>	<u>19,898</u>	<u>2,992</u>	<u>2,666</u>	<u>34,874</u>	<u>22,564</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
Total reportable segments' revenue	76,242	68,133
Elimination of inter-segment revenue	<u>(815)</u>	<u>–</u>
Consolidated turnover	<u><b>75,427</b></u>	<u><b>68,133</b></u>
<b>(Loss)/profit</b>		
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>(41,926)</u>	<u>(53,042)</u>
<b>Assets</b>		
Total reportable segments' assets	129,762	127,014
Elimination of inter-segment receivables	<u>(3,144)</u>	<u>(2,327)</u>
Deferred tax assets	<u>126,618</u>	<u>124,687</u>
	–	346
Consolidated total assets	<u><b>126,618</b></u>	<u><b>125,033</b></u>
<b>Liabilities</b>		
Total reportable segments' liabilities	34,874	22,564
Elimination of inter-segment payables	<u>(3,144)</u>	<u>(2,327)</u>
Current tax liabilities	<u>31,730</u>	<u>20,237</u>
	7,734	7,798
Consolidated total liabilities	<u><b>39,464</b></u>	<u><b>28,035</b></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 HK\$'000	2014 HK\$'000
Supply, development and integration of passenger information management system	75,427	68,133

## d) Other geographical information

	Non-current assets	
	2015 HK\$'000	2014 HK\$'000
PRC	33,923	3,822
Hong Kong	6	31
	<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.

## 9. (LOSS) BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
a) Staff costs, including directors' emoluments (note 13)		
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>

	2015 HK\$'000	2014 HK\$'000
<b>b) Other items</b>		
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 ## (note 24)	23,134	7,088
Provision for long service payments (note 25)	–	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
	<u>          </u>	<u>          </u>

\* 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.

## 10. INCOME TAX

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

	2015 HK\$'000	2014 HK\$'000
Current year provision:		
PRC enterprise income tax	196	529
Underprovision in respect of prior years:		
PRC enterprise income tax	–	41
Deferred taxation (note 16)		
Origination and reversal of temporary differences	346	3,210
	<u>          </u>	<u>          </u>
	<u>542</u>	<u>3,780</u>

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 HK\$'000	2014 HK\$'000
(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>

#### 11. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss for the year attributable to the equity shareholders of the Company includes a loss of approximately HK\$6,840,000 (2014: HK\$1,175,000) which has been dealt with in the financial statements of the Company (note 26(b)).

## 12. 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 '000	2014 '000
Issued ordinary shares at the beginning of the year	960,808	960,808
Effect of new shares issued	32,263	–
	<u>993,071</u>	<u>960,808</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.

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(a) The remuneration paid or payable to each of the eight (2014: seven) directors and disclosed with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), and the chief executive's remuneration are as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2015</b>				
<i>Executive directors:</i>				
Mr. Ma Yuanguang (appointed as Chief Executive on 16 December 2014)	–	940	18	958
Mr. Hu Zhi Jian (resigned as executive director and Chief Executive on 16 December 2014)	–	456	–	456
Mr. Hu Tiejun (re-designated as executive director on 16 December 2014)	–	123	5	128
Mr. Lo Kam Hon, Gary	–	151	8	159
	<u>–</u>	<u>1,670</u>	<u>31</u>	<u>1,701</u>

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Independent non-executive directors:</i>				
Mr. Hu Tiejun <i>(re-designated as executive director on 16 December 2014)</i>	36	–	–	36
Mr. Liu Kejun <i>(appointed on 16 December 2014)</i>	15	–	–	15
Professor Lu Ting Jie	44	–	–	44
Mr. Leung Kwok Keung	79	–	–	79
	<u>174</u>	<u>–</u>	<u>–</u>	<u>174</u>
<i>Non-executive director:</i>				
Mr. Wing Kee Eng, Lee	70	–	–	70
	<u>244</u>	<u>1,670</u>	<u>31</u>	<u>1,945</u>
<b>Year ended 31 March 2014</b>				
<i>Executive directors:</i>				
Mr. Ma Yuanguang	–	940	15	955
Mr. Hu Zhi Jian <i>(Chief Executive)</i>	–	645	9	654
Mr. Lo Kam Hon, Gary	–	151	8	159
	<u>–</u>	<u>1,736</u>	<u>32</u>	<u>1,768</u>
<i>Independent non-executive directors:</i>				
Mr. Hu Tiejun	52	–	–	52
Professor Lu Ting Jie	44	–	–	44
Mr. Leung Kwok Keung	79	–	–	79
	<u>175</u>	<u>–</u>	<u>–</u>	<u>175</u>
<i>Non-executive director:</i>				
Mr. Wing Kee Eng, Lee	70	–	–	70
	<u>245</u>	<u>1,736</u>	<u>32</u>	<u>2,013</u>

- (b) The five highest-paid individuals of the Group for the year ended 31 March 2015 included two (2014: two) directors, details of which are disclosed in note 13(a). Details of the emoluments of the remaining three (2014: three) highest paid individuals are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Basic salaries, other allowances and benefits in kind	1,027	999
Contributions to retirement benefit schemes	35	34
	<u>1,062</u>	<u>1,033</u>

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

	2015	2014
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>

During the year ended 31 March 2015, no emoluments were paid or payable by the Group to the directors and the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2014: Nil).

None of the directors waived any emoluments in the year ended 31 March 2015 (2014: Nil).

## 14. PROPERTY, PLANT AND EQUIPMENT

## The Group

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Tools and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 April 2013	54	917	1,139	710	2,841	5,661
Additions	8	94	–	20	–	122
Disposals	–	(257)	–	(30)	–	(287)
Exchange realignment	–	(2)	–	–	–	(2)
At 31 March 2014 and 1 April 2014	62	752	1,139	700	2,841	5,494
Additions	33	–	1,630	–	–	1,663
Disposals	–	–	(1,139)	–	(1,347)	(2,486)
Exchange realignment	–	–	–	–	12	12
At 31 March 2015	95	752	1,630	700	1,506	4,683
<b>Accumulated depreciation</b>						
At 1 April 2013	20	635	1,074	133	1,858	3,720
Charge for the year	11	110	39	70	375	605
Written back on disposals	–	(231)	–	(27)	–	(258)
Exchange realignment	–	(2)	–	(1)	(3)	(6)
At 31 March 2014 and 1 April 2014	31	512	1,113	175	2,230	4,061
Charge for the year	13	88	155	66	169	491
Written back on disposals	–	–	(1,139)	–	(979)	(2,118)
Exchange realignment	–	(1)	1	–	7	7
At 31 March 2015	44	599	130	241	1,427	2,441
<b>Carrying amounts</b>						
At 31 March 2015	<u>51</u>	<u>153</u>	<u>1,500</u>	<u>459</u>	<u>79</u>	<u>2,242</u>
At 31 March 2014	<u>31</u>	<u>240</u>	<u>26</u>	<u>525</u>	<u>611</u>	<u>1,433</u>

## 15. INTANGIBLE ASSETS

## The Group

	Software HK\$'000	Application rights HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 April 2013 and 31 March 2014	3,205	–	3,205
Additions	–	32,500	32,500
Disposals	(3,205)	–	(3,205)
	<u>–</u>	<u>32,500</u>	<u>32,500</u>
At 31 March 2015	–	32,500	32,500
<b>Accumulated amortisation</b>			
At 1 April 2013	144	–	144
Amortisation for the year	649	–	649
Exchange realignment	(8)	–	(8)
	<u>785</u>	<u>–</u>	<u>785</u>
At 31 March 2014	785	–	785
Amortisation for the year	378	813	1,191
Disposals	(1,162)	–	(1,162)
Exchange realignment	(1)	–	(1)
	<u>–</u>	<u>813</u>	<u>813</u>
At 31 March 2015	–	813	813
<b>Carrying amounts</b>			
At 31 March 2015	<u>–</u>	<u>31,687</u>	<u>31,687</u>
At 31 March 2014	<u>2,420</u>	<u>–</u>	<u>2,420</u>

**The Company**

	<b>Application rights</b> <i>HK\$'000</i>
<b>Cost</b>	
At 1 April 2013 and 31 March 2014	–
Additions	<u>32,500</u>
At 31 March 2015	<u>32,500</u>
<b>Accumulated amortisation</b>	
At 1 April 2013 and 31 March 2014	–
Amortisation for the year	<u>813</u>
At 31 March 2015	<u>813</u>
<b>Carrying amounts</b>	
At 31 March 2015	<u><u>31,687</u></u>
At 31 March 2014	<u><u>–</u></u>

Intangible assets represent (i) software and (ii) sole and exclusive right for certain applications of the Certificate Authority SIM (“CA-SIM”) at Panyu Region, Guangdong Province of the PRC held by the Group and the Company respectively.

During the year, the Company acquired a sole and exclusive right for certain applications of the Certificate Authority SIM (“CA-SIM”) at Panyu Region, Guangdong Province of the PRC (“application rights”) from an independent third party by issue and allotment of 128,000,000 consideration shares. The fair values of the application rights at the date of acquisition of HK\$32,500,000 was arrived at on the basis of a valuation carried out by an independent valuer, LCH (Asia-Pacific) Surveyors Limited, using income approach valuation techniques. The application rights have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 10 years.

The amortisation charge for the year is included in “cost of inventories sold” and “other operating expenses” in the consolidated statement of profit or loss and other comprehensive income respectively.

## 16. DEFERRED TAXATION

- a) The component of deferred tax assets recognised and movements during the current year are as follows:

Deferred tax assets arising from:

	Doubtful debts and provision for impairment <i>HK\$'000</i>	The Group Unrealised profits arising from intra-group sales <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	1,000	2,516	3,516
(Charged) to profit or loss ( <i>note 10</i> )	(662)	(2,548)	(3,210)
Exchange realignment	8	32	40
	<hr/>	<hr/>	<hr/>
At 31 March 2014	346	–	346
(Charged) to profit or loss ( <i>note 10</i> )	(346)	–	(346)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	<u>–</u>	<u>–</u>	<u>–</u>

- b) Deferred tax assets not recognised

As at 31 March 2015, the Group had unused tax losses of approximately HK\$100,174,000 (2014: HK\$68,709,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$45,993,000 and HK\$30,569,000 (2014: HK\$128,000, HK\$89,000 and HK\$46,028,000 that will expire in 2015, 2016 and 2019 respectively) that will expire in 2019 and 2020 respectively according to the prevailing tax laws and regulations in the country in which the entity operates. Other losses may be carried forward indefinitely subject to the final assessment of the relevant tax authority.

As at 31 March 2015, the Group had deferred tax assets arising from allowance for doubtful debts and provision for impairment of deposits of approximately HK\$1,928,000 (2014: HK\$1,507,000) and unrealised profits arising from intra-group sales of approximately HK\$564,000 (2014: HK\$1,280,000) respectively being not recognised. No deferred tax asset has been recognised due to the unpredictability of future profit streams for the relevant subsidiaries.

- c) Deferred tax liabilities not recognised

Pursuant to the PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group will be subject to 5% withholding tax on dividends receivable from a PRC subsidiary and 10% withholding tax on dividends receivable from another PRC subsidiary in respect of their earnings accumulated beginning on 1 January 2008.

At 31 March 2015, temporary differences relating to the undistributed profits of PRC subsidiaries for the period from 1 January 2008 to 31 March 2015 amounted to approximately HK\$27,599,000 (2014: HK\$45,386,000). Deferred tax liabilities of approximately HK\$2,760,000 (2014: HK\$3,941,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will be reinvested or not distributed in the foreseeable future.

## 17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 HK\$'000	2014 HK\$'000
Unlisted investments, at cost	<u>411</u>	<u>411</u>

Details of the Company's subsidiaries as at 31 March 2015 are as follows:

Name of Company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
GL Limited (note (c))	British Virgin Islands	21,052 Ordinary shares of US\$1 each	100%	100%	-	Investment holding
Hilltop Holdings Group Limited (note (c))	British Virgin Islands	10,000 Ordinary shares of US\$1 each	100%	-	100%	Investment holding and holding of software rights
Tonnex Holdings Limited (note (c))	British Virgin Islands	50,000 Ordinary shares of US\$1	100%	100%	-	Investment holding
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”) (note (a))	People's Republic of China (“PRC”)	Registered capital RMB5,000,000	100%	-	100%	Sale and research and development of electronic hardware and software and development of various community mobile Internet applications and related services
Guangzhou Global Link Communications Inc.(廣州國聯通 信有限公司) (note (a))	PRC	Registered capital HK\$20,000,000	100%	-	100%	Provision of passenger information management systems
北京國聯偉業通信 技術有限公司 (note (b))	PRC	Registered capital RMB1,000,000	95%	-	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions
Global Link Communications (HK) Limited (note (c))	Hong Kong	100 Ordinary shares	100%	-	100%	Provision of passenger information management systems

## Notes:

- (a) 廣州國聯通信有限公司 (Guangzhou Global Link Communications Inc.) and 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”) are registered as wholly-foreign-owned enterprises under the PRC law with limited liabilities.
- (b) 北京國聯偉業通信技術有限公司 is registered as foreign-invested enterprises under the PRC law with limited liabilities.
- (c) GL Limited, Hilltop Holdings Group Limited, Tonnex Holdings Limited and Global Link Communications (HK) Limited are registered as limited liability companies under the rules and regulations of their respective countries of incorporation.

## 18. INVENTORIES

	The Group	
	2015 HK\$'000	2014 HK\$'000
Spare parts and accessories	19,040	22,038
Finished goods	10,452	1,541
	<u>29,492</u>	<u>23,579</u>

The analysis of the amount of inventories recognised as expenses is as follows:

	2015 HK\$'000	2014 HK\$'000
Carrying amount of inventories sold	<u>73,680</u>	<u>53,952</u>
	<u>73,680</u>	<u>53,952</u>

## 19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables and bills receivables	52,921	67,632	-	-
Less: allowance for doubtful debts	<u>(11,375)</u>	<u>(11,332)</u>	-	-
	41,546	56,300	-	-
Other receivables	1,819	830	-	-
Amounts due from subsidiaries	<u>-</u>	<u>-</u>	<u>34,870</u>	<u>40,669</u>
	<u>43,365</u>	<u>57,130</u>	<u>34,870</u>	<u>40,669</u>

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.

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

**(a) Age analysis**

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

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<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	<u>1,755</u>	<u>4,743</u>
	38,728	52,448
Retention receivables	<u>2,818</u>	<u>3,852</u>
	<u><u>41,546</u></u>	<u><u>56,300</u></u>

Customers are generally granted with credit terms of 90 days. Generally, the Group does not hold any collaterals from customers. Further details on the Group's credit policy are set out in note 5(b).

**(b) Impairment of trade and bills receivables**

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 3(s)).

Movements in the allowance for doubtful debts are as follows:

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	11,332	4,192
Impairment losses recognised	30	7,137
Exchange realignment	<u>13</u>	<u>3</u>
At the end of the year	<u><u>11,375</u></u>	<u><u>11,332</u></u>

As at 31 March 2015, trade and bills receivables of the Group amounting to approximately HK\$11,375,000 (2014: HK\$11,332,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period or were due from companies with financial difficulties. The Group does not hold any collateral over these balances.

## (c) Trade and bills receivables that are not impaired

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

	The Group	
	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	21,267	23,942
Past due but not impaired:		
Less than 3 months past due	8,794	12,812
Over 3 months past due	11,485	19,546
	<u>41,546</u>	<u>56,300</u>

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK\$21,267,000 (2014: HK\$23,942,000) relate to independent customers for whom there was no recent history of default.

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

## 20. DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Deposits	2,367	11,299	–	–
Prepayments	<u>269</u>	<u>211</u>	<u>203</u>	<u>203</u>
	2,636	11,510	203	203
Less: Provision of impairment	<u>(1,481)</u>	<u>(1,490)</u>	<u>–</u>	<u>–</u>
	<u>1,155</u>	<u>10,020</u>	<u>203</u>	<u>203</u>

During the year, reversal of provision for impairment loss made in prior year of HK\$9,000 (2014: HK\$997,000) arose due to the amount has been recovered.

## 21. CASH AND CASH EQUIVALENTS

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash at bank and on hand	18,677	29,297
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	18,677	29,297

The interest rates on the cash at bank ranged from 0.01% to 4.25% (2014: 0.01% to 3.8%) per annum.

Included in the cash and cash equivalents of the Group was approximately HK\$4,285,000 (2014: HK\$12,482,000) that were bank deposits placed with banks in the PRC and denominated in RMB. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

## 22. PLEDGED BANK DEPOSIT

As at 31 March 2015, the Group's bank deposit of approximately HK\$ Nil (2014: HK\$808,000) was pledged to a bank as collateral for the issuance of performance guarantee. The pledged bank deposit was matured in November 2014 and the collateral was released upon the discharge of performance guarantee. At 31 March 2014, the pledged bank deposits carry fixed interest rate of 3.75% per annum.

## 23. TRADE AND OTHER PAYABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	9,496	5,919	–	–
Other payables	2,566	2,303	562	382
Accrued wages	868	822	–	–
Payables for value-added tax	1,456	3,464	–	–
Deposits received from customers	531	673	–	–
Amount due to a subsidiary	–	–	390	390
	14,917	13,181	952	772

All of the trade and other payables (including amount due to a subsidiary) are expected to be settled within one year or are repayable on demand.

Amount due to a subsidiary is unsecured, interest-free and 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:

	The Group	
	2015	2014
	<i>HK\$'000</i>	<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>

#### 24. PROVISION

The Group provides warranties for its products and undertakes to repair or replace items that fail to perform satisfactory. The amount of provision for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

	The Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	7,000	–
Additional provision ( <i>note 9</i> )	23,134	7,088
Amounts utilised during the year	(13,377)	–
Exchange realignment	–	(88)
	<u>16,757</u>	<u>7,000</u>
At end of the year	16,757	7,000
Portion classified as current liabilities	(16,757)	(5,743)
	<u>–</u>	<u>1,257</u>
Non-current portion	–	1,257

#### 25. PROVISION FOR LONG SERVICE PAYMENTS

Under the Employment Ordinance, an entity is required to make long service payments to its employees upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. However, where an employee is simultaneously entitled to a long service payment and to a retirement scheme payment, the amount of the long service payment may be reduced by certain benefits arising from the retirement scheme. Based on the entity's past experience and the directors' knowledge of the business and work force, it is possible that the entity will have to make long service payments to some employees on termination of their employment or retirement.

	The Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at the beginning of the year	56	–
Charged to profit or loss	–	56
	<u>56</u>	<u>56</u>
Balance at the end of the year	56	56

## 26. CAPITAL AND RESERVES

## a) Share capital

	2015		2014	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
<b>Authorised:</b>				
Ordinary share of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
<b>Issued and fully paid:</b>				
Ordinary share of HK\$0.01 each:				
At the beginning of the year	960,807,500	9,608	960,807,500	9,608
Issuance of new shares ( <i>note i</i> )	128,000,000	1,280	-	-
At the beginning and the end of the year	1,088,807,500	10,888	960,807,500	9,608

- (i) On 23 December 2014, the Company entered into an assignment with an independent third party assignor to which the Company acquired application rights. The consideration was satisfied by issue and allotment of 128,000,000 consideration shares (note 15). The acquisition was completed on 30 December 2014 and 128,000,000 consideration shares were issued by the Company to the assignor on the same day.

The fair value of the application rights at date of acquisition amounted to HK\$32,500,000, the premium on the issue of new shares of HK\$31,082,000 was credited to the share premium account after deducting direct issuance costs of HK\$138,000.

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- b) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share option reserve HK\$'000	Warrant reserve HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2013	1,195	-	58,725	(27,842)	32,078
Loss for the year (note 11)	-	-	-	(1,175)	(1,175)
Transfer of share option reserve upon the expiry of share options	(1,195)	-	-	1,195	-
At 31 March 2014	<u>-</u>	<u>-</u>	<u>58,725</u>	<u>(27,822)</u>	<u>30,903</u>
At 1 April 2014	-	-	58,725	(27,822)	30,903
Loss for the year (note 11)	-	-	-	(6,840)	(6,840)
Issue of new shares (note 26(a)(i))	-	-	31,082	-	31,082
Issue of unlisted warrants (see note 26(c))	-	186	-	-	186
At 31 March 2015	<u>-</u>	<u>186</u>	<u>89,807</u>	<u>(34,662)</u>	<u>55,331</u>

c) **Unlisted warrants**

During the year, the Company entered into Subscription Agreements with the subscribers to issue 186,000,000 warrants. The issue price per warrant is HK\$0.001 and the subscription price is HK\$0.21 per share. The subscription period is 36 months from the date of issue of the warrants. The subscription was completed on 12 August 2014, proceeds of HK\$186,000 was received and credited to the warrant reserve of the Company.

During the year ended 31 March 2015 and up to the date of this report, no warrant was exercised to subscribe for ordinary shares of the Company.

d) **Dividends**

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

**e) Nature and purpose of reserves***i) Share premium*

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debt as they fall due in the ordinary course of business.

*ii) Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(d).

*iii) Share option reserve*

The share option reserve comprises the fair value of the actual or estimated number of shares issuable under unexercised share options granted to employees of the Group recognised in accordance with accounting policy adopted for share-based payment in note 3(n)(iv).

*iv) Merger reserve*

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.

*v) Statutory reserves*

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate 10% of their profit after tax after offsetting prior year losses to the statutory reserve until such reserve reaches 50% of their registered capital. Transfers to the reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

*vi) Warrant reserve*

Warrant reserve represents the net proceed received from the issue of warrant. The warrant reserve will be transferred to share premium account upon the exercise of the warrants.

**f) Distributability of reserves**

At 31 March 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK\$55,145,000 (2014: HK\$30,903,000).

g) **Capital management**

The capital structure of the Group consists of cash and cash equivalents in an amount of approximately HK\$18,677,000 (2014: HK\$29,297,000) (note 21). The Group had no bank borrowings as at 31 March 2015 and 2014.

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group's overall strategy remains unchanged from 2014.

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

**27. EMPLOYEE RETIREMENT BENEFITS**

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expenses recognised to profit or loss of approximately HK\$1,339,000 (2014: HK\$1,515,000) represents contributions payable to these plans by the Group at rates specified at the rules of the plans (note 9(a)).

**28. CAPITAL COMMITMENTS**

The Group had the following capital commitment at the end of reporting period:

	2015 HK\$'000	2014 HK\$'000
Contracted, but not provided for in respect of capital contribution to a subsidiary	8,000	8,000

**29. OPERATING LEASE COMMITMENTS**

At 31 March 2015, the Group had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are payables as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 1 year	1,093	1,123
After 1 year but within 5 years	2,966	184
	<u>4,059</u>	<u>1,307</u>

**30. RELATED PARTY TRANSACTIONS**

a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. During the year, consultant fee of HK\$80,000 (2014: HK\$120,000) was paid to a spouse of an independent non-executive director of the Company.

**b) Key management personnel remuneration**

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 13, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries and other short-term employee benefits	1,914	1,981
Retirement scheme contributions	31	32
	<u>1,945</u>	<u>2,013</u>

Total remuneration is included in "staff costs" (see note 9(a)).

**31. MAJOR NON-CASH TRANSACTION**

As set out in notes 15 and 26, the Company acquired an intangible asset during the year, with fair value at date of acquisition of HK\$32,500,000, by way of issue of 128,000,000 new shares during the year.

**32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>6</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 3. UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group contained in the third quarterly report of the Company for the nine months ended 31 December 2015 is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the interim report. Reference to notes numbers therein are to the notes numbers in the third quarterly report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>	2	17,395	15,816	37,984	59,712
Cost of sales		<u>(17,475)</u>	<u>(16,535)</u>	<u>(40,603)</u>	<u>(56,347)</u>
Gross profit		(80)	(719)	(2,619)	3,365
Other revenue		1,879	3,165	3,467	7,098
Selling expenses		(1,829)	(2,456)	(4,946)	(7,663)
Administrative expenses		<u>(3,185)</u>	<u>(2,554)</u>	<u>(9,110)</u>	<u>(7,106)</u>
<b>(Loss) before taxation</b>		(3,215)	(2,564)	(13,208)	(4,306)
Income tax	3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(Loss) for the period</b>		<u><b>(3,215)</b></u>	<u><b>(2,564)</b></u>	<u><b>(13,208)</b></u>	<u><b>(4,306)</b></u>
<b>Other comprehensive (loss)/income:</b>					
Exchange differences on translating foreign operations		<u>(998)</u>	<u>(1,034)</u>	<u>(2,155)</u>	<u>76</u>
<b>Total comprehensive (loss) for the period</b>		<u><b>(4,213)</b></u>	<u><b>(3,598)</b></u>	<u><b>(15,363)</b></u>	<u><b>(4,230)</b></u>
<b>(Loss) attributable to:</b>					
Equity shareholders of the Company		(3,215)	(2,564)	(13,208)	(4,305)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
		<u><b>(3,215)</b></u>	<u><b>(2,564)</b></u>	<u><b>(13,208)</b></u>	<u><b>(4,306)</b></u>

	<i>Note</i>	For the three months ended 31 December		For the nine months ended 31 December	
		2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
<b>Total comprehensive (loss) attributable to:</b>					
Equity shareholders of the Company		(4,213)	(3,598)	(15,363)	(4,229)
Non-controlling interests		—	—	—	(1)
		<u>(4,213)</u>	<u>(3,598)</u>	<u>(15,363)</u>	<u>(4,230)</u>
<b>(Loss) per share (in HK cents):</b>					
– Basic	5	<u>(0.295)</u>	<u>(0.266)</u>	<u>(1.213)</u>	<u>(0.448)</u>
– Diluted		<u>(0.295)</u>	<u>(0.266)</u>	<u>(1.213)</u>	<u>(0.448)</u>

**NOTES TO THE INCOME STATEMENT****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. INCOME TAX**

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 period. (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") ("勝億科技") 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 勝億科技 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.

There was no significant unprovided deferred taxation for the nine months ended 31 December 2015.

**4. DIVIDEND**

The Board does not recommend a dividend for the nine months ended 31 December 2015 (2014: Nil).

**5. (LOSS) PER SHARE****(a) Basic (loss) per share**

The calculation of basic (loss) per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the three months ended 31 December 2015 of approximately HK\$3,215,000 (2014: approximately HK\$2,564,000) and the weighted average number of approximately 1,088,808,000 ordinary shares (2014: 963,590,000 ordinary shares) in issue during the period calculated.

The calculation of basic (loss) per share is based on the unaudited consolidated loss attributable to equity shareholders of the Company for the nine months ended 31 December 2015 of approximately HK\$13,208,000 (2014: approximately HK\$4,305,000) and the weighted average number of approximately 1,088,808,000 ordinary shares (2014: 961,739,000 ordinary shares) in issue during the period calculated.

**(b) Diluted (loss) per share**

The basic and diluted loss per share are the same for the three months and nine months ended 31 December 2015 and 2014, as the warrants outstanding during the period are anti-dilutive.

**6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Merger reserve (Unaudited) HK\$'000 (note a)	Exchange reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	(Accumulated losses)/ Retained earnings (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000 (note b)	Total (Unaudited) HK\$'000
As at 1 April 2014	9,608	58,725	2,135	12,053	-	3,689	10,807	97,017
Issue of Consideration Shares	1,280	30,720	-	-	-	-	-	32,000
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	-	(4,305)	-	(4,305)
Other comprehensive loss								
Exchange differences on translating foreign operation	-	-	-	76	-	-	-	76
As at 31 December 2014	<u>10,888</u>	<u>89,445</u>	<u>2,135</u>	<u>12,129</u>	<u>-</u>	<u>(616)</u>	<u>10,807</u>	<u>124,788</u>
As at 1 April 2015	10,888	89,807	2,135	12,129	186	(38,773)	10,807	87,179
Loss attributable to equity shareholders of the Company for the period	-	-	-	-	-	(13,208)	-	(13,208)
Other comprehensive loss								
Exchange differences on translating foreign operation	-	-	-	(2,155)	-	-	-	(2,155)
As at 31 December 2015	<u>10,888</u>	<u>89,807</u>	<u>2,135</u>	<u>9,974</u>	<u>186</u>	<u>(51,981)</u>	<u>10,807</u>	<u>71,816</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").

#### 4. INDEBTEDNESS

Indebtedness and contingent liabilities of the Group as at 31 January 2016 are as follows:

##### **Indebtedness**

Apart from intragroup liabilities, at 31 January 2016, being the latest practicable date for the purpose of this indebtedness statement, the Group did not have any bank overdrafts or loans or other similar indebtedness.

##### **Charges on assets and contingent liabilities**

At the close of business on 31 January 2016, being the latest practicable date for the purpose of this indebtedness statement, the Group had a financial guarantee contract issued by a bank to a customer of a subsidiary of the Group in an amount of RMB1,012,788 (approximately HK\$1,198,565) which was secured by a charge over the Group's bank deposit in an amount of RMB1,012,788 (approximately HK\$1,198,565).

Save as aforesaid, at 31 January 2016, the Group did not have any mortgage, charges or guarantees or other material contingent liabilities.

Save as aforesaid and apart from intragroup liabilities and normal trade and other payables in the ordinary course of business, as at the close of business on 31 January 2016, the Group did not have any material debt securities issued and outstanding, and authorized or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchases commitments; or outstanding mortgages and charges, or contingent liabilities and guarantees.

For the purpose of preparing the indebtedness statement of the Group, translation of amounts in RMB into HK\$ has been made at the exchange rate of HK\$1 = RMB0.845, the respective closing rate as at 31 January 2016.

#### 5. MATERIAL CHANGE

The Directors confirm that, save as and except for disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2015, being the date to which the latest published audited financial statements of the Group were made up and up to and including the Latest Practicable Date:

- (i) competition in the rail transit industry the Group operate in was increasingly intense subsequent to 31 March 2015;

- (ii) as disclosed in the circular of the Company dated 30 March 2016, the Group entered into a number of order contracts for the train information system solutions for urban rail transit business and the development of the “Smart City” project, which would impose funding needs of approximately HK\$70 million to the Group;
- (iii) according to the third quarterly report of the Company for the nine months ended 31 December 2015, the Group recorded gross loss of approximately HK\$2.6 million and escalation in loss attributable to the owners of the Company of approximately HK\$13.2 million for the nine months ended 31 December 2015, as compared to the gross profit of approximately HK\$3.4 million and loss attributable to owners of the Company of approximately HK\$4.3 million for the same period in 2014, respectively. Such deterioration in financial and trading position of the Group was further escalated in the two months ended 29 February 2016. The deterioration in financial and trading position for the 11 months ended 29 February 2016 was mainly due to (a) the decrease in revenue as a result of the decrease in sales prices of the products of the Group; (b) major costs of the Group, including the research and development expenses and production costs, are relatively fixed expenses in nature; and (c) the increase in administrative costs mainly due to the amortization of the authorized CA-SIM patent obtained by the Group during the period;
- (iv) for the 11 months ended 29 February 2016, the Group decreased its purchase from the top supplier of the Group for the year ended 31 March 2015;
- (v) the Group recorded significant increase in trade receivable which due over one year to approximately HK\$9.6 million, part of which may be subject to impairment for the year ended 31 March 2016;
- (vi) the Group had entered into a financial guarantee contract issued by a bank to a customer of a subsidiary of the Group in the amount of approximate RMB1.0 million which was secured by a charge over the Group’s bank deposit in an amount of approximately RMB1.0 million;
- (vii) the net assets value of the Group decreased from approximately HK\$87.2 million as at 31 March 2015 to approximately HK\$68.4 million as at 29 February 2016 mainly due to (a) the decrease in inventory of the Group as a result of the decrease in sales and purchases since 31 March 2015; (b) the decrease in cash and cash equivalent as a result of the loss incurred for the period; and (c) increase in trade payables due to the tight cash flow of the Group; and
- (viii) the entering into of the Subscription Agreement which is expected to improve the financial position and liquidity of the Group.

**1. RESPONSIBILITY STATEMENTS**

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to IEL, the Offeror and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

All directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group and parties acting in concert with it), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

This Composite Document, for which all Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to IEL, the Offeror and parties acting in concert with any of them) in compliance with the GEM Listing Rules. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Composite Document is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised capital</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
 <i>Issued and fully paid or credited as fully paid</i>	
<u>2,088,807,500</u> Shares	<u>20,888,075</u>

Save for the Subscription Shares, no new Shares have been issued since 31 March 2015 (being the date on which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date.

All Shares in issue rank *pari passu* in all respects with each other including as regards to capital, dividends and voting rights.

As at the Latest Practicable Date, apart from the Warrants, the Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

## 3. DISCLOSURE OF INTERESTS

### (a) Interests of the Company and the Directors in the Offeror

As at the Latest Practicable Date, neither any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror.

**(b) Interests of the Directors and chief executive of the Company in the Company**

As at the Latest Practicable Date, 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 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:

*Interests in Shares*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage in the total issued share capital of the Company (%)</b>
Ma Yuanguang	Beneficial owner	255,121,200 Shares (L)	12.21
Hu Tiejun	Beneficial owner	833,000 Shares (L)	0.04
Lu Ting Jie	Beneficial owner	833,000 Shares (L)	0.04

The letter "L" denotes a long position.

Save as disclosed above, as at the Latest Practicable Date, 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests in any relevant securities of the Company.

**(c) Interests of the substantial Shareholders in the Company**

As at the Latest Practicable Date, to the best knowledge of 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 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 members of the Group:

Name	Capacity	Number of shares interested	Percentage of the total issued share capital of the Company (%)
IEL	Beneficial owner Interests in controlled corporation	128,000,000 1,000,000,000	6.13 47.87
The Subscriber/ Offeror ( <i>note 1</i> )	Corporation	1,000,000,000	47.87

*Note 1:* The Subscriber is a direct wholly-owned subsidiary of IEL.

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

**4. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER**

- (a) As at the Latest Practicable Date:
- (i) save as disclosed in the section headed “Disclosure of Interests” above, none of the Offeror, or any parties acting in concert with it had any interests in or owned or controlled any Shares or had direction over any Shares or other Relevant Securities (as defined in Note 4 to Rule 22 of the Takeovers Code);
  - (ii) there were no Shares or other Relevant Securities carrying voting rights which the Offeror or any parties acting in concert with it has borrowed or lent;
  - (iii) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent;
  - (iv) the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
  - (v) save as disclosed in the section headed “Disclosure of Interests” above, none of the Directors had any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company or of the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror; and
  - (vi) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) but excluding exempt principal traders.
- (b) There was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (c) Each of the holders of the Warrants has executed an irrevocable undertaking to the Offeror and the Company not to exercise the subscription rights attached to the Warrants and not to transfer, dispose of or otherwise deal in the Warrants before the close of the Offer, and not to accept the mandatory cash offer for the outstanding Warrants if there is any or otherwise make the

Warrants available for acceptance under the Offer. Save as disclosed above, no person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company has irrevocably committed themselves to accept or not to accept the Offer.

- (d) None of the Offeror, its associates, or any parties acting in concert with any of them, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.
- (e) Save for the Subscription Agreement, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.
- (f) No person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.
- (g) No Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company are managed on a discretionary basis by fund managers connected with the Company.
- (h) Save for the arrangement set out under the paragraph head "Proposed change of composition of the Board" in the "Letter from China Galaxy" of this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Offer.
- (i) Each of Mr. Ma Yuanguang, Mr. Hu Tiejun and Mr. Lu Ting Jie is not intended to accept the Offer in respect of their respective beneficial holding of Shares; and the remaining Directors were not interested in any Shares.
- (j) Save for the entering into of the Subscription Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them and any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (k) Save for the entering into of the Subscription Agreement, no material contracts has been entered into by the Offeror in which any Director has a material personal interest.

**5. DEALINGS IN SECURITIES AND ARRANGEMENT IN RELATION TO DEALINGS**

During the Relevant Period,

- (i) save for the Subscription Shares, neither the Offeror nor parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) the Company did not deal in an interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
- (iii) none of the Directors had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
- (iv) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (v) no person, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company; and
- (vi) no fund managers connected with the Company had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company.

**6. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within 6 months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more, or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

## 7. MARKET PRICES

- (a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period (as defined below) were HK\$0.32 per Share on 25 April 2016 and HK\$0.108 per Share on 15 March 2016.
- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 August 2015	0.218
30 September 2015	0.242
30 October 2015	0.230
30 November 2015	0.210
31 December 2015	0.195
29 January 2016	0.160
26 February 2016 (being the Last Trading Day)	0.149
31 March 2016	0.126
25 April 2016 (being the Latest Practicable Date)	0.320

## 8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or may become a party to any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and which is or may be material:

- (a) the subscription agreements dated 5 August 2014 and entered into between the Company and each of Mr. Li Wan Jun, Mr. Cao Xiao Ming, Ms. Liang Xuan, Mr. Li Tian Bao, Ms. Ma Yue and Mr. Chen Sen Liang in relation to the subscription of the Warrants. The gross proceeds of the subscriptions were approximately HK\$186,000 and the net proceeds of the issue of the Warrants was nil; and
- (b) the Subscription Agreement.

Save as disclosed above, no contract (not being a contract entered into in the ordinary course of business carried on by the Group) has been entered into by any member of the Group within two years preceding the commencement of the Offer Period which are or may be material.

## 10. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinion or advice which is contained in this Composite Document:

Name	Qualifications
China Galaxy	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Lego	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, none of China Galaxy and Lego had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 March 2015 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of China Galaxy and Lego has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their respective advice and/or letters (as the case may be) and references to their names and logos in the form and context in which they respectively appear.

## 11. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of the Offeror is situated at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. As at the Latest Practicable Date, the entire issued share capital of the Offeror was beneficially and wholly-owned by IEL. The registered office of IEL is situated at The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman, KY1-1208, Cayman Islands. The directors of the Offeror are Mr. Li Kin Shing and Mr. Wong Kin Wa and their correspondence address is Room 3809-3810, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company is at Office C, 17th Floor, Hollywood Centre, Nos. 77-91 Queen's Road West, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The registered office of China Galaxy is situated at Units 3501-7 & 3513-14, 35/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.
- (e) The registered office of Lego is situated at Room 1601, 16/F., China Building, 29 Queen's Road Central, Central, Hong Kong.
- (f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection, during the period from 28 April 2016, being the date of this Composite Document for so long as the Offer remains open for acceptance, at (i) the website of the SFC at <http://www.sfc.hk>; (ii) the website of the Company at [www.glink.hk](http://www.glink.hk); and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the office of the Company at Office C, 17th Floor, Hollywood Centre, Nos. 77-91 Queen's Road West, Hong Kong:

- (a) the memorandum and the articles of association of the Offeror;
- (b) the memorandum and the articles of association of the Company;
- (c) the annual report of the Company for the year ended 31 March 2015 which includes audited consolidated accounts of the Company for the two years ended 31 March 2014 and 2015;
- (d) the third quarterly report of the Company for the nine months ended 31 December 2015;
- (e) the letter dated 28 April 2016 from China Galaxy as set out on pages 7 to 15 of this Composite Document;
- (f) the letter dated 28 April 2016 from the Board as set out on pages 16 to 24 of this Composite Document;
- (g) the letter dated 28 April 2016 from the Independent Board Committee as set out on pages 25 to 26 of this Composite Document;
- (h) the letter dated 28 April 2016 from the Independent Financial Adviser as set out on pages 27 to 42 of this Composite Document;
- (i) the letter of consents referred to under the paragraph headed "Experts and Consents" in this Appendix III;
- (j) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix III;
- (k) the Subscription Agreement; and
- (l) this Composite Document and the accompanying Form of Acceptance.