国联通信
Global Link

Stock Code：8060
http://www.glink.hk

國聯通信控股有限公司

Global Link Communications Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

年報 2015/16 ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang *(Chief Executive Officer, resigned as Chairman on 26 May 2016)*
Mr. Lo Kam Hon, Gary *FCCA, CPA* *(Deceased on 1 March 2016)*
Mr. Hu Tiejun *(Resigned on 26 May 2016)*
Mr. Li Kin Shing *(Chairman)(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

NON-EXECUTIVE DIRECTOR

Mr. Wing Kee Eng, Lee *(Resigned on 26 May 2016)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung *FCCA, FCPA, ACA*
Mr. Cheung Sai Ming *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

AUTHORIZED REPRESENTATIVES

Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Lo Kam Hon, Gary *FCCA, CPA* *(Deceased on 1 March 2016)*
Mr. Hu Tiejun *(from 2 March 2016 to 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

COMPLIANCE OFFICER

Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

COMPANY SECRETARY

Mr. Lo Kam Hon, Gary *FCCA, CPA* *(Deceased on 1 March 2016)*
Ms. Chan Wai Ching *(Appointed on 26 May 2016)*

AUDIT COMMITTEE

Mr. Leung Kwok Keung *FCCA, FCPA, ACA* *(Resigned as Chairman on 26 May 2016)*
Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman)* *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

REMUNERATION COMMITTEE

Mr. Leung Kwok Keung *FCCA, FCPA, ACA* *(Resigned on 26 May 2016)*
Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman)* *(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

NOMINATION COMMITTEE

Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Ma Yuanguang *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung *FCCA, FCPA, ACA* *(Resigned on 26 May 2016)*
Mr. Cheung Sai Ming *(Chairman)* *(Appointed on 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 401, No. 7 Caipin Road,
Guangzhou Science City,
Guangzhou City, Guangdong Province,
The People's Republic of China

PRINCIPAL BANKERS

China Construction Bank
Guangzhou Ruan Jian Yuan Sub-branch
Chiyu Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Hong Kong

AUDITORS

Crowe Horwath (HK) CPA Limited
9/F, Leighton Centre, 77 Leighton Road,
Causeway Bay, Hong Kong

STOCK CODE

8060

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Global Link Communications Holdings Limited (the "Company"), I would like to present the audited annual results of the Company and its subsidiaries ("Global Link" or the "Group") for the year ended 31 March 2016 for shareholders' review.

During the year, with promoting the structural reform at the supply side as the overall principle of the economic development policy, the PRC government has expressly presented that "it will moderately expand overall demand and focus on the supply-side structural reforms and on the improvement of system quality and efficiency, the core of which is to increase the productivity comprehensively." Under the guideline of this core policy, local government at different levels have been streamlining administration and delegating power to the lower levels and implementing financial reform and tax reform to boost the innovation capability of enterprises. The implementation of government reform will give impetus to the transformation and upgrading of manufacturing industry, and also a significant reform in compliance with the current domestic economic development.

After the completion of the restructuring of two state-owned enterprises CSR and CNR in the previous year, they displayed their international market competitiveness in express rail, light rail and other products. With the implementation of the "One Belt and One Road" economic policy, relevant Chinese enterprises have obtained rail transit infrastructure contracts in North America, South America, the Middle East, Asia-Pacific region and Europe. The rail transit market of China has maintained a sound trend of growth. Presently, operating railways in China span across a distance of 121,000 km in total, of which express rail links cover 19,000 km. The investments on construction of urban rail transit infrastructure have also maintained a notable year-over-year growth. In 2015, 334.68 km of railway coverage was added. As planned, urban metro lines will operate in 50 cities throughout the country by 2020, and 2,500 to 2,700 km of railway coverage will be added, with a total investment of approximately RMB4 trillion.

During the period under review, the Chinese government strongly advocated important industrial policies such as "mass entrepreneurship and innovation" and "Internet +" to promote the transformation and upgrading of corporate entities. With reliance on smart city construction, local government at different levels endeavored to improve the working efficiency of approval through means of "Internet+", streamlining administration and delegating power to the lower levels, encouraging on-line services and combining different functions into one card so as to function for the benefits and convenience of the people.

During the operating year, guided by the fundamental policy of the Chinese economic policies, the Group has persistently implemented the existing "two-wheel-drive" strategy for business operation and development. The overall solutions of rail transit information systems have over 10 years' track record in the industry under the brand of "Global Link". In recent years, with the participation of other integrated project enterprises applying the low-price strategy, the industry has become highly competitive. However, after products from different enterprises being put into operation, the quality problems and functional faults brought by low prices have forced train manufacturers and owners to focus on selecting the suppliers with solid track results and good service experience. Based on a comprehensive understanding on the core spirit of the structural reform at the supply side, Guangzhou Global Link Communications Inc. adjusted its performance appraisal system, increased investments on innovation and improved supply channels to control the overall costs and improve the reliability of system products. Finally, it managed to reverse the downward trend in market expansion occurred in the previous two years. Moreover, it obtained certain new contracts and the service revenue increased significantly.

CHAIRMAN'S STATEMENT

During the period under review, the Group continued to make use of CA-SIM patented technology to lead the transformation and upgrading of enterprises, and the Smart City project has been promoted by Guangzhou Shengyi Information Technology Company Limited* (廣州勝億信息科技有限公司). In addition to the active cooperation with Panyu government of Guangzhou in formulating technical proposals on the safety management system of non-native population, the Company focused on supply side structure under the new thinking of "Internet +" and "mobile internet" and expanded the market according to the demand of local people. In view of the vast number of temporary rental apartments and the large non-native population in Guangzhou, the Company launched an APP for apartment rentals named "房將軍" according to requirements of real-name authorization and standard management for rental apartments proposed by the government, with an aim to solve the problems that users have been expecting for a long time, including but not limited to problems of information asymmetry between supply and demand, non-standard behaviors and unsafety. During the period, driven by innovation, taking the Smart City project as a good opportunity and aiming to serve the public with mobile internet, the Company has implemented the real-name authorization safety information management system designed for temporary rental apartment visitors in Baiyun district of Guangzhou.

During the period, according to the overall plan for the economic construction under the 13th Five-year Plan and the guideline on development of related industries, the Group introduced International Elite to become the Company's substantial shareholder based on its actual situation. We believe that "Global Link" will achieve great leaps in terms of quality in aspects of financial position, professional talents, marketing channels and innovation impetus through effective integration of various resources. Guided by the open-minded cooperation principle, we will grasp every opportunity to elevate the Group's operation to a new level.

Li Kin Shing
Chairman

Hong Kong, 21 June 2016

China's economy in the year transited from a rapid growth in the past to a steady medium and high speed. GDP recorded a growth rate of 6.9%, the value of tertiary industry accounted for 50.5% of GDP, representing a certain increase as compared with that of last year, and the growth of household income outweighed the growth of GDP for the corresponding period. The PRC government put forward the 13th Five-year Plan for the national economy and the economic development principle of "innovation, coordinated and green development, opening up and inclusiveness" for the coming five years. Mainly based on steady economic growth and with more emphasis on structural reforms of the supply side, the PRC government will promote reform of relevant policies and improve the innovation capability of enterprise transformation and upgrading.

MARKET OVERVIEW

During the year under review, China's rail transit construction was the focus for national investment and project investment was at a high level. This was primarily reflected in the faster project setup, examination and approval as compared to the past, conformities with the plan with respect to the implementation of supporting funds and projects. By the end of 2015, 39 large and medium cities in China have been constructing rail transits, a new operating mileage of 334.6km was launched in the year, and the total operating mileage was more than 3,200 kilometers until now. Along with the implementation of the 13th Five-year Plan by the PRC government, the construction of urban rail transit projects will maintain a high growth trend, and many cities are developing construction programs one after another by combining local resources and needs. The selection of vehicle models also showed a different preference, for example, energy storage trolley, magnetically levitated train and hybrid models, have entered into the market one after another. According to the government planning, 50 cities across the country will have rail transits by 2020, with new operating mileage of 2,500km to 2,700km. At that time, total operating mileage of urban rail transits in mainland China will be about 6,000km, with a total investment of up to RMB 4 trillion.

China's rail transit vehicle manufacturing industry has more than 10 years' experience in cooperation and joint investment with foreign advanced enterprises, absorbed various core technologies from such advanced enterprises, continued innovating these core technologies at the same time according to the use environment in various regions in China, so China's rail transit vehicle manufacturing industry can compete with the international industrial counterparts with respect to overall level of manufacturing in the fields of high-speed rails, motor train units, light railways, metros and other fields. Due to the huge demand of rail transit vehicles in China in the last decade, overall level of product quality of homemade vehicles has been significantly improved while overcoming a variety of technical difficulties at the same time. With the advancement of "One Belt and One Road" economic policy, China's rail transit vehicles enter into the international market in a large number by leveraging their cost advantages. In addition to export to Asia and the Middle East in the past, we also engaged in overall project construction and delivery in North America, South America, Europe and other developed areas in recent years.

"Internet+" is an important industrial policy that the PRC government strongly advocated to promote the "entrepreneurship and innovation by the general public". In recent years, local governments at all levels have successively designed the construction planning of Smart City. Three important tasks were identified in the "Implementation Plan Regarding Carrying Out the Pilot for Information Benefiting to People By Using the 'Internet+ Government Services' "(《推進「互聯網+政務服務」開展資訊惠民試點實施方案》) jointly promulgated by the National Development and Reform Commission, the Ministry of Finance and other 10 ministries in the recent period. The first is to simplify and optimize service processes for general public; the second is to reform and innovate government service model; and the third is to unblock government service methods and channels. At the same time, the aforesaid implementation plan also requires implementing steps of "Two-Step in Two Years", the measures of which must be ensured to be implemented by all local governments.

BUSINESS REVIEW

After our management's due consideration of the core spirit of economic development regarding strengthening the structural reforms on the supply side put forward by the PRC government, and by combining with enterprise's actual operation, our management still insisted on carrying out the "two-wheel-drive" strategy as the basis for operating development in the year. We have two objectives, firstly, maintaining train information system solutions for rail transit as our basic business; and secondly, using our patented and authorized "CA-SIM" technology to carry out the "Internet+" Smart City project construction, so that we can achieve a gradual transformation and upgrading for business operation.

Train information system solutions for rail transit is the core business conducted by Guangzhou Global Link Communications Inc. All of its products are certified by major vehicle manufacturers in China and it has been cooperating with main engine plants to carry out the project bidding and product delivery in more than ten consecutive years. Nearly a hundred projects in about 20 cities at home and abroad used the enterprise's system solutions, the brand "Global Link" enjoys certain popularity in the industry. A number of integrators have entered into the industry with products at low prices two years ago, as a result, vicious competitions caused a significant reduction of our contractual orders. The management, based on the results from internal analysis in the cause of reduction in contractual orders, will objectively face market impacts and believe that market share is acquired through solid strength.

Innovation is the source of development. The concept of innovation should be rooted in all staff and become a basic element in corporate culture, so that innovation can be practiced. The management team of the Company, according to the Group's strategic deployment, implemented various reforms with respect to the operating management structures, outsourcers' credit and quality control, product manufacturing standards and process management for research and development. Especially through the strengthening and implementation of the new performance appraisal system, the enterprise achieved remarkable innovation results in the year. Therefore, product cost was reduced, varieties of new technical solutions were closer to user needs, and the passive state of engineering services in the past was reversed. As a result, the enterprise was praised by a number of operators. In the year, the enterprise's newly signed supply contracts grew substantially as compared with the last two years. A certain amount of orders were obtained through contracts of services, spare parts and accessories at the same time,

We acquired certain application rights of Certificate Authority SIM ("CA-SIM") from International Elite (stock code:1328) last year. Such an authority was obtained primarily for cooperating with local governments in carrying out the Smart City projects. 廣州勝億信息科技有限公司, a subsidiary of the Group, is wholly accountable for the promotion, construction and operation of the projects. In accordance with the "Four People's Livelihood" project for Smart City construction in Panyu District, Guangzhou, the enterprise in the year focused on cooperating with the local government to implement the migrants' real-name system management program in temporary rental housing areas.

In accordance with the requirements of the government in the middle of the year, the enterprise conducted the construction for a pilot smart access control system in a temporary rental housing area in a natural village. In April 2016, the enterprise, in cooperation with the local government, started to carry out the construction for smart access control systems for 1,000 buildings (residential population of about 30,000 people) in a temporary rental housing area in Baiyun District, Guangzhou City. The team was consisted of professionals after 80's and after 90's. "Internet+" has become the foundation for the enterprise development. After nearly a year's market practice, the enterprise understood more about the needs of general public. With respect to the large number of temporary rental housing in Guangzhou, millions of migrants, inconsistency between the information for temporary rental housing and lessees, security risks, obstacles in rental procedures and other issues, the enterprise developed the goalkeeper007.com (房將軍) as a housing rental platform, which offers various Internet value-added services for exclusive groups based on the personal mobile terminals. At present, the goalkeeper007.com has been on line for four months, user attention is increasing month by month and thousands of housing resources were recorded in the system platform. Along with the smart access control system for rental housing as a basis, the number of customers will continue increasing as accompanied by the promotion of job hunting, network payment, housekeeping and other service items.

FINANCIAL REVIEW

Turnover

Over the past year, the Group supplied 12 train routes in 7 domestic and foreign cities with passenger information systems according to the delivery plans of signed contracts for the supply of goods. Sales of passenger information systems decreased as compared with those of last year. The turnover of the Group for the year amounted to approximately HK$58,210,000, representing a decrease of 23% as compared with last year.

Gross profit and loss attributable to equity shareholders

As at 31 March 2016, the Group recorded gross profit of approximately HK$1,487,000 and loss after tax of approximately HK$28,789,000. Loss attributable to equity shareholders of the Company amounted to approximately HK$28,788,000.

The gross profit margin during the year is consistent with that of the last year.

Selling expenses

Selling expenses amounted to approximately HK$7,314,000, a decrease of 19% as compared with that of last year. The Group carried out targeted market promotion activities basing on established sales strategies, and will not increase expenses on market development, thus to strictly control the market expansion expenditure.

Administrative expenses

The administrative expenses for the year increased by approximately HK$2,298,000 as compared with that of last year, mainly due to the allowance for trade receivable. Except for that factor, due to the strict implementation of financial budget, other administrative expenses is under effective control.

Other operating expenses

Other operating expenses incurred during the year amounted to approximately HK$9,117,000, a decrease of 62% from approximately HK$23,947,000 of last year. Other operating expenses included repair and maintenance expenses for product maintenance warranty of approximately HK$5,867,000 and amortization expenses for intangible asset CA-SIM of approximately HK$3,250,000. Systems engineering maintenance was provided for projects delivered but still within warranty period during the year, and provision for product maintenance warranty was made for such projects.

Other income

During the year, other income amounted to approximately HK$499,000, representing a decrease of 62% as compared with the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

TURNOVER BY REGION

During the period, Guangzhou Global Link Communications Inc. remained as the major contributor to the Group's operating income, and the solution of train information system for railway transportation was the core product for generating operating income. Train manufacturers under the CRRC, railway transportation contractors and integrated project enterprises, as well as subway operators in places where projects had commenced operation, were among the major customers of the Group. The PRC market was the main market for products and services of the Group, supplemented by overseas markets.

The Group realized turnover of approximately HK$56,083,000 in the PRC, representing 96% of the Group's turnover for the year.

CUSTOMER ANALYSIS

The customers of the Group are mainly train manufacturers under the CRRC Group, which are supplied with our certified and licensed train information system products. The Group also supplies technical support and operation guarantee for train operating services for various urban rail transit operators in China, carries out corresponding technical cooperation and innovation at rail transit operators' requests and provides system software and hardware upgrades, spare parts and accessories at the same time. The Group also supplies system solutions, product support and operating after-sale services for rail transit operators in, among others, Hong Kong, Malaysia and Turkey.

In relation to the Smart City project development, our customers have included government service departments, security management companies, migrant population management departments, various types of customers in fields of public housing, private housing, apartment rental and housing rental.

BUSINESS PARTNERS

The partners of the Group are mainly train manufacturers under the CRRC Group, which are supplied with our certified system products, innovation system components, modules, hardware and software research and development and technical support and cooperation for the trial production of new trains. We have established and maintained long-term good partnership with related enterprises under the China Railway Construction Corporation Limited and China Academy of Railway Sciences, rail transit project contractors, systems integrators, as well as renowned train manufacturers, project construction companies and rail transit operators in Hong Kong and overseas.

In the regions for Smart City project development, we also collaborate with local government service departments, security management companies, community property management companies, major telecommunications operators, network operators, data centers, professional customer service companies, advertising companies and educational institutions.

CAPITAL STRUCTURE

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

The Group carried out prudent financial policy with surplus cash deposited in bank to finance operation and investments. Management will review financial forecast on a regular basis. As at 31 March 2016, the Group had a total cash and bank balances, amounted to approximately HK$12,482,000 (2015: approximately HK$18,677,000).

BUSINESS OUTLOOK

The PRC government set its overall development objectives for the national economy based on the 13th Five-year Plan, aiming to promote the quality and efficiency of enterprise system through the implementation of supply-side structural reforms. As a result the business environment will be more standardized. The implementation of the "One Belt and One Road" policy will benefit enterprises related in the rail-transit industry chain; rapid development of the basic construction of China's rail transit will continue bringing great opportunities for sustainable development for related upstream and downstream enterprises; the increase of operating vehicle inventory year by year raises expanding service demands to provide a broader market space. Innovation by general public and using Internet technology to promote the transformation and upgrading of traditional industries are trends for social and economic progress. As is vigorously advocated, carried out, implemented and regulated by governments at all levels, China's Smart City government services will effectively promote the reform of various systems and institutions. Enterprises that have mastered core technologies and practical applications will have more opportunities to participate in the project constructions and even service operating cooperation for Smart City government services.

By way of an acquisition in April 2016, International Elite Ltd (Stock Code: 1328), has become the controlling shareholder of the Company and, therefore, our comprehensive strength will be fully promoted, such as capital strength, professionals, core technologies and mobile Internet market expansion. We believe these will greatly promote the Group's operating development and transformation and upgrading in the new year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had net current assets of approximately HK$26,619,000 (2015: approximately HK$53,281,000), of which approximately HK$12,482,000 (2015: approximately HK$18,677,000) were cash and bank balances. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CHARGE ON THE GROUP'S ASSETS

Save as disclosed in note 21 to the consolidated financial statements, the Group had no charge on its assets for the year under review.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

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

GEARING RATIO

The Group had no outstanding bank loans or other interest-bearing loans as at 31 March 2016 and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable.

FOREIGN EXCHANGE EXPOSURE

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors as at the latest practicable date prior to the issue of the annual report, the Group had maintained sufficient public float in accordance with the GEM Listing Rules throughout the year under review.

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 to the consolidated financial statements.

PERFORMANCE BOND AND CONTINGENT LIABILITIES

As at 31 March 2016, the Group had a performance bond of HK$1,013,000 (2015: NIL). This was due to a performance bond given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bond is secured by pledged bank deposits. If the Group fails to provide satisfactory performance to its customer to whom performance bond has been given, such customer may demand the bank to pay to it the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bond will be released in October 2016.

The Group did not have any other significant contingent liabilities as at 31 March 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

EMPLOYEE AND SALARIES POLICY

As at 31 March 2016, the Group had 180 employees (2015: 156 employees), with 172 employees and 8 employees employed in the PRC and Hong Kong respectively.

	At 31 March 2016 Number of staff	At 31 March 2015 Number of staff
Management, finance and administration	**30**	35
Research and development	**52**	50
Sales and after-sales maintenance	**98**	71
Total	**180**	156

The total staff costs, including Directors' emoluments, amounted to approximately HK$18,109,000 (2015: approximately HK$16,085,000) for the year under review. Staff remuneration, including the emolument payable to the Directors, is reviewed by the Group from time to time depending on length of service and performance of the staff.

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

PRINCIPAL RISKS

The Group's financial position, business results and prospects would be affected by a number of risks including operational risk, market risk and financial risk. Our Group engages in research and development of electronic hardware and software which is susceptible to information technology risk. The Group's trading business is subject to credit risk, liquidity risk and foreign currency risk. The Group's financial risk management objectives and policies are shown in note 5 to the consolidated financial statements.

Operational risk of the Group are related to our projects, where bidding prices of projects are generally affected by market competition. On the other hand, there are also certain operation risk for the Group to control the costs and implementation of each project. Market risk of the Group refers to the general demand of our products, which is in turn affected by PRC government policy and national and regional economy. Information technology risks refer to the risk of infringement of intellectual property during our research and development process, as well as application of licensed technology in our products.

Facing the risks as mentioned above, the Company adopts internal control systems where critical points in our business process is identified and specific control measures and procedures developed to reduce operational and information technology risks. The Company works closely with day-to-day management in order to identify and control potential risk points, and consult external advisers where necessary. Market risk is reduced through business diversification and entering other foreign markets, such as Malaysia and Turkey.

ENVIRONMENTAL POLICIES AND PRACTICE

The Group is committed to the long term sustainability of the environment and communities. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Group has adopted green initiatives and measures in its business operations such as recycling of used papers, energy saving measures and water saving practices.

EXECUTIVE DIRECTORS

Mr. Ma Yuanguang (馬遠光), aged 61, is the co-founder of the Group and is an executive Director and Chief Executive Officer. Mr. Ma resigned as the chairman of the board of Directors on 26 May 2016. Mr. Ma is responsible for the overall strategic planning of the Group. Mr. Ma has over thirty years' experience in the telecommunications industry. Prior to joining the Group, Mr. Ma had the experience of managing a state-owned telecommunications system production enterprise for eight years. Mr. Ma has cooperated with several multinational hi-tech firms in the United States, Canada and Australia, etc. for the introduction of various new products and new technologies to the PRC. Mr. Ma is also a director of GL Limited, Hilltop Holdings Group Limited, Guangzhou Global Link Communications Inc., Global Link Communications (HK) Limited, Tonnex Holdings Limited, First Asset Securitization Holding Limited and First Asset Securitization Limited, all being subsidiaries of the Company. Mr. Ma is the compliance officer and member of the remuneration committee and nomination committee of the Company and is also an authorized representative of the Company until 26 May 2016.

Mr. Hu Tiejun (胡鉄君), aged 64, holds a Bachelor Degree in Physics from the Zhongshan (Sun Yat-sen) University (中山大學) and has over forty years' experience in telecommunications, computer systems, data warehouse and information network. Mr. Hu is now a marketing director of WIMAX Forum, which is an industryled, not-for-profit organization, South East Asia district and a vice-president and general secretary of Worldwide Ethnic Chinese Wireless & Radio Association. Mr. Hu subsequently resigned on 26 May 2016.

Mr. Lo Kam Hon, Gary (勞錦漢), aged 51, was the financial controller of the Group and was also the Group's company secretary, responsible for the Group's financial and cash flow management and budget control before he passed away on 1 March 2016. Mr. Lo was also an authorized representative of the Company. Mr. Lo was a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo joined the Group in February 2003 and has more than twenty years' experience in finance, accountancy and treasury. Before Mr. Lo passed away on 1 March 2016, he was the Chief Financial Officer of Goldenmars Technology Holdings Limited (Stock Code: 8036), a company listed on GEM.

Mr. Li Kin Shing (李健誠), aged 58, has been appointed as executive Director and the chairman of the Board, a member of the nomination committee, and an authorized representative of the Company with effect from 26 May 2016.

Mr. Li has over 28 years of experience in the telecommunications industry. He is currently an executive director, the chairman and the chief executive officer of the International Elite Ltd. ("IEL")(Stock code: 1328) who is mainly responsible for the overall strategic planning and direction of IEL. He joined the IEL's group in 1993 and has been a director of the IEL since its establishment in 2000. He was the chief executive officer and the president of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, U.S.A., whose shares are displayed on the Over the Counter Bulletin Board when he resigned from these positions in 2007. Since 2009, he has been a non-executive director and the chairman of Directel Holdings Limited (Stock Code: 8337), a company listed on GEM and controlled by him and his spouse.

Mr. Wong Kin Wa (黃建華), aged 48, has been appointed as the executive Director, a member of the remuneration committee, and an authorized representative of the Company with effect from 26 May 2016. He obtained a diploma in Auditing from Guangzhou Radio & TV University, the PRC, in 1988.

Mr. Wong has over 19 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau. Mr. Wong is currently an executive director, the chief financial officer, the compliance officer and authorised representative of IEL. He joined IEL's group as chief financial officer in 2000 and is responsible for the overall management of the group's financial matters. Before joining the IEL's group, he was a manager of China-Hong Kong Telelink Company Limited from 1997 to 1999. Mr. WONG joined Denway Motors Limited (駿威汽車有限公司) (previously known as Denway Investment Limited), a company whose shares were formerly listed on the Main Board of The Stock Exchange of Hong Kong Limited, as the vice general manager in 1993. Mr. Wong has been a non-executive director of Directel Holdings Limited (Stock Code: 8337) since 2009.

NON-EXECUTIVE DIRECTOR

Mr. Wing Kee Eng, Lee, aged 62. Mr. Lee joined the Group in May 2002. Mr. Lee has over 27 years of experience in the telecommunications industry. Mr. Lee pursued his career with Harris Corporation where he had been a visiting engineer, senior engineer and the head of sales of the Pan Asia Pacific region. Mr. Lee has also been the vice president of the marketing and business development for various telecom operators in the United States of America. Mr. Lee resigned on 26 May 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Lu Ting Jie (呂廷杰), aged 60. Professor Lu joined the Group in November 2002. Professor Lu graduated from the Beijing University of Posts and Telecommunications (北京郵電學院) with a Master's degree, and obtained a Doctorate degree from Japan's Kyoto University (京都大學). Professor Lu is now the principal and tutor for doctorate students at the Economics and Management school of Beijing University of Posts and Telecommunications. He had contributed a number of thesis and articles in the area of economics, communications and telecommunications. Professor Lu is also a member of the audit committee of the Company. Professor Lu resigned on 26 May 2016.

Mr. Leung Kwok Keung (梁覺強), aged 52, is the financial controller of a listed company on the main board of The Stock Exchange of Hong Kong Limited. Mr. Leung joined the Group in September 2004. He was an independent non-executive director of Lee Kee Holdings Limited (Stock Code: 0637), a company listed on the Main Board of the Stock Exchange, from September 2006 to October 2014. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Qinghua University. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He has more than 20 years' experience in finance, accountancy and treasury. Mr. Leung resigned as the chairman of the audit committee and remuneration committee, and as a member of the nomination committee on 26 May 2016. He remains a member of the audit committee.

Mr. Liu Kejun (劉克鈞), aged 60, was appointed as an independent non-executive Director effective 16 December 2014. He has extensive experience and knowledge in telecommunication. He graduated from Beijing College of Posts and Telecommunications (later renamed as Beijing University of Posts and Telecommunications) in 1978 and Norwegian School of Management BI in 2001. Mr. Liu was previously the head of Research Institute of Telecommunications, Science and Technology of Guangdong* (廣東省電信科學技術研究院) and served in the National Engineering Laboratory of China Unicom* (中國聯通國家工程實驗室). Mr. Liu was approved as a senior engineer (professor grade) in telecommunication by Ministry of Industry and Information Technology of the PRC in October 2004. He has served as a part-time professor of the School of Electronic and Computer Engineering of the Shenzhen Graduate School of Peking University since 2013. Mr. Liu is also the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company.Mr. Liu resigned on 26 May 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Sai Ming (張世明) aged 41, has been appointed as an independent non-executive Director of the Company, and the chairman of the audit committee, the remuneration committee and the nomination committee with effect from 26 May 2016.

He obtained a bachelor's degree of arts in accountancy and finance from the Heriot-Watt University, the UK, in 2006. Mr. CHEUNG is a certified public accountant of Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experiences in auditing and accounting. Since 2007, Mr. CHEUNG has served as an independent non-executive director of IEL.

Mr. Liu Chun Bao (劉春保) aged 70, has been appointed as an independent non-executive Director, and a member of the audit committee, remuneration committee and nomination commitee with effect from 26 May 2016. He is a senior engineer, graduated from Wuhan College of Posts and Telecommunications, the PRC, in 1969.

Since 2011, Mr. Liu has served as an independent non-executive director of IEL. Mr. Liu served as engineer, deputy section chief and section chief in Guangdong Posts and Telecommunications Administration Bureau and as researcher and the assistant to the director in Guangdong Communication Administration Bureau. Mr. Liu also served as the general secretary of the Guangdong Institute of Communications (廣東省通信學會), Guangdong Communication Industry Association (廣東省通信行業協會), Guangdong Internet Society (廣東省互聯網協會) and a committee member of the China Association of Communications Enterprises (中國通信企業協會).

SENIOR MANAGEMENT

Mr. Xian Bao Wen (冼寶文), aged 40, joined Guangzhou Global Link Communications Inc, in October 2007 and is the finance controller. Mr. Xian graduated from Guangdong University of Finance & Economics with a bachelor degree of Economics. Mr. Xian has worked in a state-owned enterprise which engaged in telecommunication as accountant for almost 7 years. From July 2005 to October 2007 he became an assistant of finance controller in the Superdata Group (used to be GEM's listed company). Mr. Xian is also a director of Guangzhou Global Link Communications Inc., subsidiaries of the Company.

COMPANY SECRETARY

Ms. Chan Wai Ching (陳惠貞) aged 54, has been appointed as the company secretary of the Company with effect from 26 May 2016. She obtained a master's degree of professional accounting from The Hong Kong Polytechnic University in 2008.

Ms. Chan has over 33 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. She has been the company secretary of IEL since 2007 and the company secretary and authorised representative of Directel Holdings Limited (Stock Code: 8337) since 2009. Ms. Chan subsequently resigned as Company secretary and authorised representative of Directel Holdings Limited effective 7 June 2016.

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 16 to the consolidated financial statements.

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

KEY RISK FACTORS

The principal risks faced by the Group are set out in page 13 of this annual report. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosure. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgement or consult professionals before making any investment in the securities of the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2016.

RESERVES

The movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 37 and note 25 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law 2003 (Revised) of the Cayman Islands and the articles of association of the Company, the share premium of the Company is distributable to the shareholders, subject to a solvency test and the provisions of the Company's articles of association. As at 31 March 2016, the Company's reserves available for distribution amounted to approximately HK$42,136,000 (2015: approximately HK$55,145,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out as follows:

Financial Highlights

	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**58,210**	75,427	68,133	121,120	79,357
Gross profit	**1,487**	1,747	14,181	38,324	24,261
(Loss)/profit before tax	**(28,770)**	(41,926)	(53,042)	23,584	11,412
(Loss)/profit attributable to equity shareholders of the Company	**(28,788)**	(42,462)	(56,809)	19,267	13,373
Total assets	**95,089**	126,618	125,033	178,669	157,298
Total liabilities	**38,160**	39,464	28,035	27,307	27,978
Non-controlling interests	**(26)**	(25)	(19)	(1,329)	(2,467)
Net assets	**56,929**	87,154	96,998	151,362	129,320

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	7%
– five largest suppliers combined	31%
Sales	
– the largest customer	26%
– five largest customers combined	65%

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS

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

Executive Directors

Mr. Ma Yuanguang
Mr. Lo Kam Hon, Gary *(Deceased on 1 March 2016)*
Mr. Hu Tiejun *(Resigned on 26 May 2016)*
Mr. Li Kin Shing *(Appointed on 26 May 2016)*
Mr. Wong Kin Wa *(Appointed on 26 May 2016)*

Non-executive Director

Mr. Wing Kee Eng, Lee *(Resigned on 26 May 2016)*

Independent non-executive Directors

Professor Lu Ting Jie *(Resigned on 26 May 2016)*
Mr. Liu Kejun *(Resigned on 26 May 2016)*
Mr. Leung Kwok Keung
Mr. Cheung Sai Ming *(Appointed on 26 May 2016)*
Mr. Liu Chun Bao *(Appointed on 26 May 2016)*

In accordance with Article 87(1) of the articles of association of the Company and the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules, the Director retiring by rotation at the AGM is Mr. Ma Yuanguang and, being eligible, will offer himself for re-election at the AGM so that shareholders will be given an opportunity to endorse his appointment.

In addition, in accordance with Article 83(6) of the articles of association of the Company, Mr. Li Kin Shing, Mr. Wong Kin Wa, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, who were appointed on 26 May 2016 shall hold office until the AGM and, being eligible, has offered themselves for re-election.

Each of Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, being an independent non-executive Director of the Company, has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board Considers that Mr. Leung, Mr. Cheung and Mr. Liu meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and that they are independent.

PASS AWAY OF EXECUTIVE DIRECTOR, AUTHORISED REPRESENTATIVE AND COMPANY SECRETARY

Mr. Lo Kam Hon, Gary, an executive Director, an authorised representative and the company secretary of the Company, passed away on 1 March 2016. For details please refer to the Company's announcement dated 3 March 2016.

The Board expresses its regret for losing a valuable member of the Board and would like to show its gratitude to Mr. Lo for his contributions to the Company during his tenure of office. The Board further conveys its sincere condolences to the family members of Mr. Lo.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the profit or loss for the year are set out in note 27 and note 9(a) to the consolidated financial statements respectively.

DIRECTORS' SERVICE CONTRACTS

Mr. Ma Yuanguang has entered into a service contract with the Company for a term of two years commencing from 1 November 2014. Mr. Lo Kam Hon, Gary has entered into a service contract with the Company for a term of two years commencing from 23 September 2014. Mr. Hu Tiejun has entered into a service contract with the company for a term of two years commencing from 16 December 2014. Each of Mr. Li Kin Shing and Mr. Wong Kin Wa has entered into a service agreement with the Company for a term of three years commencing 26 May 2016. Such service contracts may be terminated by either party thereto giving to the other not less than three months' prior written notice.

Each of Mr. Wing Kee Eng, Lee and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2014 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2014. Mr. Liu Kejun has been appointed for a term of two years commencing from 16 December 2014. Each of Mr. Cheung Sai Ming and Mr. Liu Chun Bao has been appointed for a term of three years commencing from 26 May 2016. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

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

DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and of individuals with highest emoluments of the Group are set out in note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, the director is entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he or she may sustain or incur in or about the execution of his or her duties. To the extent provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 14 to 16 of this report.

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

As at 31 March 2016, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	255,121,200 ordinary shares Long position	23.43%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position	0.08%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.08%

Save as disclosed above, as at 31 March 2016, so far is known to the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 31 March 2016, so far is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
International Elite Ltd.	Beneficial owner	128,000,000 ordinary shares Long position	11.76%

Save as disclosed above, as at 31 March 2016, so far is known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

COMPETING INTERESTS

Save as disclosed in the Prospectus, the Directors are not aware of any business or interest of each Director, initial management shareholder or substantial shareholder of the Company or any of his/her respective associate that competes or may compete with the business of the Group and any other conflicts of interest which such person has or may have with the Group as at 31 March 2016.

BOARD PRACTICES AND PROCEDURES

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

CONNECTED TRANSACTION

The Group conducted the following non-exempt connected transaction during the year.

SHARE SUBSCRIPTION AGREEMENT AND UNCONDITIONAL MANDATORY CASH OFFER

Share Subscription Agreement

Pursuant to a subscription agreement (the "Subscription Agreement") dated 27 February 2016 between the Company and Honor Crest Holdings Limited (the "Subscriber"), the Company conditionally agreed to allot and issue to, and the Subscriber agreed to subscribe for, 1,000,000,000 shares of the Company (the "Subscription Shares") at a subscription price of HK$0.08 per Subscription Share.

The Subscriber is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of 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 ("IEL").

Connected Transaction and Extraordinary General Meeting

Immediately prior to the entering into of the Subscription Agreement, IEL is interested in 128,000,000 shares of the Company, representing approximately 11.76% of the entire issued share capital of the Company at the time. IEL is a substantial shareholder of the Company. As the Subscriber, being a wholly-owned subsidiary of IEL, is regarded as an associate of IEL, the Subscriber is therefore a connected person to the Company under Chapter 20 of the GEM Listing Rules. As a result, the abovementioned subscription constitutes a non-exempt connected transaction under the GEM Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements pursuant to the GEM Listing Rules.

The Subscription Shares will be issued under a specific mandate to be sought and subject to the passing of an ordinary resolution by the Company's independent shareholders.

Furthermore the authorised share capital of the Company at the time was HK$20,000,000 divided into 2,000,000,000 Shares, of which 1,088,807,500 Shares were in issue. In light of the above subscription and in order to accommodate future expansion and growth of the Company and to provide the Company with greater flexibility to raise funds by allotting and issue its shares in the future as and when necessary, the Board proposed to increase the authorised share capital of the Company to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares which shall rank equally with each other in all respects. Such increase in authorised share capital is conditional upon the passing of an ordinary resolution by the shareholders of the Company at the Extraordinary General Meeting.

An extraordinary general meeting for independent shareholders of the Company to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate for the allotment and issue of the Subscription Shares and the increase in authorised share capital of the Company was subsequently held on 18 April 2016. All of the above resolutions were approved at the general meeting.

As all conditions under the Subscription Agreement has been satisfied, completion took place on 21 April 2016. As a result of the completion, adjustments have been made to the exercise price of the Warrants and the number of shares of the Company to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants. Such adjustments have become effective on the date of the issue of the Subscription Shares (i.e. 21 April 2016). For details and effects of the completion please refer to the announcement of the Company dated 21 April 2016.

Unconditional Mandatory Cash Offer

Immediately prior to the entering into of the Subscription Agreement, IEL is interested in 128,000,000 shares of the Company, representing approximately 11.76% of the entire issued share capital of the Company at the time. Immediately after completion, the Subscriber and the parties acting in concert with it will be interested in 1,128,000,000 shares of the Company, representing approximately 54.00% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming none of the outstanding Warrants have been exercised).

Pursuant to Rule 26.1 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the "Takeovers Code"), the Subscriber is required to make an unconditional mandatory cash offer for all the issued shares of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), the offer price for each of such shares shall be equivalent to the subscription price per Subscription Share (i.e. HK$0.08) (the "Offer"). 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.

The Offer was closed on 19 May 2016. Subsequent to completion of the Offer, IEL and parties acting in concert with it were interested in total of 1,128,020,000 shares of the Company, representing approximately 54.00% of the entire issued share capital of the Company. For details please refer to the joint announcement of the Company and IEL dated 19 May 2016.

RELATED PARTY TRANSACTIONS

The details of the related party transactions are set out in note 30 to the consolidated financial statements.

The Company confirms that in relation to the related party transactions for the year ended 31 March 2016, it has complied with the disclosure requirements in accordance with the GEM Listing Rules.

CORPORATE GOVERNANCE

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

The code provision A2.1 of the Corporate Governance Code and Corporate Governance Report stipulates that the roles of the chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Ma Yuanguang was appointed as the chief executive of the Company with effect from 16 December 2014 and continued to be the chairman of the Board as of 31 March 2016. Appropriate measures have been taken to ensure the balance of power and authority between the Board and the management. Mr. Ma subsequently resigned as the chairman of the Board on 26 May 2016 and Mr. Li Kin Shing was appointed as the chairman of the Board with effective from 26 May 2016.

AUDITORS

Crowe Horwath (HK) CPA Limited retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ma Yuanguang
Chief Executive Officer

Hong Kong, 21 June 2016

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2016.

BOARD OF DIRECTORS AND BOARD MEETING

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

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the "Biographical Details of Directors and Senior Management". All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

Mr. Ma Yuanguang was appointed as the chief executive officer of the Company with effect from 16 December 2014 and continued to be an executive Director and chairman of the Company for the year ended 31 March 2016. Subsequently, Mr. Ma resigned as the chairman of the board of Directors on 26 May 2016.

Subsequent to the appointment of Mr. Ma as the chief executive officer of the Company, there are certain deviations of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules in respect of the distinctive roles of chairman and chief executive officer. The Board will meet regularly to consider, discuss and review the major and appropriate issues affecting the operations of the Company. As such, the Board considers that sufficient measures have been taken and the vesting of the roles of chairman and the chief executive officer of the Company in Mr. Ma will not impair the balance of power and authority between the Board and the management. The Board consider that the structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as executive of long term business strategies.

For the year ended 31 March 2016, the executive Directors include Mr. Ma Yuanguang, Mr. Hu Tiejun and Mr. Lo Kam Hon, Gary. Mr. Lo Kam Hon, Gary passed away on 1 March 2016. The non-executive Director is Mr. Wing Kee Eng, Lee. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of shareholders. Professor Lu Ting Jie, Mr. Leung Kwok Keung and Mr. Liu Kejun are the independent non-executive Directors.

Each of Mr. Wing Kee Eng. Lee and Professor Lu Ting Jie has been appointed for a term of two years commencing from 1 November 2014 while Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2014. Mr. Liu Kejun has been appointed for a term of two years commencing from 16 December 2014. All of them are subject to retirement by rotation in accordance with the Company's articles of association.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors are independent under various guidelines set out in Rule 5.09 of the GEM Listing Rules.

The Board held a full board meeting for each quarter.

During the period under review, details of the attendance of the Board are as follows:

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman and Chief Executive Officer)*	4/4
Mr. Lo Kam Hon, Gary (Deceased on 1 March 2016)	4/4
Mr. Hu Tiejun	4/4
Non-executive Director	
Mr. Wing Kee Eng, Lee	4/4
Independent non-executive Directors	
Professor Lu Ting Jie	4/4
Mr. Leung Kwok Keung	4/4
Mr. Liu Kejun	4/4

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

As part of an ongoing process of directors' training, the Directors are updated with latest developments regarding the GEM Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors. All Directors and senior management are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training. Continuing briefings and professional development to Directors and senior management will be arranged whenever necessary.

Pursuant to the Corporate Governance Code which has come into effect on 1 April 2012, all directors and senior management should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. During the year and up to the date of this report, all Directors and senior management have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

REMUNERATION COMMITTEE

The remuneration committee was established in March 2006. During the period under review, the chairman of the committee is Mr. Leung Kwok Keung, an independent non-executive Director, and other members include Mr. Liu Kejun and Mr. Ma Yuanguang, the majority of members being independent non-executive Directors. As at the date of this report, the remuneration committee comprises three members, namely Mr. Wong Kin Wa, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. Mr. Cheung Sai Ming, an independent non-executive Director, is the chairman of the remuneration committee. The majority of the remuneration committee are independent non-executive Directors.

The role and function of the remuneration committee included the making of recommendations to the Board on the remuneration packages of all Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The remuneration committee should consider factors including salaries paid by comparable companies, time commitment and responsibilities of the Directors and employment conditions elsewhere in the group. The committee's authority and duties are set out in written terms of reference and are posted on the websites of the Company and the Stock Exchange.

During the period under review, a meeting of the remuneration committee was held on 21 March 2016. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Leung Kwok Keung *(Chairman)*	1/1
Mr. Ma Yuanguang	1/1
Mr. Liu Kejun	1/1

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

NOMINATION COMMITTEE

The nomination committee was established in March 2012. During the period under review, the nomination committee comprises three members, namely, Mr. Ma Yuanguang, the chairman of the Board and an executive Director, and two independent non-executive Directors, namely, Mr. Liu Kejun and Mr. Leung Kwok Keung. The chairman of the committee is Mr. Liu Kejun. The majority of the members of the nomination committee are independent non-executive Directors. As at the date of this report, the nomination committee comprises three members, namely, Mr. Li Kin Shing, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. Mr. Cheung Sai Ming is currently the chairman of the Nomination committee.

The role and function of the nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, to assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive. The re-election of each of those independent non-executive Directors who has served on the Board for more than 9 years is subject to (1) a separate resolution to be approved by shareholders of the Company at the relevant annual general meeting; and (2) further information being given to shareholders of the Company together with the notice of meeting regarding the reasons why the Board believes the relevant Director is still independent and should be re-elected. The committee's authority and duties are set out in written terms of reference and are posted on the websites of the Company and the Stock Exchange.

A meeting of the nomination committee was held on 21 June 2016. Details of the attendance of the nomination committee meeting are as follows:

Members	**Attendance**
Mr. Cheung Sai Ming *(Chairman)*	1/1
Mr. Li Kin Shing	1/1
Mr. Liu Chun Bao	1/1

The nomination committee has considered and resolved that, in accordance with the Company's articles of association and subject to the proposed resolutions being passed at the forthcoming annual general meeting, Mr. Ma Yuanguang, Mr. Li Kin Shing, Mr. Wong Kin Wa, Mr. Cheung Sai Ming and Mr. Liu Chun Bao will retire, and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

The nomination committee has assessed the independence of the independent non-executive Directors and considered the independent non-executive Directors to be independent under Rule 5.09 of the GEM Listing Rules.

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Company has paid an aggregate of approximately HK$598,000 to the external auditors for its audit services and the auditor's remuneration for non-audit services was HK$47,500.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls procedures and risk management system of the Group. During the year under review, the Audit Committee comprises three members, namely Mr. Leung Kwok Keung, Mr. Lu Ting Jie and Mr. Liu Kejun. All of them were independent non-executive Directors. The chairman of the Audit Committee during the period under review was Mr. Leung Kwok Keung. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming.

The Group's annual audited results during the year ended 31 March 2016 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

The audit committee held 4 meetings during the year under review to discuss the accounting principles and practices adopted by the Company and discussions with senior management and the independent auditor on matters arising from audits and the effectiveness of the Company's internal control and risk management system. Details of the attendance of the audit committee meetings are as follows:

Members	**Attendance**
Mr. Leung Kwok Keung *(Chairman)*	4/4
Professor Lu Ting Jie	4/4
Mr. Liu Kejun	4/4

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report in the Company's annual report; and

- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

During the year under review, the Board has performed the corporate governance duties accordingly.

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility to prepare the Group's financial statement for each financial period to give a true and fair view of the state of affairs of the Group and of results and cash flows for that period. In preparing the financial statements for the year under review, the Board has selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditor's Report on pages 33 to 34 of this report.

INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's system of internal controls and risk assessment. The systems are design to reduce, not eliminate, risks associated with our business and can only provide reasonable (i.e. not absolute) assurance against material misstatement or loss. The Board has conducted a review of the system of risk management and internal control of the Group periodically to ensure the effective and adequate risk management and internal control system. The Board convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control and risk management is effective and adequate to the Group.

The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget which are considered to be adequate for the year ended 31 March 2016.

SHAREHOLDERS' RIGHTS

I. Convene an extraordinary general meeting

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder") shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

II. Send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Room C, 17th Floor, Hollywood Centre, 77-91 Queen's Road West, Hong Kong by post for the attention of the company secretary of the Company. In addition, the Company's website provides fax number and telephone number by which enquiries may be put to the Board.

III. Make proposals at general meetings

Eligible Shareholder who wishes to convene an extraordinary general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder concerned to the principal place of business of the Company in Hong Kong as set out in the paragraph above, for the attention of the company secretary of the Company.

The Requisition must state clearly the name of the Eligible Shareholder concerned, his shareholding, the reason to convene an extraordinary general meeting, the agenda proposed to be included as well as the details of the business proposed to be transacted in the extraordinary general meeting.

INVESTORS RELATIONS

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

The attendance of members of the Board to the general meeting held on 7 August 2015 is as follows:

Directors	**Attendance**
Executive Directors	
Mr. Ma Yuanguang *(Chairman and Chief Executive Officer)*	1/1
Mr. Lo Kam Hon, Gary (Deceased on 1 March 2016)	1/1
Mr. Hu Tiejun	1/1
Non-executive Director	
Mr. Wing Kee Eng, Lee	1/1
Independent non-executive Directors	
Professor Lu Ting Jie	0/1
Mr. Leung Kwok Keung	1/1
Mr. Liu Kejun	1/1

During the year under review, there had been no significant change in the Company's constitutional documents.

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Link Communications Holdings Limited ("the Company") and its subsidiaries set out on pages 35 to 92, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 21 June 2016

Lau Kwok Hung
Practising Certificate Number: P04169

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	6	**58,210**	75,427
Cost of sales		**(56,723)**	(73,680)
Gross profit		**1,487**	1,747
Other revenue	7	**499**	1,324
Selling expenses		**(7,314)**	(9,023)
Administrative expenses		**(14,325)**	(12,027)
Other operating expenses		**(9,117)**	(23,947)
(Loss) before taxation	9	**(28,770)**	(41,926)
Income tax	10	**(19)**	(542)
(Loss) for the year		**(28,789)**	(42,468)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating of financial statements of foreign operations		**(1,436)**	76
Other comprehensive (loss)/income for the year, net of income tax		**(1,436)**	76
Total comprehensive (loss) for the year		**(30,225)**	(42,392)
(Loss) attributable to:			
Equity shareholders of the Company		**(28,788)**	(42,462)
Non-controlling interests		**(1)**	(6)
		(28,789)	(42,468)
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		**(30,224)**	(42,386)
Non-controlling interests		**(1)**	(6)
		(30,225)	(42,392)
(Loss) per share (in HK cents):			
– Basic and diluted	11	**(2.64 cents)**	(4.28 cents)

The notes on pages 39 to 92 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,929**	2,242
Intangible assets	14	**28,437**	31,687
		30,366	33,929
Current assets			
Inventories	17	**7,451**	29,492
Trade and other receivables	18	**40,986**	43,365
Deposits and prepayments	19	**2,584**	1,155
Pledged bank deposit	21	**1,220**	–
Cash and cash equivalents	20	**12,482**	18,677
		64,723	92,689
Current liabilities			
Trade and other payables	22	**17,910**	14,917
Provision	23	**12,721**	16,757
Provision for taxation		**7,473**	7,734
		38,104	39,408
Net current assets		**26,619**	53,281
Total assets less current liabilities		**56,985**	87,210
Non-current liability			
Provision for long service payments	24	**56**	56
		56	56
NET ASSETS		**56,929**	87,154
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital	25	**10,888**	10,888
Reserves		**46,067**	76,291
		56,955	87,179
Non-controlling interests		**(26)**	(25)
TOTAL EQUITY		**56,929**	87,154

Approved and authorised for issue by the board of directors on 21 June 2016.

Li Kin Shing
Director

Ma Yuanguang
Director

The notes on pages 39 to 92 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Merger reserve	Exchange 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
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 25(a)(i))*	1,280	31,082	–	–	–	–	–	32,362	–	32,362
Issue of unlisted warrants *(note 25(c))*	–	–	–	–	186	–	–	186	–	186
At 31 March 2015	10,888	89,807(#)	2,135(#)	12,129(#)	186(#)	(38,773)(#)	10,807(#)	87,179	(25)	87,154
At 1 April 2015	10,888	89,807(#)	2,135(#)	12,129(#)	186(#)	(38,773)(#)	10,807(#)	87,179	(25)	87,154
Loss for the year	–	–	–	–	–	(28,788)	–	(28,788)	(1)	(28,789)
Other comprehensive loss for the year:										
Exchange differences on translating of financial statements of foreign operations	–	–	–	(1,436)	–	–	–	(1,436)	–	(1,436)
Total comprehensive loss for the year	–	–	–	(1,436)	–	(28,788)	–	(30,224)	(1)	(30,225)
At 31 March 2016	10,888	89,807(#)	2,135(#)	10,693(#)	186(#)	(67,561)(#)	10,807(#)	56,955	(26)	56,929

(#) These accounts comprise the consolidated reserves of approximately HK$46,067,000 (2015: HK$76,291,000) in the consolidated statement of financial position.

The notes on pages 39 to 92 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 HK$'000	2015 HK$'000
Operating activities			
(Loss) before tax		**(28,770)**	(41,926)
Adjustments for:			
Depreciation	9(b)	**525**	491
Amortisation of intangible assets	9(b)	**3,250**	1,191
Loss on disposal of property, plant and equipment	9(b)	**–**	269
Loss on disposal of intangible assets	9(b)	**–**	2,043
Write-back of trade and other payables	7	**(149)**	(663)
Allowance for doubtful debts	9(b)	**4,510**	30
(Reversal of) provision for impairment of deposits	9(b)	**–**	(9)
Bank interest income	7	**(349)**	(582)
Changes in working capital		**(20,983)**	(39,156)
Decrease/(increase) in inventories		**20,839**	(5,913)
(Increase)/decrease in trade and other receivables		**(5,015)**	13,722
(Increase)/decrease in deposits and prepayments		**(1,462)**	8,874
Increase in trade and other payables		**4,979**	2,399
(Decrease)/increase in provision for product warranties		**(3,430)**	9,757
Cash (used in) operations		**(5,072)**	(10,317)
PRC enterprise income taxes paid		**–**	(260)
Net cash (used in) operating activities		**(5,072)**	(10,577)
Investing activities			
Payment for purchase of property, plant and equipment		**(286)**	(1,663)
Proceeds from disposals of property, plant and equipment		**–**	99
Bank interest received		**349**	582
(Increase)/decrease in pledged bank deposit		**(1,220)**	808
Net cash (used in) investing activities		**(1,157)**	(174)
Financing activities			
Proceeds from issuance of warrants		**–**	186
Payment of transaction costs on issue of shares		**–**	(138)
Net cash generated from financing activities		**–**	48
Net (decrease) in cash and cash equivalents		**(6,229)**	(10,703)
Cash and cash equivalents at the beginning of the year		**18,677**	29,297
Effect of foreign exchange rate changes		**34**	83
Cash and cash equivalents at the end of the year		**12,482**	18,677
Analysis of the balances of cash and cash equivalents:			
Cash and cash equivalents	20	**12,482**	18,677

The notes on pages 39 to 92 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 MARCH 2016

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 16 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 HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the amendments to 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 consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

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 33).

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by the Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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 2016 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 except for per share data. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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$28,789,000 (2015: HK$42,468,000) and net cash outflow of approximately HK$6,229,000 (2015: HK$10,703,000) for the year ended 31 March 2016 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; and (2) the directors of the Company continue to take action to tighten cost controls over various operating expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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)).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(i) Intangible assets acquired separately (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Employee benefits *(continued)*

iv) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Income tax *(continued)*

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 settled 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) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

p) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(i) Financial guarantees issued (continued)

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(p)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

r) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(continued)*

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

i) Impairment of trade and other receivables (continued)

– 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).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Impairment of assets *(continued)*

ii) *Impairment of other assets (continued)*

– 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 measureable), 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 higher of the fair value less costs of disposals and its value in use.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a) Key sources of estimation uncertainty *(continued)*

i) Impairment of property, plant and equipment and intangible asset (continued)

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 2016, the carrying amount of property, plant and equipment and intangible assets were approximately HK$1,929,000 (2015: HK$2,242,000) and HK$28,437,000 (2015: HK$31,687,000).

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 2016, the carrying amount of trade and other receivables was approximately HK$40,986,000 (2015: HK$43,365,000).

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 2016, the carrying amount of inventories was approximately HK$7,451,000 (2015: HK$29,492,000).

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a) Key sources of estimation uncertainty *(continued)*

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 2016, the carrying amount of provision for taxation was approximately HK$7,473,000 (2015: HK$7,734,000).

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial assets

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

	2016	2015
	HK$'000	*HK$'000*
Pledged bank deposit	**1,220**	–
Trade and other receivables	**40,986**	43,365
Deposits	**255**	39
Cash and cash equivalents	**12,482**	18,677
	54,943	62,081

Financial liabilities

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

	2016	2015
	HK$'000	*HK$'000*
Trade and other payables	**13,763**	12,930

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 credit risk is primarily attributable to trade and other receivables.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

b) Credit risk *(continued)*

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, 23% (2015: 21%) and 56% (2015: 62%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the PRC segment.

iv) 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 18.

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.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

c) Liquidity risk *(continued)*

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group'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 can be required to pay.

	2016				2015			
	Within 1 year or on demand	**More than 1 year**	**Total contractual undiscounted cash flow**	**Carrying amount at 31/3/2016**	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2015
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	**13,763**	**–**	**13,763**	**13,763**	12,930	–	12,930	12,930

d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits. The management of the Group consider that the Group's exposure from these fixed-rate short-term fixed deposits to interest rate risk is not significant.

The Group is exposed to 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.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

d) Interest rate risk *(continued)*

i) Interest rate profile

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			
	2016		2015	
	Effective interest rates		Effective interest rates	
	%	***HK$'000***	%	*HK$'000*
Variable rate bank balances and deposits	**0.01-4.80**	**11,684**	0.01-4.25	18,594

ii) Sensitivity analysis

At 31 March 2016, 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$105,000 (2015: HK$180,000). 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 (2015: 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 2015.

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.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

e) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("US$") and Renminbi ("RMB").

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.

	2016 ***HK$'000***	2015 *HK$'000*
Cash and cash equivalents		
US$	**74**	122
RMB	**–**	12,782
Net exposure arising from recognised assets and liabilities	**74**	12,904

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

e) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) 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.

	2016			2015		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax**	**Effect on accumulated losses**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax	Effect on accumulated losses
		HK$'000	***HK$'000***		*HK$'000*	*HK$'000*
RMB	**5%**	**–**	**–**	5%	(639)	(639)
	(5%)	**–**	**–**	(5%)	639	639

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 2015.

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 directors consider that the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2016 and 31 March 2015.

6. REVENUE

Revenue presented net of value-added tax, trade discounts and returns.

	2016 HK$'000	2015 HK$'000
Revenue from the supply, development and integration of passenger information management system	**58,210**	75,427

7. OTHER REVENUE

	2016 HK$'000	2015 HK$'000
Bank interest income	**349**	582
Total interest income on financial assets not at fair value through profit or loss	**349**	582
Write-back of trade and other payables	**149**	663
Other income	**1**	79
	499	1,324

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.

8. SEGMENT INFORMATION *(continued)*

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

8. SEGMENT INFORMATION *(continued)*

(a) Segment results, assets and liabilities *(continued)*

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 2016 and 2015 is set out below.

	PRC		Hong Kong		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue						
Inter-segment revenue	**186**	815	**–**	–	**186**	815
Revenue from external customers	**55,897**	72,930	**2,313**	2,497	**58,210**	75,427
	56,083	73,745	**2,313**	2,497	**58,396**	76,242
Reportable segment profit/(loss)	**(11,095)**	(24,059)	**1,933**	1,623	**(9,162)**	(22,436)
Research and development costs	**(11,817)**	(12,685)	**–**	–	**(11,817)**	(12,685)
Interest income	**152**	230	**197**	352	**349**	582
Depreciation	**(523)**	(466)	**(2)**	(25)	**(525)**	(491)
Amortisation of intangible assets	**(3,250)**	(1,191)	**–**	–	**(3,250)**	(1,191)
Allowance for doubtful debts	**(4,510)**	(30)	**–**	–	**(4,510)**	(30)
Loss on disposal of property, plant and equipment	**–**	(269)	**–**	–	**–**	(269)
Loss on disposal of intangible assets	**–**	(2,043)	**–**	–	**–**	(2,043)
Provision for product warranties	**(5,867)**	(23,134)	**–**	–	**(5,867)**	(23,134)
Reversal of provision for impairment of deposits	**–**	9	**–**	–	**–**	9
Reportable segment assets	**90,644**	82,276	**7,667**	47,486	**98,311**	129,762
Reportable segment assets includes:						
Additions to non-current assets (other than financial instruments and deferred tax assets)	**284**	34,163	**2**	–	**286**	34,163
Reportable segment liabilities	**30,812**	31,882	**3,097**	2,992	**33,909**	34,874

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8. SEGMENT INFORMATION *(continued)*

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

	2016 HK$'000	2015 HK$'000
Revenue		
Total reportable segments' revenue	**58,396**	76,242
Elimination of inter-segment revenue	**(186)**	(815)
Consolidated revenue	**58,210**	75,427
(Loss)		
Total reportable segments' (loss)	**(9,162)**	(22,436)
Elimination of inter-segment profits	**(186)**	(815)
Reportable segment (loss) derived from Group's external customers	**(9,348)**	(23,251)
Bank interest income	**349**	582
Unallocated head office and corporate expenses	**(19,771)**	(19,257)
Consolidated (loss) before tax expenses	**(28,770)**	(41,926)
Assets		
Total reportable segments' assets	**98,311**	129,762
Elimination of inter-segment receivables	**(3,222)**	(3,144)
Consolidated total assets	**95,089**	126,618
Liabilities		
Total reportable segments' liabilities	**33,909**	34,874
Elimination of inter-segment payables	**(3,222)**	(3,144)
	30,687	31,730
Current tax liabilities	**7,473**	7,734
Consolidated total liabilities	**38,160**	39,464

8. SEGMENT INFORMATION *(continued)*

c) Revenue from major products and services

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

	2016 HK$'000	2015 HK$'000
Supply, development and integration of passenger information management system	**58,210**	75,427

d) Other geographical information

	Non-current assets	
	2016 HK$'000	2015 HK$'000
PRC	**30,360**	33,923
Hong Kong	**6**	6
	30,366	33,929

The Group's non-current assets, which include property, plant and equipment and intangible assets 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 assets.

e) Information about major customers

Revenue from two (2015: three) customers in PRC operating and reportable segment amounted to approximately HK$17,347,000 and HK$14,431,000 (2015: HK$24,396,000, HK$13,383,000 and HK$8,077,000), 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 2016 and 2015.

9. (LOSS) BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
a) Staff costs, including directors' emoluments *(note 12)*		
Salaries and wages	**15,729**	14,108
Contributions to retirement benefit schemes	**1,577**	1,339
Provision for staff welfare benefits	**803**	638
	18,109	16,085
b) Other items		
Auditors' remuneration	**598**	552
Allowance for doubtful debts	**4,510**	30
(Reversal of) provision for impairment of deposits	**–**	(9)
Cost of inventories sold *	**56,723**	73,680
Research and development costs #	**11,817**	12,685
Depreciation	**525**	491
Amortisation of intangible assets (included in cost of inventories sold) *	**–**	378
Amortisation of intangible assets (included in other operating expenses) ##	**3,250**	813
Loss on disposal of property, plant and equipment	**–**	269
Loss on disposal of intangible assets	**–**	2,043
Provision for product warranties ## *(note 23)*	**5,867**	23,134
Net exchange loss	**341**	29
Minimum lease payments under operating lease – land and buildings	**1,565**	1,543

* Cost of inventories sold includes approximately HK$10,103,000 (2015: HK$9,397,000) 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$11,817,000 (2015: HK$12,685,000) 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

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

	2016 HK$'000	2015 HK$'000
Current year provision:		
PRC enterprise income tax	**19**	196
Deferred taxation *(note 15)*		
Origination and reversal of temporary differences	**–**	346
	19	542

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. (2015: 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.

Except for Guangzhou GL as mentioned above, remaining subsidiaries located in the PRC are subject to the PRC EIT rate of 25% (2015: 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.

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

	2016 HK$'000	2015 HK$'000
(Loss) before taxation	**(28,770)**	(41,926)
Notional tax on (loss) before taxation, calculated at the rates applicable to (loss) in the countries concerned	**(4,698)**	(6,319)
Tax effect of non-taxable income	**(64)**	(58)
Tax effect of non-deductible expenses	**743**	2,022
Tax effect of unused tax losses not recognised	**3,858**	4,775
Tax effect of deductible temporary differences not recognised	**161**	(54)
Tax effect of utilisation of unused tax losses not recognized in prior years	**–**	(38)
Others	**19**	214
Tax expenses	**19**	542

11. 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$28,788,000 (2015: HK$42,462,000) and the weighted average number of approximately 1,088,808,000 ordinary shares (2015: 993,071,000 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares for the purpose of basic loss per share

	2016	2015
	'000	*'000*
Issued ordinary shares at the beginning of the year	**1,088,808**	960,808
Effect of new shares issued	**–**	32,263
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,088,808**	993,071

(b) Diluted loss per share

The basic and diluted loss per share are the same for the years ended 31 March 2016 and 31 March 2015, as the warrants outstanding during the year are anti-dilutive.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016				
Executive directors:				
Mr. Ma Yuanguang *(Chief Executive)*	–	1,031	18	1,049
Mr. Hu Tiejun *(resigned on 26 May 2016)*	–	460	15	475
Mr. Lo Kam Hon, Gary *(deceased on 1 March 2016)*	–	144	7	151
	–	1,635	40	1,675
Independent non-executive directors:				
Mr. Liu Kejun *(resigned on 26 May 2016)*	56	–	–	56
Professor Lu Ting Jie *(resigned on 26 May 2016)*	48	–	–	48
Mr. Leung Kwok Keung	88	–	–	88
	192	–	–	192
Non-executive director:				
Mr. Wing Kee Eng, Lee *(resigned on 26 May 2016)*	76	–	–	76
	268	1,635	40	1,943

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows: *(continued)*

	Fees	**Salaries, allowances and benefits in kind**	**Retirement benefits scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2015				
Executive directors:				
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 and resigned on 26 May 2016)*	–	123	5	128
Mr. Lo Kam Hon, Gary *(deceased on 1 March 2016)*	–	151	8	159
	–	1,670	31	1,701
Independent non-executive directors:				
Mr. Hu Tiejun *(re-designated as executive director on 16 December 2014 and resigned on 26 May 2016)*	36	–	–	36
Mr. Liu Kejun *(appointed on 16 December 2014 and resigned on 26 May 2016)*	15	–	–	15
Professor Lu Ting Jie *(resigned on 26 May 2016)*	44	–	–	44
Mr. Leung Kwok Keung	79	–	–	79
	174	–	–	174
Non-executive director:				
Mr. Wing Kee Eng, Lee *(resigned on 26 May 2016)*	70	–	–	70
	244	1,670	31	1,945

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(b) Of the five individuals with the highest emoluments, two (2015: two) are directors of the Company whose emoluments are disclosed in note 12(a). The aggregate of the emoluments of the remaining three (2015: three) individuals were as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and other emoluments	**1,027**	1,027
Contributions to retirement benefit schemes	**39**	35
	1,066	1,062

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

	2016	2015
Nil to HK$1,000,000	**3**	3

During the year ended 31 March 2016, 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 (2015: Nil).

None of the directors waived any emoluments in the year ended 31 March 2016 (2015: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvements	Tools and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 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 and 1 April 2015	95	752	1,630	700	1,506	4,683
Additions	29	91	–	36	130	286
Disposals	–	(4)	–	–	–	(4)
Exchange realignment	(4)	(29)	(59)	(25)	(33)	(150)
At 31 March 2016	120	810	1,571	711	1,603	4,815
Accumulated depreciation						
At 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 and 1 April 2015	44	599	130	241	1,427	2,441
Charge for the year	25	57	364	63	16	525
Written back on disposals	–	(4)	–	–	–	(4)
Exchange realignment	(2)	(23)	(8)	(10)	(33)	(76)
At 31 March 2016	67	629	486	294	1,410	2,886
Carrying amounts						
At 31 March 2016	53	181	1,085	417	193	1,929
At 31 March 2015	51	153	1,500	459	79	2,242

14. INTANGIBLE ASSETS

	Software	Application rights	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2014	3,205	–	3,205
Additions	–	32,500	32,500
Disposals	(3,205)	–	(3,205)
At 31 March 2015 and 31 March 2016	–	32,500	32,500
Accumulated amortisation			
At 1 April 2014	785	–	785
Amortisation for the year	378	813	1,191
Disposals	(1,162)	–	(1,162)
Exchange realignment	(1)	–	(1)
At 31 March 2015	–	813	813
Amortisation for the year	–	3,250	3,250
At 31 March 2016	–	4,063	4,063
Carrying amounts			
At 31 March 2016	–	28,437	28,437
At 31 March 2015	–	31,687	31,687

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.

The application rights have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 10 years.

During the year, amortisation charge of HK$nil (2015: HK$378,000) has been charged to "cost of sales" and HK$3,250,000 (2015: HK$813,000) in "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income respectively.

15. 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
	HK$'000
At 1 April 2014	346
(Charged) to profit or loss *(note 10)*	(346)
At 31 March 2015 and 31 March 2016	–

b) Deferred tax assets not recognised

As at 31 March 2016, the Group had unused tax losses of approximately HK$120,706,000 (2015: HK$100,174,000) 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$44,331,000, HK$29,464,000 and HK$22,738,000 (2015: HK$45,993,000 and HK$30,569,000 that will expire in 2019 and 2020 respectively) that will expire in 2019, 2020 and 2021 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 2016, the Group had deferred tax assets arising from allowance for doubtful debts and provision for impairment of deposits of approximately HK$3,061,000 (2015: HK$1,928,000) and unrealised profits arising from intra-group sales of approximately HK$246,000 (2015: HK$564,000) 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 2016, temporary differences relating to the undistributed profits of PRC subsidiaries for the period from 1 January 2008 to 31 March 2016 amounted to approximately HK$24,252,000 (2015:HK$27,599,000). Deferred tax liabilities of approximately HK$2,425,000 (2015: HK$2,760,000) 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.

16. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 March 2016:

Name of Company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
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 *(note (a))*	People's Republic of China ("PRC")	Registered capital RMB5,000,000	100%	–	100%	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

16. SUBSIDIARIES *(continued)*

Name of Company	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
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
First Asset Securitization Holding Limited *(note (c))*	British Virgin Islands	1 Ordinary share of US$1 each	100%	100%	–	Investment holding
First Asset Securitization Limited *(note (c))*	Hong Kong	1 Ordinary share	100%	–	100%	Dormant

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 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, Global Link Communications (HK) Limited, First Asset Securitization Holding Limited and First Asset Securitization Limited are registered as limited liability companies under the rules and regulations of their respective countries of incorporation.

17. INVENTORIES

	2016 HK$'000	2015 HK$'000
Spare parts and accessories	**7,451**	19,040
Finished goods	**–**	10,452
	7,451	29,492

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

	2016 HK$'000	2015 HK$'000
Carrying amount of inventories sold	**56,723**	73,680
	56,723	73,680

18. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables and bills receivables	**54,475**	52,921
Less: allowance for doubtful debts	**(15,456)**	(11,375)
	39,019	41,546
Other receivables	**1,967**	1,819
	40,986	43,365

Included in trade receivables are retention monies receivable of approximately HK$4,208,000 (2015: HK$2,818,000), which are withheld and will be released upon the expiry of maintenance periods.

All of the trade and other receivables are expected to be recovered within one year, except for retention monies receivables of approximately HK$3,319,000 (2015: HK$2,337,000) which are expected to be recovered after more than one year.

18. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Age analysis

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

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**21,862**	18,558
Between 91 and 180 days	**10,492**	8,685
Between 181 and 365 days	**1,138**	9,730
Between 1 and 2 years	**1,285**	1,755
Over 2 years	**34**	–
	34,811	38,728
Retention receivables	**4,208**	2,818
	39,019	41,546

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:

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the year	**11,375**	11,332
Impairment losses recognised	**4,510**	30
Exchange realignment	**(429)**	13
At the end of the year	**15,456**	11,375

As at 31 March 2016, trade and bills receivables of the Group amounting to approximately HK$15,456,000 (2015: HK$11,375,000) 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.

18. TRADE AND OTHER RECEIVABLES *(continued)*

(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:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**26,673**	21,267
Past due but not impaired:		
Less than 3 months past due	**9,889**	8,794
Over 3 months past due	**2,457**	11,485
	39,019	41,546

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK$26,673,000 (2015: HK$21,267,000) 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.

19. DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Deposits	**3,426**	2,367
Prepayments	**586**	269
	4,012	2,636
Less: Provision of impairment	**(1,428)**	(1,481)
	2,584	1,155

During the year, reversal of provision for impairment loss made in prior year of HK$Nil (2015: HK$9,000) arose due to the amount has been recovered.

20. CASH AND CASH EQUIVALENTS

	2016	2015
	HK$'000	*HK$'000*
Cash at bank and on hand	**12,482**	18,677
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**12,482**	18,677

The interest rates on the cash at bank ranged from 0.01% to 4.8% (2015: 0.01% to 4.25%) per annum.

Included in the cash and cash equivalents of the Group was approximately HK$6,630,000 (2015: HK$4,285,000) 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.

21. PLEDGED BANK DEPOSIT

As at 31 March 2016, the Group's bank deposit of approximately HK$1,220,000 (2015: HK$ Nil) was pledged to a bank for securing the performance bonds issued by the bank on behalf of the Group to a customer of the Group (note 26). The pledged bank deposit will be released upon the discharge of performance bonds in October 2016. At 31 March 2016, the pledged bank deposit carried fixed interest rate of 1.55% (2015: Nil) per annum.

22. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**10,818**	9,496
Other payables	**2,027**	2,566
Accrued wages	**918**	868
Payables for value-added tax	**3,424**	1,456
Deposits received from customers	**723**	531
	17,910	14,917

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

22. TRADE AND OTHER PAYABLES *(continued)*

Included in trade and other payables are trade payables presented based on the purchase recognition date, that is, goods receipt date, with the following ageing analysis as at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**6,331**	7,455
Between 91 and 180 days	**2,111**	552
Between 181 and 365 days	**2,103**	28
Between 1 and 2 years	**185**	48
Over 2 years	**88**	1,413
	10,818	9,496

23. 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.

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**16,757**	7,000
Additional provision *(note 9)*	**5,867**	23,134
Amounts utilised during the year	**(9,832)**	(13,377)
Exchange realignment	**(71)**	–
At end of the year	**12,721**	16,757
Portion classified as current liabilities	**(12,721)**	(16,757)
Non-current portion	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong 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.

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning and the end of the year	**56**	56

25. CAPITAL AND RESERVES

a) Share capital

	2016		2015	
	No. of shares	**Amount**	No. of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Ordinary shares, issued and fully paid:				
At the beginning of the year	**1,088,807,500**	**10,888**	960,807,500	9,608
Issuance of new shares	**–**	**–**	128,000,000	1,280
At the end of the year	**1,088,807,500**	**10,888**	1,088,807,500	10,888

(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. 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.

25. CAPITAL AND RESERVES *(continued)*

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:

	Warrant reserve	**Share premium**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014	–	58,725	(27,822)	30,903
Loss for the year	–	–	(6,840)	(6,840)
Issue of new shares	–	31,082	–	31,082
Issue of unlisted warrants	186	–	–	186
At 31 March 2015	186	89,807	(34,662)	55,331
At 1 April 2015	186	89,807	(34,662)	55,331
Loss for the year	–	–	(13,009)	(13,009)
At 31 March 2016	186	89,807	(47,671)	42,322

c) **Unlisted warrants**

During the year ended 31 March 2015, 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 2016 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 (2015: Nil).

25. CAPITAL AND RESERVES *(continued)*

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) 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.

iv) 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.

v) 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 2016, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$42,136,000 (2015: HK$55,145,000).

25. CAPITAL AND RESERVES *(continued)*

g) Capital management

The capital structure of the Group consists of cash and cash equivalents in an amount of approximately HK$12,482,000 (2015: HK$18,677,000) (note 20). The Group had no bank borrowings as at 31 March 2016 and 2015.

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 2015.

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

26. PERFORMANCE BOND AND CONTINGENT LIABILITIES

	2016	2015
	HK$'000	*HK$'000*
Performance bonds for a sales contract in favour of a customer	**1,013**	–

The above performance bond was given by a bank in favour of a customer of the Group as security for the due performance of the Group's obligations under a sales contract entered into between the Group and its customer. The performance bond is secured by pledged bank deposits (note 21). If the Group fails to provide satisfactory performance to its customer to whom performance bond has been given, such customer may demand the bank to pay to it the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bond will be released in October 2016.

The Company did not have any other significant contingent liabilities as at the end of the reporting period (2015: Nil).

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$1,577,000 (2015: HK$1,339,000) 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:

	2016	2015
	HK$'000	*HK$'000*
Contracted, but not provided for in respect of capital contribution to a subsidiary	**2,000**	8,000

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29. OPEARTING LEASE COMMITMENTS

At 31 March 2016, the Group had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are payables as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	**1,104**	1,093
After 1 year but within 5 years	**2,646**	2,966
	3,750	4,059

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$Nil (2015: HK$80,000) 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 12, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**2,081**	1,914
Retirement scheme contributions	**51**	31
	2,132	1,945

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

31. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Investments in subsidiaries		**362**	411
Intangible assets		**28,437**	31,687
		28,799	32,098
Current assets			
Other receivables		**24,920**	34,870
Deposits and prepayments		**533**	203
		25,453	35,073
Current liability			
Other payables		**1,042**	952
		1,042	952
Net current assets		**24,411**	34,121
NET ASSETS		**53,210**	66,219
CAPITAL AND RESERVES			
Share capital		**10,888**	10,888
Reserves	25(b)	**42,322**	55,331
TOTAL EQUITY		**53,210**	66,219

Approved and authorised for issue by the board of directors on 21 June 2016.

Li Kin Shing
Director

Ma Yuanguang
Director

32. EVENTS AFTER THE REPORTING PERIOD

(i) Subscription of 1,000,000,000 ordinary shares of the Company

On 27 February 2016, the Company and Honor Crest Holdings Limited ("Honor Crest"), a wholly-owned subsidiary of International Elite Ltd., a company listed on Main Board of the Stock Exchange of Hong Kong Limited (stock code: 1328), entered into a subscription agreement, pursuant to which Honor Crest conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 1,000,000,000 new ordinary shares at HK$0.08 per share. By an ordinary resolution passed at the extraordinary general meeting on 18 April 2016, the subscription agreement was approved. On 21 April 2016, the subscription was completed and 1,000,000,000 ordinary shares were in issue and fully paid.

(ii) Increase in authorised share capital of the Company

By an ordinary resolution passed at the extraordinary general meeting on 18 April 2016, the Company's authorised share capital was increased from HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 3,000,000,000 shares.

(iii) Change in directorship

Mr. Li Kin Shing has been appointed as an executive Director of the Company with effect from 26 May 2016.

Mr. Wong Kin Wa has been appointed as an executive Director of the Company with effect from 26 May 2016.

Mr. Cheung Sai Ming has been appointed as an independent non-executive Director of the Company with effect from 26 May 2016.

Mr. Liu Chun Bao has been appointed as an independent non-executive Director of the Company with effect from 26 May 2016.

Mr. Hu Tiejun resigned as an executive Director of the Company with effect from 26 May 2016.

Mr. Wing Kee Eng, Lee resigned as a non-executive Director of the Company with effect from 26 May 2016.

Professor Lu Ting Jie resigned as an independent non-executive Director of the Company with effect from 26 May 2016.

Mr. Liu Kejun resigned as an independent non-executive Director of the Company with effect from 26 May 2016.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

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 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019

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.