国联通信

Global Link

Stock Code: 8060

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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 2017/18 ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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EXECUTIVE DIRECTORS

Mr. Li Kin Shing *(Chairman)*
Mr. Ma Yuanguang *(Chief Executive Officer)*
Mr. Wong Kin Wa

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Kwok Keung
Mr. Cheung Sai Ming
Mr. Liu Chun Bao

AUTHORIZED REPRESENTATIVES

Mr. Li Kin Shing
Mr. Wong Kin Wa

COMPLIANCE OFFICER

Mr. Wong Kin Wa

COMPANY SECRETARY

Ms. Chan Wai Ching

AUDIT COMMITTEE

Mr. Cheung Sai Ming *(Chairman)*
Mr. Leung Kwok Keung
Mr. Liu Chun Bao

REMUNERATION COMMITTEE

Mr. Cheung Sai Ming *(Chairman)*
Mr. Wong Kin Wa
Mr. Liu Chun Bao

NOMINATION COMMITTEE

Mr. Cheung Sai Ming *(Chairman)*
Mr. Li Kin Shing
Mr. Liu Chun Bao

REGISTERED OFFICE

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Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3815, Hong Kong Plaza,
188 Connaught Road West,
Hong Kong

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
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Hong Kong

AUDITORS

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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 (the "Group") for the year ended 31 March 2018 for shareholders' review.

During the year, the 19th National Congress of the Communist Party of China and the "two sessions" of the People's Republic of China were convened successively. The Chinese government has clearly stated that "China's economy has been transforming from a phase of rapid growth to a stage of high quality development; focusing on the promotion of supply-side structural reform; and fighting three critical battles of prevention and diffusion of risks, targeted poverty alleviation and pollution prevention". Governments and economic organizations at all levels have been carrying out reforms based on the above guidelines. In 2017, China has achieved its target of stable economic development, and the gross domestic product (GDP) of China exceeded RMB80 trillion, representing a year-on-year increase of 6.9%, to which spending contributed 58.8%. A favourable economic development trend which was supported by consumption and investment has been created.

This year is the fortieth year for the Chinese government to implement the policy of reform and opening up and the comprehensive implementation of Made in China 2025 is the guidelines for further reform and opening up. Guided by relevant government policies, the Group stuck to innovation, shifted the focus of its operating structure through constructing "Smart City", and sought to take advantages of the trend of "Internet +" and "Entrepreneurship and Innovation" with its unique "CA-SIM" patented technology. Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) has been concentrating on the construction of "Smart City". It continued to make innovations in cooperation with the smart city construction planning of the government of Panyu District, Guangzhou City through applying the "CA-SIM" patented technology, and focused on areas such as smart transportation, smart tourism, floating population management, health care and education to carry out corresponding product design, system research and development and business model building. During the year, 32 smart service stations have been established in Panyu District based on experimental smart services including mobile phone people's welfare card (CA-SIM) and facial recognition technology. With the promotion of the project, hundreds of smart service stations will be established in the district. Meanwhile, the creation of such smart services environment will lay a solid foundation for the implementation of smart community, smart office and smart tourism. The Group has also invested lots of resources and capital into the smart city projects.

As urban transportation is of great importance to economic development and the improvement of people's livelihood, on which governments at all levels place high emphasis, the investment of the Chinese government has still been focusing on the construction of the infrastructure in major cities. According to the Statistical Report of Urban Rail Transit Industry in 2017 (《2017年城市軌道交通行業統計報告》), in 2017, a total of RMB476.2 billion has been invested into the construction of urban rail transit in Mainland China with the length of routes under construction of 6,264 kilometers, and investments in project under construction with feasibility study reports accumulated to RMB3,875.6 billion. As at the end of 2017, the urban rail transit network planning of 62 cities has been approved with planned length of 7,321 kilometers. Guangzhou Global Link Communications Inc., a subsidiary of the Group, remained engaged in providing overall solution for rail transit information systems as its major business. Leveraging on the opportunities arising from this area, and overcoming difficulties such as shortage of professional talents and fierce industry competition, the Company endeavored to focus on product and service innovation and implemented strict operating cost control, as a result of which its operating income and gross profit increased significantly as compared with the previous year. The Company has been actively expanding while delivering projects on schedule around the country and providing service support to the project operation of more than 10 cities. During the period, the Company secured several contracts in relation to the new routes and system upgrading of central cities, which demonstrated its strong competitiveness in the industry.

CHAIRMAN'S STATEMENT

As the Chinese government continues to implement the policy of reform and opening up and with the recent issuance of the "Greater Bay Area Development Plan (大灣區發展規劃綱要)" (the "Development Plan"), high-tech companies with tireless innovation will embrace more opportunities. The management of the Group will keep abreast of trends, seek for expansion opportunities based on the Development Plan, adjust the Group's strategies in an appropriate time while constructing the "Smart City", and apply our own patented technologies in more regions and industries and in a better way, thus realizing the shifting of the focus of the Group's overall operation.

I hereby would like to take this opportunity to express my sincere gratitude to all members of the Board, the management of the respective enterprises and all of our staff. I am also thankful for the vigorous support to Global Link by our business partners!

Li Kin Shing
Chairman

Hong Kong, 25 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, while proposing to prevent and resolve significant risks, the PRC government offered timely policy guidance to the "Off Real to Virtual" trend of funds, under which confidence in the further expansion of entity enterprises of various fields has been reinforced. With the convocation of the 19th National Congress of the Communist Party of China and the national "two sessions", the PRC government's determination and direction as to reform and opening up became the navigation mark of the real economy enterprises.

MARKET OVERVIEW

During the year under review, as the process of urbanization in China accelerated and the urban environmental pressure increased, Smart City, as an intrinsic and actual demand for urban development, has become a new wave for cultivating urban informatization. In the government work report and the "13th Five-Year Plan", Smart City construction has been prioritized for the future urban development. The development of Smart City in China is backed by favourable policy environment. More important, it gained much attention from the senior decision-making groups of each local government. In 2017, the investment deployment of Smart City was accelerating, with 95% of sub-provincial cities and 83% of prefecture-level cities, totaling more than 500 cities in China, planning and implementing Smart City projects. The relevant cities have initiated a large number of innovations and launched plenty of projects such as the construction of big data centers, traffic management, informationalization of the governmental affairs, convenient medical service, industrial safety, social welfare and security as well as community security. The total investment in the project constructions in hundreds of cities amounted to nearly RMB400 billion in 2017. Such development trend enabled a double-digit annual growth of this field. With the launch and practical application of the projects, many new modes of operation and services for the general public have also been spawned. The innovated modes have also promoted the market development of related industries of various types, benefiting from which many enterprises have acquired technology patents and gained operating revenue.

Boosted by urbanization, the investment in the construction of urban rail transit in China remained large-scale on the basis of high-speed status for years. As of the end of 2017, urban rail transit were opened and put into operation in a total of 34 cities in China where 165 lines were newly opened, the length of the operating lines reached 5,033 km, the length of newly added operating lines amounted to 880 km in just one year, up by 21.2% year-on-year, and the accumulated traffic for the whole year reached 18.5 billion passengers, representing an increase of 14.9% year-on-year. The number of cities with more than two operating lines has increased to 26, accounting for 76.5% of the cities which have opened urban rail transit. The opened city rail transit included seven modes of transportation, namely subway, light rail, monorail, city express rail, modern rail trams, maglev and AMP. Along with the technical progress of China's inland rail transit industry, the influence of "CRRC" brand of China on the international market has been rising. Driven by the "Belt and Road" international economic strategy, the high-speed rail, bullet train, urban rail transit, light rail and other products manufactured by China have entered into the European, American, Middle East, Southeast Asia and other markets. The continuously expanding overseas market of central government-owned enterprises also benefited the operating revenue of the industrial chain in the corresponding fields.

BUSINESS REVIEW

During the year under review, Smart City construction remained the focus of the Group's operating transformation. Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) ("Guangzhou Global Link Intelligent"), a wholly-owned subsidiary of the Group, continued to focus on the implementation of Smart City construction of Panyu District, Guangzhou. On the basis of tripartite strategic cooperation with the administration office of government of Panyu District and Guangzhou Xinghai Digital Television Golden Card Co., Ltd. (廣州星海數字電視金卡有限公司) ("Guangzhou Xinghai") and the issuance of mobile phone CA-SIM people's welfare cards (the "People's Welfare Cards") in the previous year, Guangzhou Global Link Intelligent actively communicated and negotiated with each telecom operator in respect of the implementation of the issuance and service management of the People's Welfare Cards. Negotiation of the cooperation also took a longer time due to changes in operating policies of the operators. Nevertheless, a cooperation scheme has been determined in recent months and an agreement has been reached on the user package, card issuance process, after-sales services and other aspects. It's expected that the issuance of mobile phone People's Welfare Cards within the whole district will be commenced in the second half of 2018.

During the year, the team of Guangzhou Global Link Intelligent has contributed a vast amount of talent and technology resources and funds to the implementation of the Smart City project, which was mainly reflected in the following matters: 1) the implementation of smart access control system in community service stations of the government of Panyu District, under which swiping of the mobile phone People's Welfare Cards online, face recognition and other digital network functions are available for entry and exit. More than 30 service station projects have been completed during the year, and there will be more than 200 service stations to be installed and implemented in the coming year; 2) innovated development aiming for "Smart Construction", which included the creation of APP of operating services, software of management systems as well as business modes of end products and operating services, etc. Currently, the commercial conditions for the issuance of People's Welfare Cards have been met preliminarily; 3) the mobile phone People's Welfare Cards have been put into trial use among certain civil servants in the district government and are currently used in canteen consumption in the district government, parking services in the tourist attractions in the district, community service stations and other projects. The Company also encountered with various kinds of difficulties and challenges brought by the new technical development in project construction, whereas it still took the initiative to coordinate and strive to push forward the project progress. In the coming year, mobile phone People's Welfare Cards will be launched and put into operation one-by-one in smart transportation, tourism, medical education and floating population management as they are progressively issued. In the meantime, it can be expected that the issuance and operation of mobile phone People's Welfare Cards will bring new driving force to the Group's operating revenue growth.

This year is relatively a peak year of products delivery for Guangzhou Global Link Communications Inc.(廣州國聯通信有限公司) ("Guangzhou GL"). Products delivered included nearly 10 operating lines, such as Northern Extension of Guangzhou Metro Line 8, Guangzhou Line 14/21, Phase 3 of Harbin Metro Line 1, Wuhan Metro Line 21, Southern Extension of Wuhan Metro Line 2, Pakistan Lahore Rail Transit Orange Line, Ankara of Turkey Project and Malaysia ETS2 and DMU etc., which has therefore resulted in a substantial increase in the Company's operating income for the year compared with the previous year. As the urban rail transit construction develops, the requirements of operators and vehicle manufacturing enterprises for rail transit information are also increasing. Network bandwidth, system processing speed, storage capacity and security measures are all prerequisite conditions for product access. In addition, project products under the "Belt and Road" must satisfy climate, cultural traditions, technical standards and service requirements, etc. of all relevant countries, which differed a lot from system products in the past. While coping with fierce price-performance competition, Guangzhou GL must invest large amount of product innovation resources to achieve the research and development of new projects. In view of the lack of industry professionals in recent years, the rising cost of human resources and product manufacturing is the biggest challenge facing by the Company in its development.

The operations of Guangzhou GL include the maintenance, repair and other guarantee services of dozens of operating projects in more than 10 cities at home and abroad. The service team has overcome the unfavourable conditions, such as regional differences, remoteness and difficulty in recruiting technical service personnel, and consistently worked with the concept of "customer first", therefore gaining recognition from the rail transit operators and creating certain conditions for market expansion of the Company.

FINANCIAL REVIEW

Turnover

Over the past year, the Group supplied 9 train routes in domestic and foreign cities with passenger information systems according to the delivery plans of signed contracts for the supply of goods. The turnover of the Group for the year amounted to approximately HK$93,150,000, representing an increase of approximately 66% as compared with last year.

Gross profit and loss attributable to equity shareholders

For the year ended 31 March 2018, the Group recorded gross profit of approximately HK$24,511,000 with gross profit margin of 26%. Loss after tax was approximately HK$4,778,000. Loss attributable to equity shareholders of the Company amounted to approximately HK$4,777,000, representing a decrease of 78% as compared to the loss of approximately HK$21,904,000 for the corresponding period last year.

Selling expenses

Selling expenses for the year amounted to approximately HK$15,614,000, representing an increase of 63% as compared with that of the corresponding period last year, which was mainly attributable to approximately HK$6,543,000 devoted to market development along with the construction of Smart City in Panyu District, Guangzhou by Guangzhou Global Link Intelligent Information Technology Co., Ltd., a subsidiary of the Group. The investment in the market of train information system products for rail transit by Guangzhou Global Link Communications Inc. amounted to approximately HK$9,071,000, representing a slight increase as compared with last year.

Administrative expenses

The administrative expenses for the year amounted to approximately HK$11,521,000, representing an increase of approximately HK$76,000 as compared with approximately HK$11,445,000 for the corresponding period last year. The expense budget of the Group has always been under effective control.

Other operating expenses

Other operating expenses for the year amounted to approximately HK$5,993,000, which, in addition to the amortisation of intangible asset CA-SIM of approximately HK$3,250,000, comprised of a provision for product warranties made by the Group of approximately HK$2,743,000 for the year for train information system products based on supply sales of rail transit.

Other revenue and other net gain

Other revenue and other net gain amounted to approximately HK$3,893,000, representing a slight decrease of 3% as compared with approximately HK$4,011,000 for the corresponding period last year, mainly due to the enhanced cash flow management and proactive collection of receivables of the Group, resulting in writing-back of previous provided receivables during the period.

TURNOVER BY REGION

During the year, 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$92,787,000 in the PRC, representing 99.6% of the Group's turnover for the year.

CUSTOMER ANALYSIS

The customers of the Group are mainly train manufacturers under CRRC Corporation Limited (CRRC), 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, Turkey and Pakistan.

In relation to the Smart City project development, our customers included government service departments, local public facilities, such as libraries, hospitals, gardens, schools, community smart service stations, various types of public transportation, shopping malls, residential housing and interim rental housing.

BUSINESS PARTNERS

In respect of 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 and educational institutions.

The business partners of the Group are mainly train manufacturers under CRRC Corporation Limited (CRRC), which are supplied with our certified and licensed 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 systems integrators, as well as renowned train manufacturers and local enterprises, project construction companies and rail transit operators in Hong Kong and abroad.

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 2018, the Group had total cash and bank balances, amounted to approximately HK$72,153,000 (2017: approximately HK$86,600,000).

BUSINESS OUTLOOK

The year of 2018 marks the 40th anniversary of the reforming and opening up of the PRC government. The implementation of the "Belt and Road" international strategy, the "Greater Bay Development Plan", the "Hainan Pilot Free Trade Zone" and other major policies fully exhibits the commencement of a new round of reforming and opening up journey. Keeping innovation-driven as its impetus and with an unremitting spirit that focuses on the industry as usual, the Group will keep abreast of the industry development and strive to achieve application of its own patented technology in more areas and industries during the "Internet+" informationization construction. With the re-innovation of rail transit products, the market position of the Company has been further consolidated.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had net current assets of approximately HK$86,369,000 (2017: approximately HK$86,602,000), of which approximately HK$72,153,000 (2017: approximately HK$86,600,000) 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 22 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 2018 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 United States dollars and Hong Kong 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.

USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 21 APRIL 2016

Honor Crest Holdings Limited, a direct wholly owned subsidiary of International Elite Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1328) completed the subscription of 1,000,000,000 shares of the Company on 21 April 2016. For details, please refer to the announcements of the Company dated 29 February 2016 and 21 April 2016 and the circular published by the Company dated 30 March 2016 (the "Circular").

The gross proceeds from the subscription were HK$80.0 million. The net proceeds of the subscription, after deduction of expenses and professional fees, amounted to approximately HK$79.0 million (the "Subscription Proceeds"), amongst which approximately HK$37.4 million had been utilised as at 31 March 2018. The breakdown of the Company's actual use of the Subscription Proceeds as at 31 March 2018 is as follows:

	Proposed use of the Subscription Proceeds as disclosed in the Circular	**Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 March 2018**
	HK$ million	HK$ million
The Company's existing train information system solutions for urban rail transit business, mainly for the execution of the newly signed order contracts of a number of new lines projects in several cities in the PRC	30.0	17.7
The development of the "Smart City" project by using the Company's existing CA-SIM technology, mainly for staff hiring, development of relevant management system platform and gradual roll out of the mobile apps and value-added services to target users	41.1	14.2
Working capital	7.9	5.5
Total	79.0	37.4

Based on the current market condition, the Board is planning to utilise approximately HK$11.0 million, HK$11.2 million and HK$2.4 million on (i) urban rail transit business projects, (ii) development of the "Smart City" projects and relevant research and development, and (iii) working capital, respectively, in the financial year ending 31 March 2019.

The remaining balance of the un-utilised Subscription Proceeds will be put in banks as deposits.

As at 31 March 2018, there is no plan to change the original intended use of the proceeds as disclosed in the Circular.

RESTRICTED AND PLEDGED BANK DEPOSIT

As at 31 March 2017, the Group's bank deposit of approximately HK$1,141,000 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. The pledged bank deposit was released upon the discharge of performance bonds during the year ended 31 March 2018.

In addition, as at 31 March 2017, the Group had bank deposit of approximately HK$853,000 which was under freezing orders in relation to the legal dispute between the Group and its supplier and restricted to use. The disputes had been settled during the year ended 31 March 2018, and the court ordered to release the freezed bank deposits in April 2017.

Certain bills receivables of approximately HK$2,495,000 were pledged to a bank for securing the bills issued by the bank on behalf of the Group to suppliers of the Group.

PERFORMANCE BOND AND CONTINGENT LIABILITIES

Performance bond

As at 31 March 2017, the Group had a performance bond of approximately HK$1,141,000. 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 was discharged during the year ended 31 March 2018.

Litigation

During the year ended 31 March 2017, litigations were brought against Guangzhou GL by one of its suppliers (the "Plaintiff") in relation to disputes in purchase transactions and we were claimed for an aggregate amount of approximately HK$1,861,000 in respect of the delayed payment. The purchase amounts of approximately HK$1,861,000 had been accrued by Guangzhou GL as at 31 March 2017. The Plaintiff was granted freezing orders by the PRC Court over the bank deposit of Guangzhou GL. As at 31 March 2017, bank deposit of approximately HK$853,000 was frozen under the court orders. The disputes had been settled during the year ended 31 March 2018 and the court ordered to release the freezed bank deposits in April 2017.

The Group did not have any other significant contingent liabilities as at 31 March 2018.

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 2018, the Group had 225 employees (2017: 186 employees), with 216 employees and 9 employees employed in the PRC and Hong Kong, respectively.

	At 31 March 2018 Number of staff	At 31 March 2017 Number of staff
Management, finance and administration	**33**	31
Research and development	**78**	74
Sales and after-sales maintenance	**114**	81
Total	**225**	186

The total staff costs, including Directors' emoluments, amounted to approximately HK$23,922,000 (2017: approximately HK$20,691,000) 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, medical 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(a) 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.

EXECUTIVE DIRECTORS

Mr. Li Kin Shing (李健誠), aged 60, 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 International Elite Ltd. ("IEL")(Stock code: 1328) who is mainly responsible for the overall strategic planning and direction of IEL. He joined IEL's group in 1993 and has been a director of 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. Li is also a director of First Asset Securitization Holding Limited, First Asset Securitization Limited, Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) and Global Link Intelligent Parking Investment Company Limited, all being subsidiaries of the Group.

Mr. Ma Yuanguang (馬遠光), aged 63, 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 and Tonnex Holdings Limited, all being subsidiaries of the Group.

Mr. Wong Kin Wa (黃建華), aged 50, has been appointed as the executive Director, a member of the remuneration committee, an authorized representative and complioance officer 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. Mr. Wong is also a director of First Asset Securitization Holding Limited, First Asset Securitization Limited, Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) and Global Link Intelligent Parking Investment Company Limited, all being subsidiaries of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Kwok Keung (梁覺強), aged 54, 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 is a member of the audit committee.

Mr. Cheung Sai Ming (張世明), aged 43, 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 72, 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 43, 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., a subsidiary of the Group.

COMPANY SECRETARY

Ms. Chan Wai Ching (陳惠貞), aged 56, 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 35 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.

REPORT OF THE DIRECTORS

The Directors herein submit their report together with the audited financial statements of the Group for the year ended 31 March 2018.

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 14 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 53.

The board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2018.

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 55 and note 26 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 26 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 2018, the Company's reserves available for distribution amounted to approximately HK$67,571,000 (2017: approximately HK$73,277,000).

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

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**93,150**	55,967	58,210	75,427	68,133
Gross profit	**24,511**	3,979	1,487	1,747	14,181
(Loss)/profit before tax	**(4,778)**	(21,904)	(28,770)	(41,926)	(53,042)
(Loss)/profit attributable to equity shareholders of the Company	**(4,777)**	(21,904)	(28,788)	(42,462)	(56,809)
Total assets	**172,476**	152,924	95,089	126,618	125,033
Total liabilities	**62,529**	40,248	38,160	39,464	28,035
Non-controlling interests	**(27)**	(26)	(26)	(25)	(19)
Net assets	**109,947**	112,676	56,929	87,154	96,998

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	18%
– five largest suppliers combined	48%
Sales	
– the largest customer	56%
– five largest customers combined	89%

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.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors
Mr. Li Kin Shing
Mr. Ma Yuanguang
Mr. Wong Kin Wa

Independent non-executive Directors
Mr. Leung Kwok Keung
Mr. Cheung Sai Ming
Mr. Liu Chun Bao

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. Li Kin Shing and Mr. Leung Kwok Keung, being eligible, will offer themselves for re-election at the AGM so that shareholders will be given an opportunity to endorse his appointment.

Each of Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, being an independent nonexecutive 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 meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and that they are independent.

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 28 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 June 2016. 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.

Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2016. 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 15 to 17 of this report.

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

As at 31 March 2018, 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	Owner	10,556,000 ordinary shares Long position	0.51%
Li Kin Shing[(1)]	Company	Owner	450,645,016 ordinary shares Long position	21.57%
		Interest of corporation controlled by the director	931,139,120 ordinary shares Long position	44.58%
Wong Kin Wa	Company	Owner	420,000 ordinary shares Long position	0.02%

Note:

(1) Mr. Li Kin Shing ("Mr. Li") is personally interested in 363,216,976 shares. Ms. Kwok King Wa ("Ms. Kwok") is personally interested in 87,428,040 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse's shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interest in 57,456,000 shares. Therefore, Mr. Li is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO. Moreover as Mr. Li is the controlling shareholder of International Elite Ltd. (stock code: 1328), he is deemed interested in the 873,683,120 shares held directly and indirectly by International Elite Ltd. under the SFO. Accordingly, Mr. Li is deemed to be interested in aggregate 1,381,784,136 shares under the SFO.

Save as disclosed above, as at 31 March 2018, 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 2018, 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**
Honor Crest Holdings Limited[1]	Beneficial owner	745,683,120 ordinary shares Long position	35.70%
International Elite Ltd.[2]	Beneficial owner	128,000,000 ordinary shares Long position	6.13%

Notes:

(1) Honor Crest Holdings Limited is a directly wholly-owned subsidiary of International Elite Ltd.

(2) Our Director, Mr. Li Kin Shing, is the controlling Shareholder of International Elite Ltd.

Save as disclosed above, as at 31 March 2018, 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 2018.

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 certain non-exempt connected transactions during the year. For details, please refer to the related party transactions as set out in note 30 to the consolidated financial statements.

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 2018, 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.

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.

During the period under review, to the best of the Directors' knowledge, the Group had not received any complaint from its customers or any other parties in respect of any environmental protection issues, and had not experienced any material environmental incidents arising from its manufacturing activities. During the period under review, no material administrative sanctions or penalties were imposed upon the Group for the violation of environmental laws or regulations which may had an adverse impact on its operations.

For details please also refer to the Environmental, Social and Governance Report on pages 32 to 47 in this report.

AUDITORS

Crowe Horwath (HK) CPA Limited has changed its name to Crowe (HK) CPA Limited. Accordingly, the independent auditor's report is now signed under the new name.

Crowe (HK) CPA Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 March 2018.

Crowe (HK) CPA Limited retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe (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, 25 June 2018

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 2018.

BOARD OF DIRECTORS AND BOARD MEETING

During the period under review, the Board, which comprises six 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 until he resigned as the chairman of the board of Directors on 26 May 2016.

During Mr. Ma's tenure as both chief executive officer and chairman of the Board, there are certain deviations of the Corporate Governance Code 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. Subsequent to Mr. Ma's resignation as the chairman of Board on 26 May 2016, the deviation ceased to exist.

For the year ended 31 March 2018, the executive Directors include Mr. Li Kin Shing, Mr. Ma Yuanguang and Mr. Wong Kin Wa. 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. Mr. Cheung Sai Ming, Mr. Leung Kwok Keung and Mr. Liu Chun Bao are the independent non-executive Directors.

Mr. Leung Kwok Keung has been appointed for a term of two years commencing from 23 September 2016. Mr. Cheung Sai Ming and Mr. Liu Chun Bao have 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.

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. Li Kin Shing *(Chairman)*	4/4
Mr. Ma Yuanguang *(Chief Executive Officer)*	4/4
Mr. Wong Kin Wa	4/4
Independent non-executive Directors	
Mr. Leung Kwok Keung	4/4
Mr. Cheung Sai Ming	4/4
Mr. Liu Chun Bao	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, 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 in compliance to Code A6.5 of the Corporate Governance Code.

REMUNERATION COMMITTEE

The remuneration committee was established in March 2006. During the period under review, the chairman of the committee is Mr. Cheung Sai Ming, an independent non-executive Director, and other members include Mr. Wong Kin Wa and Mr. Liu Chun Bao, the majority of members being 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 2018. Details of the attendance of the remuneration committee meeting are as follows:

Members	**Attendance**
Mr. Cheung Sai Ming *(Chairman)*	1/1
Mr. Wong Kin Wa	1/1
Mr. Liu Chun Bao	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. 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 majority of the members of the nomination committee are independent non-executive Directors.

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 25 June 2018. 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

Notwithstanding that Mr. Leung Kwok Keung has served the Company as an independent non-executive Director for more than 9 years, the Board is of the view that the independence of Mr. Leung Kwok Keung is not affected by his long service with the Company. Mr. Leung Kwok Keung meets the independence guideline set out in Rule 5.09 of the Listing Rules. He is independent of the management and free from any business or other relationship or circumstances which would materially interfere with the exercise of his independent judgement. Hence, the Board considered Mr. Leung Kwok Keung as independent.

Accordingly, 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. Li Kin Shing and Mr. Leung Kwok Keung 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$650,000 to the external auditors for its audit services and the auditor's remuneration for non-audit services was nil.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial matters to the Board. 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 2018 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. Cheung Sai Ming *(Chairman)*	4/4
Mr. Leung Kwok Keung	4/4
Mr. Liu Chun Bao	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 48 to 52 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 2018.

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 3815, Hong Kong Plaza, 188 Connaught 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 3 August 2017 is as follows:

Directors	**Attendance**
Executive Directors	
Mr. Li Kin Shing *(Chairman)*	1/1
Mr. Ma Yuanguang *(Chief Executive Officer)*	1/1
Mr. Wong Kin Wa	1/1
Independent non-executive Directors	
Mr. Cheung Sai Ming	1/1
Mr. Leung Kwok Keung	0/1
Mr. Liu Chun Bao	1/1

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

1 ABOUT THIS REPORT

Introduction of the Report

This is the second Environmental, Social and Governance ("ESG") report of Global Link Communications Holdings Limited ("the Company" or "Global Link"). This report summarizes the Company's performance in fulfilling its responsibilities in economic, environmental and social dimensions during the financial year from 1 April 2017 to 31 March 2018.

In preparing for the ESG report, the Group has complied with the "Comply or Explain" provisions in accordance with the "ESG Reporting Guide" as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and in accordance with the practical circumstances of the Group.

The board acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge, this report addresses all material issues and fairly presents the ESG performance of the Group and its impacts. The Board confirms that it has reviewed and approved the ESG report.

Reporting Scope

The reporting scope of this report includes Global Link Communications Holdings Limited and its subsidiaries (the "Group"). The main operations are located at the Group's headquarter in Hong Kong and its Research and Development (R&D) and Assembly Centre in Guangzhou.

About Global Link

During the reporting period, the Group engaged in providing overall solution for rail transit information systems as its major business. The Group has various out-performing and efficient teams specialized in product development, production, sales, service and operation, making us an outstanding rail transit passenger information system solutions provider and a leader in railway passenger information system technology.

The customers of the Group are mainly train manufacturers under the CRRC Corporation Limited ("CRRC"). We supply mainly certified and licensed train information system products, including railway closed circuit television system, media broadcast system, railway broadcast system and LCD ("Liquid-crystal display") passenger information display system. The Group also strives to provide urban rail transit operators with technical support and operation maintenance services in China, to carry out corresponding technical cooperation and innovation at rail transit operators' requests and in the meantime, to provide system software and hardware upgrades, spare parts and accessories. We also supply system solutions, product supports and operating after-sale services for rail transit operators in countries and regions, among others, Hong Kong, Malaysia and Turkey.

One of the Group's subsidiaries Guangzhou Global Link Intelligent Information Technology Ltd. facilitates a plan for the construction of smart cities and engages in the livelihood application development. The CA-SIM personal mobile terminal with personal identity and security authentication will be used in new intelligence applications such as residential communities, office space, shopping malls, schools, hospitals, public transportation, public entertainment venues, and consumer payment. Its intelligent application based on patented hardware encryption can promotes the effective implementation of public safety and people benefits policies of local governments. Under the support of smart terminals APP, cloud computing, big data and other systems, the general public in communities, enterprises, and venues can use the mobile internet to fully enjoy the new O2O services that are safe, convenient, efficient and cost effective.

2 OUR APPROACH TO ESG

As a leading rail transit information system solutions provider in China, in addition to attaching great importance to technological research innovation, efficient and safe production and stringent quality assurance, the Board fully recognizes the significance of being a responsible corporate citizen. The Group is committed to environmental protection through energy conservation, by improving its energy efficiency in the assembly workshops and offices. The Group is committed to complying with local and relevant environment laws and regulations. The Group cares about its employee's development and protect their right and interests. By strict implementation and continued improvement of employment system, the Group provides a safe and healthy work place and fair development platform for its employee. The Group also heavily increases input in product's R&D and innovation. The Group monitors and ensure the implementation of environmental, social and governance measures in our operation processes from time to time.

To demonstrate the Group's commitment to uphold the highest standards of corporate governance, the Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirement. The Group has adopted an internal code of business conduct and ethics which sets out the Group's ethical values and business principles and provides a communicable and understandable framework for employee to observe these values and principles such as honesty, integrity, responsibility and accountability at all levels of the organization.

Focus Areas

1. Ethics and Governance – Being ethical, responsible and transparent in how we do business.

2. Environment and Resource Efficiency – Using resources efficiently and minimizing environmental impact across our supply chain.

3. Better Workplace – We are committed to creating a workplace where our employees can thrive. Our approach focuses on living up our values, and provide a safe and comfortable workplace.

4. Reliability – Using the power of technology to enable commuters and audience to receive updated, accurate and reliable information promptly and to thrive in the digital world.

3 OUR STAKEHOLDERS

Our stakeholders are any group or individual who influences or is impacted by Global Link's business operations or who are interested in how we address our priorities. Engagement with stakeholders is important to confirm we understand their expectations and respond to their various interest and concerns.

Our approach to stakeholder engagement is guided by our Group's values. Our engagement takes many forms, including face to face meeting, exhibition, market research, and surveys. We are active in the railway transport industry groups, working with train manufacturers and technology providers, and have a corporate communication team across the Group that manages relationships with specific stakeholder groups.

Our commitment extends to building trust with our stakeholders by being transparent, responsive and accountable. The following table presents a list of our stakeholders and their interests and how we engage with them.

Stakeholder	Engagement Method	Topics	Action
Shareholders	Investor relations communication and Shareholder meeting	– Financial performance – Governance	We provide information on strategies, policies, and performance through our annual report.
Employees	Meeting and Staff interview	– Career – Training – Health and Safety – Workplaces	We provide training, promotion, decent wages, safety and respectful workplace.
Customers	Business relationship/ Feedback	– Product quality – Reliability – Warranty – Innovation – R&D – Price	We provide quality and high standard product. We have dedicated project team to develop the product. We can customize our system according to customer or railway operators requirements.
Commuters	Market Research	– Content Delivery – Satisfaction – Expectation	We regularly engage with commuters to understand their needs and how our information system was performed.
Industry	Forum	– Technology – Industry Standard	We engage with railway operators, as well as sector peers, and telecommunication specific association to understand the latest technology development.

3 OUR STAKEHOLDERS *(continued)*

Stakeholder	Engagement Method	Topics	Action
Government	Notice	– One Belt One Road Initiative – National Development Plan – Transportation Plan – Tax	We engage with government and participate in government initiated programs to promote our product to overseas countries together with the train manufacturers.
Suppliers	Business relationship	– Quality – New Technology	We leverage on the advancement of technology to enable our information system to thrive.

4 MATERIALITY ASSESSMENT

The Group aims to make our business more transparent for stakeholders in respect of our ESG responsibilities and provide them with an opportunity to exchange opinion with us. Our goal is to build relationships with our stakeholders and to listen to their views. We collect feedback from our stakeholders from various platforms in order to enhance collaboration and communication with them. Then we analyze how important different topics are to our stakeholders and map them against their potential impact on our business through materiality process.

Overall, our ESG's material issues show below in the matrix chart remain largely unchanged since last year, with product quality, product reliability, and innovation rising significantly. Emerging technologies such as the Internet of Things are also in the interest of our stakeholders. We use these technologies with our business already in smart cities and are exploring how they could be further applied. In addition, our employees also concerned about the training and development, and their career path.

5 ENVIRONMENT

As the business of Global Link mainly involves in software development and hardware assembly without any production plant. The operation of the assembly centre in Guangzhou is mainly focused on railway transit information system product assembly and installation for train and software development. There is no significant hazardous waste, air emissions or wastewater generated directly from our production processes. All the hardware and components used in the system are purchased from vendors.

We are not in the heavily polluting industry. But we believe that as a responsible company we have an important role to play in addressing the environmental impact and we are committed to helping our customers and commuters to reduce energy consumption, emissions and develop a mitigation plan. We are also committed to improving our own operations by implementing a number of initiatives.

During the reporting period, we had complied with all relevant environmental laws and regulations in the PRC and Hong Kong that have a significant impact on the Group's business. There were no significant fines or penalties for non-compliance with the relevant environmental laws and regulations during the year. The Group did not discover any activity conducted by our Group that would cause material pollution and damage to the air, land, water sources and ecological environment in the vicinity.

5.1 Emission

Type of Emissions

The Group's operations generate 3 types of emissions, namely, greenhouse gas emission, non-hazardous waste and hazardous waste.

Greenhouse Gas Emission

The Group's R&D and Assembly Centre in Guangzhou has 3 vehicles. The transport fleets are the second largest contributor to our emissions. During the reporting period, the fleet has used approximately 6,108 liters of petrol. The Group's transport vehicles were bought and used for company affairs, employ transport and cargo all conformed to national emission standards.

Number of Vehicles	3 x < 2.5 tonnes car
Car Petrol consumed	6,108 Liters

During the reporting period, the Group's Greenhouse gas ("GHG") was compiled and organized according to ISO14064 standard and includes Scopes 1 and 2 emissions. The Group's GHG emissions amounted to a total of approximately 181.0990379 tCO2e and the intensity of GHG based on consumption per headcount is 0.8.

5 ENVIRONMENT *(continued)*

5.1 Emission *(continued)*

Greenhouse Gas Emission (continued)

Our electricity consumption was the primary source of our GHG emission. The second primary source of emissions was the use of petrol for the company vehicles. We are committed to becoming more efficient in electricity usage at our office. We will start to set target for reducing our GHG emissions.

Scope 1 Direct GHG Emissions	
Petrol	13.55659968 tCO2e
Scope 2 Indirect GHG Emissions	
Electricity Purchased	167.5424382 tCO2e
Total GHG Emissions	181.0990379 tCO2e

Waste

As system developers and service providers, we do not directly generate large amounts of waste from the Group's operations. Our non-hazardous waste such as paper, and glass bottle is separated and recycled. The office and domestic waste generated in the office are collected and disposed of by the property management company. For our Guangzhou R&D and Assembly Centre, We will arrange third party recycling company to collect packaging materials such as discarded cartons and plastic foam boxes. For hazardous waste, such as computer motherboards scraps, when accumulating to a certain amount, we will arrange a third-party company to recycle for scrapping. The quantitative data on the total volume of hazardous and non-hazardous waste produced and the intensity were not disclosed due to the data collection mechanism still being developed.

5.2 Use of Resources

Energy

The Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and petrol consumption account for a substantial part of the GHG emission for the Group.

The majority of energy consumed at our Hong Kong office and our Guangzhou R&D and Assembly centre is from electricity. Approximately 187,010 kWh electricity were consumed by the Group during the reporting period. The intensity of electricity based on consumption per headcount is 831.

As mentioned in paragraph 5.1, under the heading "GHG Emission", we have used 6,108 litre of petrol during the reporting period. The intensity of petrol based on consumption per headcount is 27.14.

5 ENVIRONMENT *(continued)*

5.2 Use of Resources *(continued)*

Water Resources

Our water consumption is mainly attributable to employee drinking water and office cleaning water. All our water were supplied by the local Municipal. During the reporting period, our Hong Kong office and Guangzhou R&D and Assembly centre use approximately 1,960.6 tonnes of water and the intensity of water based on consumption per headcount is 8.71. To mitigate water use, we promote water conservation and discuss to employees about our water savings initiatives, include water savings policies and procedures in employee inductions. There was no issue in sourcing water that is fit for our purpose and we have improved our equipment by installing dual flush toilets and sensor taps. As the result, we managed to reduce the water bill.

Energy Used Efficiency

In addition to emission reduction, the Group also makes certain contribution to our environment by vigorously promoting the concept of resources conservation inside the Group and improving the environmental awareness of our staff.

Our management responds to the resources conversation initiative in its daily business operations by improving the efficiency of resources consumption through the following measures:

1) The office and the assembly line are using LED lights.

2) Encourage double site printing and reuse of waste paper.

3) Encourage paperless office by converting documents and other paper into digital forms.

4) Keep indoor air-conditioning temperature at 26°c during summer.

5) Require staff to turn off lights and computers when they are away from the office.

6) Admin staff performs a final check on the electricity control at the end of the day.

7) Separate the waste into recyclable waste and non-recyclable waste.

The Guangzhou R&D and Assembly center's air conditioners are maintained by our admin staff. We have reviewed the equipment maintenance so that the systems are working as designed and the temperature set points are suitable for efficient operation and staff comfort.

Since the introduction of the energy used efficiency's initiatives, we managed to reduced the electricity bill.

Product Packaging

Our main product packaging comprises of wooden card box, paper cartons, and plastic foam boxes. During the reporting period, we have used approximately 700 wooden card boxes, approximately 2,700 paper boxes, and approximately 9,700 plastic foam boxes. The installation of a complete railway transit information system for a train will use up to approximately 7 - 12 wooden card boxes, approximately 15 - 30 paper boxes, approximately 50 - 110 plastic foam boxes. All of the packagings is collected and reused in our daily operation, while the remaining were sent to the recycle companies or disposed of accordingly.

5 ENVIRONMENT *(continued)*

5.3 The Environmental and natural resources

The Group is well aware of its own environmental protection obligations, we continually explores opportunities to reduce the environmental impact of our production and operation. We have incorporated and implemented the 3Rs (Reduce, Reuse, and Recycle) principle into our operation, and established energy and resources management system to better utilize the resources in our assembly process, aiming to reduce the energy and water consumption, minimize the waste production and improve the reuse rate of the electronic components and packaging.

6 SOCIAL

6.1 Employment

6.1.1 Employment Practices

Rapid changes in technology, and relevant laws and regulations creates a more challenging market for the Group. Hence, Global Link's operations is changing to adapt as a result of new technologies and business processes.

We believe that our employees are our valuable assets that contribute to our success. We therefore are committed to retaining our employees by creating a comfortable workplace and providing development opportunities where our employees can personally develop and focus on the job. This includes encouraging open conversation between employees and supervisor, and recognizing, promoting and rewarding employees who work hard.

We are also committed to providing equal employment opportunities without regard to sex, age, race, religion, marital status. We had fully complied with the relevant labour laws and regulations in Hong Kong and in the PRC. The Group's employee handbook has set out the policies of recruitment, internal transfer, resignation procedure, compensation, performance appraisal, holiday and leaves to allow the employee to has a clear understanding of company policies and their rights.

In regard to the employee remuneration and benefit, all our employees enjoy fair, impartial and open salary review and promotion system. Performance appraisals are conducted by human resources admin team, and the scope and standard of the performance appraisal are determined based on the job nature of their respective positions in the Company.

In addition to the basic salary, our employees are also entitled to the performance-based bonus, and outstanding staff will receive year-end bonus or promotion or salary increment as an incentive.

6 SOCIAL *(continued)*

6.1 Employment *(continued)*

Employee Profile

We have implemented a set of employment policies to attract and retain the talented people for the sustainable growth of the Group. During the reporting period, our business had a total workforce of 225 employees, 43 of them are from Guangzhou Global Link Intelligent Information Technology Ltd., 173 of them are from Guangzhou Global Link R&D and Assembly centre, and 9 of them are from Hong Kong headquarter. Our main workforce mainly comes from Guangdong province, and we have a very young workforce, of which approximately 83% of our employees are below 34 years old. Below is the composition of our employees by gender, age, employment mode and level, respectively:

	Total
Total Workforce	225
By Gender	
Total Male Employees	173
Total Female Employees	52
By Age	
Below 25 years old	83
25 - 34 years old	103
35 - 44 years old	24
45 - 55 years old	8
Above 55 years old	7
By Employment Mode	
Full time	189
Part-time	36
By Level	
Management	34
Non-management	191

6 SOCIAL *(continued)*

6.1 Employment *(continued)*

Employee Profile (continued)

	Total
By Location	
Beijing	3
Anhui	2
Jiangxi	3
Hubei	21
Shandong	4
Sichuan	2
Hunan	15
Fujian	2
Guizhou	1
Chongqing	1
Hebei	1
Heilongjiang	1
Zhejiang	1
Hainan	1
Jilin	2
Guangdong	143
Guangxi	8
Liaoning	4
Ningxia	1
Hong Kong	9

6 SOCIAL *(continued)*

6.1 Employment *(continued)*

Employee Turnover Rate

Employee turnover rates can vary widely across industries. Our employee turnover rate during the reporting period is 32%, which mainly came from the after-sales personnel. The reason for the high turn-over rate is because the maintenance work of the metro depot was mainly night shift, and some of the assembly line employees, are secondary school interns, where they chose to pursue further studies when their internship expired.

The main reason for the turnover rate of Guangzhou Global Link Intelligent Information Technology Ltd. is that the performance of staff in the probation period is not satisfactory, and relatively long traveling distance between some of our employees' home to workplace.

We are investing more manpower and material resources to develop training programs to help in retaining employees.

Table below show our employee turnover rate by gender, age group and geographical region.

	Total
Employee Turnover Rate	72
Male Employee Turnover Rate	58
Female Employee Turnover Rate	14
By Age	
Below 25 years old	28
25 - 34 years old	41
35 - 44 years old	3
By location	
Hunan	4
Hubei	6
Guangdong	51
Guangxi	2
Gansu	1
Tianjin	1
Beijing	1
Shandong	1
Hebei	2
Anhui	1
Liaoning	1
Jiangxi	1

6 SOCIAL *(continued)*

6.1 Employment *(continued)*

6.1.2 Health and Safety

At Global Link, health and safety is our primary concern in our business operation. We take appropriate measures to prevent injuries at our workplace, assembly line and the project installation site. We implement a range of programs to prevent accidents, including on-site training, awareness program, fire drill and inspection. The Group works through a hierarchy of risk control measures when managing risk. Our safety code of practice provides guidance on the selection, provision, and use of personal protective equipment and requirements for specific hazards.

We did not discover any material violation of occupational health and safety related laws and regulations during the reporting period.

6.1.3 Development and Training

Learning and development is an important aspect of the training roadmap for all Global Link's Employees. All new employees are required to attend the orientation program which aims to induct and integrate new hires into the organizational culture seamlessly.

We provide skill training that allow our employees to adapt to the new challenges of technology and business expansion. We try to always make training practical and that employees at all levels have chances to participate in the training and the values of training and work experience may be inherited.

During the reporting period, Our Guangzhou Global Link Intelligent Information Technology Ltd., which engaged in the construction, provision of service and operation for the development of Smart City has an average of 48 training hours annually. The training our Guangzhou Global Link Intelligence Information Technology Ltd.'s employees undertook focused on skill upgrade, in order to meet the company's development needs.

For our Guangzhou R&D and Assembly centre, we provide targeted skills training programs based on job roles. The training is in various forms, including training externally, internal centralized training, on-site guidance, and apprentice training. The average training time for our Guangzhou R&D and Assembly centre's employees is approximately 35 hours annually. Every training is serialized to ensure that every employee can master proper skills, knowledge, and skills for their working fulfillment and growth.

6 SOCIAL *(continued)*

6.1 Employment *(continued)*

6.1.4 Labour Standard

Global Link attaches particular importance to the issues of labour exploitation and child labour. It has formulated clear policies to prevent compulsory labour and employment of child labour and has insisted on monitoring the recruitment process frequently relevant labour laws and regulations in Hong Kong and in the PRC to prevent the occurrence of illegal conduct. The Company has complied with the relevant labour laws and regulations in Hong Kong and the PRC.

In particular, the Group will ensure that:

1. Job applicant must be at least 16 years old.

2. Global Link HR will confirm applicant age at the interview.

3. When signing employment contract, the identity card of the candidate will be verified. We will not recruit minors who are under the age of 16. The registration and verified materials for the hired personnel are properly kept.

The Group will not force any employees to work overtime. All overtime work is performed on a voluntary basis, and employees may choose to apply for overtime work, and a daily limit is set on the maximum number of overtime hours. Regulations on overtime work are clearly stated and explained under the relevant labour contract.

During the reporting period, the Group did not discovered any material violation of labour related laws and regulations.

6.2 Supply Chain Management

Supply Chain Management

Global Link Supplier Code of Conduct provides a framework for how we manage our relationship with suppliers and contractors. Critical areas include product quality, warranty, information security, corruption and compliance with local laws and regulation. We always endeavor to improve our supplier management. The Supplier Code of Conduct sets out the procurement policies, processes, selection, and the minimum standards.

We expect suppliers to meet the standards described in our Supplier Code of Conduct and are working with them to achieve goals.

During the reporting period, Global Link maintained relationship with 97 suppliers, of that 63 suppliers are from Guangdong province, 32 from other provinces and 2 from overseas. Our key areas of spending include electronics and network equipment, as well as the procurement of services.

6 SOCIAL *(continued)*

6.3 Product Responsibilities

Technological disruption is fundamentally changing the way the world works. Today business, railway transportation operators, passengers are creating and demanding to shifts that would have seemed unimaginable even more than ten years ago. The transport mode shifted from bicycle to bus and now moves to railway transit. Hence, the technology of Global Link plays its due role in the daily lives of millions of commuters, ensuring that they have a safe and comfortable subway ride, and to receive the latest update information on the arrival station, and to watch programs and advertisement.

Our solution is developed with the aim of monitor the safety of train during operation, provide trigger alarm during emergency, arrival station notification and information system, and entertaining and increasing passenger comfort and satisfaction. Our products also offer advertising feature, so that railway operator can generate more revenue.

Our main products include Train borne Closed Circuit Television System, Railway Transit Passenger Information Display System, onboard public address system and passenger information display system in LED.

Our subsidiary, Guangzhou Global Link Intelligence Information Technology Ltd. engages in developing products and livelihood application for the smart city.

All our products are subject to comprehensive testing to meet stringent customer requirements and relevant country's product standards and regulations. We try to minimize the defects in product quality, we rely on product testing and monitoring process which enables us to manage our product quality proactively. Our Guangzhou R&D and Assembly centre has obtained ISO 9001 certification. We offer after sale services and warranty for our customers. During the reporting period, our Group complied with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to our products.

We continue to review and update our communications to ensure that we provide our customers with the latest information. We take seriously our commitment to keep our customers and railway transportation operators informed about products. We do not want the customer to be provided with any false or misleading product information especially on the functionality of products. Our employees are required to maintain transparency in communication and marketing.

6 SOCIAL *(continued)*

6.3 Product Responsibilities *(continued)*

6.3.1 Intellectual Property

Intellectual property is a way to protect the fruit of our R&D efforts and support our business. We take a thorough and persistent approach against any counterfeit goods and intellectual property infringements. We have established clear rules and procedure to archive our R&D patterns, trademark, copyright and right of authorship of our products, especially for the software and hardware we developed.

6.3.2 Customer Data Privacy

Our business in railway transit information system doesn't deal directly with the consumers, but only with commercial customers. However, our subsidiary, Guangzhou Global Link Intelligent Information Technology Ltd., deals with the Smart City application and software development, in which it will deal directly with the resident personal data. Our customers and the community are concerned about who has access to this data and we're committed to protecting customer's data and security access from intrusions and unauthorized access.

The Group Data Security Framework includes customer data privacy, information security, and training for employees on the appropriate processing of the personal data belonging to our customers and employees. Our robust information system applies strict security processes, authorization, and firewall and defines minimum requirement, based on the latest standard for information security management.

All our employees who come on-board are trained and informed about our Group's Data Security Policies.

6.4 Anti-Corruption

Global Link's Employee Code of Conduct establishes standard and rules for all employees on anti-corruption, how to handle bribery and how to make a report by employees on suspected misconduct or illegal acts.

Standards apply to each risk area and cover employee ethical behavior, both personally and professionally. We take a zero-tolerance approach to fraud and corruption. All operating entities are required to perform an annual anti-corruption risk assessment, which is monitored by the head office.

The compliance training of anti-corruption is compulsory for all employees. We further strengthen our anti-corruption and anti-bribery controls by providing yearly training to our front-line employees and purchase department.

During the reporting period, the Group had complied fully with all the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

6 SOCIAL *(continued)*

6.5 Community Investment

The Group believes that community involvement may facilitate social development in a harmonious and organic manner. In order to operate as a responsible corporate citizen and put its social commitment into practices, the Group plans to further encourage its staff to participate in social charity activities, such as youth education or elderly nursing and caring. We also plan to offer volunteering leaves for staff that engage in volunteering activities, thereby encouraging and promoting more staff to participate in community services and meaningful charity works.

ESG INDEXES

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Link Communications Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 48 to 112, which comprise the consolidated statement of financial position as at 31 March 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Impairment assessment on intangible assets

Refer to notes 14 to the consolidated financial statements and the accounting policy note 2 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the carrying amounts of intangible assets of the Group amounted to approximately HK$21,937,000. The Group has performed impairment review on these intangible assets in order to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amounts of these intangible assets are the higher of their value-in-use and fair value less costs of disposal. Based on the impairment review, management has concluded that no impairment of these assets was required. Management determined the value-in-use of these intangible assets based on the future cash flows generated by these assets. An independent external valuer was engaged by the management to perform such valuations. We identified impairment assessment on intangible assets as a key audit matter because it involves significant management's judgements and estimations on future cash flows, discount rate and growth rate in view of the future business prospect.	Our audit procedures to impairment assessment on intangible assets included, among others, the following: ▪ We evaluated the independent external valuer's competence, capabilities and objectivity. ▪ We appointed our valuation experts and involved them to evaluate the appropriateness of the methodologies used by the independent external valuer in determining the recoverable amounts. We also involved our valuation experts to review key assumptions used by the management and the independent external valuer. ▪ We reviewed the discount rate used to determine the recoverable amounts by assessing the cost of capital for the Group and comparable companies. ▪ We checked on a sample basis the accuracy and relevance of the input data used in determining the recoverable amounts. ▪ We tested the mathematical accuracy of the calculations in determining the recoverable amounts.

KEY AUDIT MATTERS *(continued)*

Provision for product warranties

Refer to note 24 to the consolidated financial statements and the accounting policies on note 2 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
At 31 March 2018, the balance of warranties provision of the Group amounted to approximately HK$17,123,000, and warranties provision made for the year of HK$2,743,000 was recorded in the consolidated financial statements of the Group. Provision for product warranties relates to warranties that are granted by the Group for its product and undertaking to repair or replace items that fail to perform satisfactorily. The amount of provision for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. We identified provision for product warranties as a key audit matter because of the magnitude of the carrying amount of warranties provision and the significant involvement of management's judgement and assumptions applied in estimation of costs in respect of future warranty claims.	Our audit procedures to provision for product warranties included, among others, the following: ▪ We evaluated the appropriateness of the methodologies used by the management for estimating warranties provision. ▪ We tested the mathematical accuracy of the calculations of the provision. ▪ We tested the underlying data and evaluated the appropriateness and consistency of the basis management used in estimating the provision for product warranties by comparing past assumptions made by management in prior years with actual events as well as current year's assumptions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism through out the audit, we also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matter that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Poon Cheuk Ngai.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 25 June 2018

Poon Cheuk Ngai
Practising Certificate Number: P06711

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	6	**93,150**	55,967
Cost of sales		**(68,639)**	(51,988)
Gross profit		**24,511**	3,979
Other revenue and other net gain	7	**3,893**	4,011
Selling expenses		**(15,614)**	(9,604)
Administrative expenses		**(11,521)**	(11,445)
Other operating expenses		**(5,993)**	(8,845)
(Loss) from operation		**(4,724)**	(21,904)
Finance costs		**(54)**	–
(Loss) before taxation	9	**(4,778)**	(21,904)
Income tax	10	**–**	–
(Loss) for the year		**(4,778)**	(21,904)
Other comprehensive (loss) for the year:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Changes in fair value		**–**	154
Reclassification adjustments relating to available for-sale investments disposed of in the year		**–**	(154)
Exchange difference on translating financial statements of foreign operations:			
Exchange differences arising during the year		**2,049**	(1,509)
Other comprehensive income/(loss) for the year, net of income tax		**2,049**	(1,509)
Total comprehensive (loss) for the year		**(2,729)**	(23,413)
(Loss) attributable to:			
Equity shareholders of the Company		**(4,777)**	(21,904)
Non-controlling interests		**(1)**	–
		(4,778)	(21,904)
Total comprehensive (loss) attributable to:			
Equity shareholders of the Company		**(2,728)**	(23,413)
Non-controlling interests		**(1)**	–
		(2,729)	(23,413)
(Loss) per share	11	***HK cents***	*HK cents*
– Basic and diluted		**(0.23)**	(1.08)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,641**	914
Intangible assets	14	**21,937**	25,187
		23,578	26,101
Current assets			
Inventories	17	**1,919**	3,563
Available-for-sale investments	18	**–**	1,802
Trade and other receivables	19	**68,678**	30,448
Deposits and prepayments	20	**6,148**	2,416
Restricted and pledged bank deposit	22	**–**	1,994
Cash and cash equivalents	21	**72,153**	86,600
		148,898	126,823
Current liabilities			
Trade and other payables	23	**37,666**	18,693
Provision	24	**17,123**	14,542
Provision for taxation		**7,740**	6,986
		62,529	40,221
Net current assets		**86,369**	86,602
Total assets less current liabilites		**109,947**	112,703
Non-current liability			
Provision for long service payments	25	**–**	27
Net assets		**109,947**	112,676
Capital and reserves			
Equity attributable to equity shareholders of the Company			
Share capital	26	**20,888**	20,888
Reserves	26	**89,086**	91,814
		109,974	112,702
Non-controlling interests		**(27)**	(26)
Total equity		**109,947**	112,676

Approved and authorised for issue by the board of directors on 25 June 2018 and were signed on its behalf by:

Li Kin Shing
Director

Ma Yuanguang
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to equity shareholders of the Company										
	Share capital	**Share premium**	**Fair value reserve**	**Merger reserve**	**Exchange reserve**	**Warrant reserve**	**Accumulated losses**	**Statutory reserves**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	10,888	89,807	–	2,135	10,693	186	(67,561)	10,807	56,955	(26)	56,929
Loss for the year	–	–	–	–	–	–	(21,904)	–	(21,904)	–	(21,904)
Other comprehensive loss for the year:											
Available-for-sale investments:											
Changes in fair value	–	–	154	–	–	–	–	–	154	–	154
Reclassification adjustments relating to available-for-sale investments disposed of in the year	–	–	(154)	–	–	–	–	–	(154)	–	(154)
Exchange differences on translating of financial statements of foreign operations											
Exchange differences arising during the year	–	–	–	–	(1,509)	–	–	–	(1,509)	–	(1,509)
Total comprehensive loss for the year	–	–	–	–	(1,509)	–	(21,904)	–	(23,413)	–	(23,413)
Issue of new shares *(note 26(a)(i))*	10,000	70,000	–	–	–	–	–	–	80,000	–	80,000
Transaction costs attributable to the issue of new shares *(note 26(a)(i))*	–	(840)	–	–	–	–	–	–	(840)	–	(840)
At 31 March 2017 and 1 April 2017	20,888	158,967	–	2,135	9,184	186	(89,465)	10,807	112,702	(26)	112,676
Loss for the year	–	–	–	–	–	–	(4,777)	–	(4,777)	(1)	(4,778)
Exchange differences on translating of financial statements of foreign operations	–	–	–	–	2,049	–	–	–	2,049	–	2,049
Total comprehensive income/(loss) for the year	–	–	–	–	2,049	–	(4,777)	–	(2,728)	(1)	(2,729)
Lapse of warrants	–	–	–	–	–	(186)	186	–	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	(2,077)	2,077	–	–	–
At 31 March 2018	20,888	158,967	–	2,135	11,233	–	(96,133)	12,884	109,974	(27)	109,947

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 HK$'000	2017 HK$'000
Operating activities			
Loss before taxation		**(4,778)**	(21,904)
Adjustments for:			
Depreciation	9(b)	**617**	478
Amortisation of intangible assets	9(b)	**3,250**	3,250
Impairment losses on property, plant and equipment	9(b)	**–**	536
Loss on disposal of property, plant and equipment	9(b)	**–**	14
(Reversal of) allowance for doubtful debts	7	**(3,028)**	(2,956)
Provision for impairment of deposits	9(b)	**299**	395
(Reversal of) provision for long service payments	9(b)	**(27)**	(29)
Bank interest income	7	**(537)**	(309)
Available-for-sale investments, reclassified from other comprehensive income on disposals	7	**–**	(154)
Changes in working capital		**(4,204)**	(20,679)
Decrease in inventories		**1,923**	3,296
(Increase)/decrease in trade and other receivables		**(30,177)**	8,831
(Increase) in deposits and prepayments		**(3,659)**	(357)
Increase in trade and other payables		**16,164**	4,025
Increase in provision for product warranties		**959**	2,649
Net cash used in operating activities		**(18,994)**	(2,235)
Investing activities			
Payment for the purchase of property, plant and equipment		**(1,285)**	(133)
Bank interest received		**537**	193
Purchase of available-for-sale investments		**(5,874)**	(39,402)
Proceeds from disposals of available-for-sale investments		**7,676**	37,754
Decrease/(increase) in restricted and pledged bank deposit		**2,095**	(853)
Net cash generated from/(used in) investing activities		**3,149**	(2,441)
Financing activities			
Proceeds from issue of new shares	26(a)(i)	**–**	80,000
Share issuance expenses	26(a)(i)	**–**	(840)
Net cash generated from financing activities		**–**	79,160
Net (decrease)/increase in cash and cash equivalents		**(15,845)**	74,484
Cash and cash equivalents at the beginning of the year		**86,600**	12,482
Effect of foreign exchange rate changes		**1,398**	(366)
Cash and cash equivalents at the end of the year	21	**72,153**	86,600

The accompanying notes form an integral part of these consolidated financial statements.

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 ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investments holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

2. 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 GEM of the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 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 consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2018 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 except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as available-for-sale investments (see note 2(h))

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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

(c) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) 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 balances. 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 2(s)(ii)).

(e) Property, plant and equipment

All property, plant and equipment are stated in the consolidated statement of financial position at historical cost less any accumulated depreciation and any accumulated impairment losses (see note 2(s)(ii)).

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

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.

(f) 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 2(s)(ii)). Amortisation for intangible assets with finite useful life 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 any subsequent accumulated impairment losses.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Research and development expenditure (continued)

An internally-generated intangible asset arising from development activities (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 2(s)(ii)), on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) 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 investments property is classified as an investments property on a property-by-property basis and, if classified as investments 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 lease charges

Where the Group has the use of assets held 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 to profit or loss in the accounting period in which they are incurred.

(h) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Other investments in equity securities *(continued)*

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised.

Investments in securities which do not fall into any of the above category are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(s)(ii)). Interest income from equity securities is recognised in profit or loss in accordance with the policy set out in note 2(m)(ii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(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 (see note 2(s)(i)), 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 2(s)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(m) Revenue recognition

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

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

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

(ii) Interest income

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

(iii) Investment income

Investment income from available-for-sale investments is recognized when the investors right to receive payment have been established.

(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 period 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Employee benefits *(continued)*

(iii) Pension schemes

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

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

(iv) 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 for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Income tax *(continued)*

– 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 taxable 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.

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 2(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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a 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 expenditure expected to settle the obligation.

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

(q) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and 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's or the Group's parent.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Related parties *(continued)*

(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).

(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 investment in equity securities and receivables

Impairment of equity securities and current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities 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;

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Impairment of assets *(continued)*

(i) Impairment of investment in equity securities and receivables (continued)

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

– For trade and other receivables, impairment loss is determined and 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 financial assets carried at amortised cost 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Impairment of assets *(continued)*

(i) Impairment of investment in equity securities and receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable 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 and debtors bills receivable 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 or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. 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 to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. 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.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the group. None of these impact on the accounting policies of the group.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SIGNIFICANT 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 2, management has made certain key assumptions concerning the future, and other key sources of estimation 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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

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 2(s)(ii). 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.

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 2018, the carrying amount of property, plant and equipment and intangible assets were approximately HK$1,641,000 (2017: HK$914,000) and HK$21,937,000 (2017: HK$25,187,000) respectively.

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 2018, the carrying amount of trade and other receivables was approximately HK$68,678,000 (2017: HK$30,448,000).

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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

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 2(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 2018, the carrying amount of inventories was approximately HK$1,919,000 (2017: HK$3,563,000).

v) Provision

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

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

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

i) Impairment of assets

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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

ii) Income taxes

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 2018, the carrying amount of provision for taxation was approximately HK$7,740,000 (2017: HK$6,986,000).

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" and "available-for-sale investments":

	2018	2017
	HK$'000	*HK$'000*
Available-for-sale investments:	**–**	1,802
Loans and receivables:		
Trade and other receivables	**68,678**	30,448
Cash and cash equivalents	**72,153**	86,600
	140,831	118,850

Financial liabilities

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

	2018	2017
	HK$'000	*HK$'000*
Trade and other payables	**29,665**	15,649

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.

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

(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.

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 rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 46% (2017: 18%) and 81% (2017: 57%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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 19.

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

(c) Liquidity risk

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

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's 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.

For the year ended 31 March 2018

	Within 1 year or on demand	**More than 1 year**	**Total contractual undiscounted cash flow**	**Carrying amount at 31/3/2018**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Trade and other payables	**27,170**	**–**	**27,170**	**27,170**

For the year ended 31 March 2017

	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flow	Carrying amount at 31/3/2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	15,649	–	15,649	15,649

(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:

	2018		2017	
	Effective interest rates		Effective interest rates	
	%	***HK$'000***	%	*HK$'000*
Variable rate bank balances and deposits	**0.01-1.14**	**71,967**	0.01-0.95	84,134

(ii) Sensitivity analysis

At 31 March 2018, 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$704,000 (2017: HK$818,000). 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 (2017: 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 2017.

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 banking activities which give rise to 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$") and Hong Kong dollars ("HK$").

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.

	2018	2017
	HK$'000	*HK$'000*
Cash and cash equivalents		
US$	**4,376**	74
HK$	**3,160**	1,923
Net exposure arising from recognised assets and liabilities	**7,536**	1,997

(ii) *Sensitivity analysis*

As any reasonable changes in exchange rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for currency risk.

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

(f) Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value as at 31 March 2018	**Fair value measurement as at 31 March 2018 catergorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurements Assets				
Available-for-sale investments	–	–	–	–

	Fair value as at 31 March 2017	Fair value measurement as at 31 March 2017 catergorised into		
		Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements Assets				
Available-for-sale investments	1,802	–	–	1,802

During the years ended 31 March 2018 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

(f) Fair value measurement *(continued)*

Financial assets and liabilities measured at fair value (continued)

Fair value estimation

As at 31 March 2018, the Group classified the wealth management products as financial instruments in level 3. The fair value of wealth management products is approximately equal to their carrying amount due to short maturity.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2018	2017
	HK$'000	*HK$'000*
Available-for-sale investments		
Balance at the beginning of the year	**1,802**	–
Purchases	**5,874**	39,402
Total gain recognised in other comprehensive income	**–**	154
Disposals	**(7,676)**	(37,754)
Balance at the end of the year	**–**	1,802

(g) Fair value of financial instruments carried at other than fair value

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 2018 and 2017.

6. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Revenue from the supply, development and integration of passenger information management system	**93,150**	55,967

7. OTHER REVENUE AND OTHER NET GAIN

	2018 HK$'000	2017 HK$'000
Bank interest income *	537	309
Other income	260	563
Other revenue	797	872
Available-for-sale investments: reclassified from other comprehensive income on disposals	–	154
Investment income	41	–
Reversal of allowance for doubtful debt	3,028	2,956
Reversal of provision for long service payments	27	29
Other net gain	3,096	3,139
	3,893	4,011

* The bank interest income was not on financial assets at fair value through profit or loss.

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 maker ("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.

Both segment revenue of the PRC and Hong Kong comprises the revenue from supply, development and integration of passenger information management system.

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

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

8. SEGMENT INFORMATION *(continued)*

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. 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. The revenue, gross profit and results of the Group are allocated based on operations of the segments. 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.

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 2018 and 2017 is set out below:

8. SEGMENT INFORMATION *(continued)*

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

	The PRC		Hong Kong		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue						
Inter-segment revenue	**–**	700	**–**	–	**–**	700
Revenue from external customers	**92,787**	54,585	**363**	1,382	**93,150**	55,967
	92,787	55,285	**363**	1,382	**93,150**	56,667
Reportable segment profit/(loss)	**17,260**	(3,905)	**(3,033)**	744	**14,227**	(3,161)
Research and development costs	**(9,844)**	(13,773)	**–**	–	**(9,844)**	(13,773)
Bank interest income	**504**	15	**33**	294	**537**	309
Available-for-sale investments: reclassified from other comprehensive income on disposals	**–**	154	**–**	–	**–**	154
Investment income	**41**	–	**–**	–	**41**	–
Depreciation	**(615)**	(476)	**(2)**	(2)	**(617)**	(478)
Amortisation of intangible assets	**(3,250)**	(3,250)	**–**	–	**(3,250)**	(3,250)
Impairment losses on property, plant and equipment	**–**	(536)	**–**	–	**–**	(536)
Reversal of allowance for doubtful debts	**3,028**	2,956	**–**	–	**3,028**	2,956
Provision for product warranties	**(2,743)**	(5,595)	**–**	–	**(2,743)**	(5,595)
Provision for impairment of deposits	**(299)**	(395)	**–**	–	**(299)**	(395)
Reportable segment assets	**110,602**	79,040	**65,411**	77,076	**176,013**	156,116
Reportable segment assets includes: Additions to non-current assets (other than financial instruments and deferred tax assets)	**1,285**	126	**–**	7	**1,285**	133
Reportable segment liabilities	**54,946**	33,311	**3,380**	3,143	**58,326**	36,454

8. SEGMENT INFORMATION *(continued)*

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

	2018 HK$'000	2017 HK$'000
Revenue:		
Total reportable segments' revenue	**93,150**	56,667
Elimination of inter-segment revenue	**–**	(700)
Consolidated revenue	**93,150**	55,967
Profit/(loss):		
Total reportable segments' profit/(loss)	**14,227**	(3,161)
Elimination of inter-segment profit	**–**	21
Reportable segment profit/(loss) derived from Group's external customers	**14,227**	(3,140)
Bank interest income	**537**	309
Available-for-sale investments: reclassified from other comprehensive income on disposals	**41**	154
Unallocated head office and corporate expenses	**(19,583)**	(19,227)
Consolidated (loss) before tax expenses	**(4,778)**	(21,904)
Assets		
Total reportable segments' assets	**176,013**	156,116
Elimination of inter-segment receivables	**(3,537)**	(3,192)
Consolidated total assets	**172,476**	152,924
Liabilities		
Total reportable segments' liabilities	**58,326**	36,454
Elimination of inter-segment payables	**(3,537)**	(3,192)
	54,789	33,262
Current tax liabilities	**7,740**	6,986
Consolidated total liabilities	**62,529**	40,248

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:

	2018	2017
	HK$'000	*HK$'000*
Supply, development and integration of passenger information management system	**93,150**	55,967

(d) Other geographical information

	Non-current assets	
	2018	2017
	HK$'000	*HK$'000*
The PRC	**23,572**	26,092
Hong Kong	**6**	9
	23,578	26,101

The Group's non-current assets, which include property, plant and equipment and intangible 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 (2017: three) customers in the PRC operating and reportable segment amounted to approximately HK$51,045,000 and HK$19,745,000 (2017: HK$30,736,000, HK$6,393,000 and HK$5,728,000), which individually represent more than 10% of the Group's total revenue.

One customer contributed 10% or more to the Group's total revenue for both 2018 and 2017.

9. (LOSS) BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
a) Staff costs, including directors' emoluments *(note 12)*		
Salaries and wages	**20,027**	17,450
Contributions to retirement benefit schemes	**2,662**	2,324
Provision for staff welfare benefits	**1,233**	917
	23,922	20,691
b) Other items		
Auditors' remuneration	**650**	628
(Reversal of) allowance for doubtful debts	**(3,028)**	(2,956)
Provision for impairment of deposits	**299**	395
(Reversal of) provision for long service payments	**(27)**	(29)
Cost of inventories sold *	**68,639**	51,988
Research and development costs #	**9,844**	13,773
Depreciation	**617**	478
Amortisation of intangible assets (included in other operating expenses) ##	**3,250**	3,250
Loss on disposal of property, plant and equipment	**–**	14
Impairment losses on property, plant and equipment	**–**	536
Available-for-sale investments: reclassified from other comprehensive income on disposals	**–**	(154)
Investment income	**(41)**	–
Provision for product warranties ## *(note 24)*	**2,743**	5,595
Net exchange loss	**518**	33
Minimum lease payments under operating lease – land and buildings	**1,649**	1,422

* Cost of inventories sold includes approximately HK$9,331,000 (2017: HK$10,547,000) relating to staff costs and depreciation expenses which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

\# Research and development costs incurred for the year amounting to approximately HK$9,844,000 (2017: HK$13,773,000) 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.

(c) Finance Cost

	2018	2017
	HK$'000	*HK$'000*
Bank Charges	**54**	–

10. INCOME TAX

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

	2018 **HK$'000**	2017 HK$'000
Current year provision:		
PRC enterprise income tax	**–**	–
Deferred taxation		
Origination and reversal of temporary differences	**–**	–
	–	–

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. (2017: Nil)

A PRC subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") was qualified as a high and new technology enterprise from October 2014 and extended in December 2017 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, the remaining subsidiaries located in the PRC are subject to the PRC EIT rate of 25% (2017: 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:

	2018 **HK$'000**	2017 HK$'000
(Loss) before taxation	**(4,778)**	(21,904)
Notional tax on (loss) before taxation, calculated at the rates applicable to (loss) in the countries concerned	**(2,700)**	(4,052)
Tax effect of non-taxable income	**(83)**	(62)
Tax effect of non-deductible expenses	**1,415**	1,710
Tax effect of unused tax losses not recognised	**1,178**	2,879
Tax effect of taxable temporary differences not recognised	**323**	–
Tax effect of deductible temporary differences not recognised	**(133)**	(475)
Tax expense/(credit)	**–**	–

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$4,777,000 (2017: HK$21,904,000) and the weighted average number of approximately 2,088,808,000 ordinary shares (2017: 2,034,013,000 ordinary shares) in issue during the year, calculated as follows:

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

	2018	2017
	'000	*'000*
Issued ordinary shares at the beginning of the year	**2,088,808**	1,088,808
Effect of new shares issued	**–**	945,205
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,088,808**	2,034,013

(b) Diluted loss per share

The basic and diluted loss per share are the same for the years ended 31 March 2018 and 31 March 2017, as the warrants outstanding during the year are anti-dilutive.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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:

	Year ended 31 March 2018			
	Fees	**Salaries, allowances and benefits-in-kind**	**Retirement benefits scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Li Kin Shing *(Chairman) (note i)*	80	195	10	285
Mr. Wong Kin Wa *(note i)*	80	195	10	285
Mr. Ma Yuanguang *(Chief Executive)*	80	989	18	1,087
	240	1,379	38	1,657
Independent non-executive directors:				
Mr. Leung Kwok Keung	80	–	–	80
Mr. Cheung Sai Ming *(note i)*	80	–	–	80
Mr. Liu Chun Bao *(note i)*	80	–	–	80
	240	–	–	240
	480	1,379	38	1,897

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

	Year ended 31 March 2017			
	Fees	Salaries, allowances and benefits-in-kind	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Li Kin Shing *(Chairman) (note i)*	68	168	8	244
Mr. Wong Kin Wa *(note i)*	68	168	8	244
Mr. Ma Yuanguang *(Chief Executive)*	67	1,003	18	1,088
Mr. Hu Tiejun *(note ii)*	–	73	–	73
	203	1,412	34	1,649
Independent non-executive directors:				
Mr. Liu Kejun *(note ii)*	9	–	–	9
Professor Lu Ting Jie *(note ii)*	8	–	–	8
Mr. Leung Kwok Keung	82	–	–	82
Mr. Cheung Sai Ming *(note i)*	68	–	–	68
Mr. Liu Chun Bao *(note i)*	68	–	–	68
	235	–	–	235
Non-executive director:				
Mr. Wing Kee Eng, Lee *(note ii)*	12	–	–	12
	450	1,412	34	1,896

Note:

(i) Appointed on 26 May 2016.

(ii) Resigned on 26 May 2016.

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

Of the five individuals with the highest emoluments, one (2017: one) is director of the Company whose emoluments are disclosed in note 12. The aggregate of the emoluments of the remaining four (2017: four) individuals are as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries and other emoluments	**1,427**	1,251
Contributions to retirement benefit scheme	**56**	52
	1,483	1,303

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

	2018	2017
Nil to HK$1,000,000	**4**	4

During the year ended 31 March 2018, 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 (2017: Nil).

None of the directors has waived any emoluments during the year ended 31 March 2018 (2017: 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 2016	120	810	1,571	711	1,603	4,815
Additions	–	133	–	–	–	133
Disposals	–	(10)	(112)	–	–	(122)
Exchange alignment	(9)	(56)	(103)	(46)	(71)	(285)
At 31 March 2017 and 1 April 2017	111	877	1,356	665	1,532	4,541
Additions	121	135	1,029	–	–	1,285
Exchange alignment	12	94	146	72	106	430
At 31 March 2018	244	1,106	2,531	737	1,638	6,256
Accumulated depreciation and impairment						
At 1 April 2016	67	629	486	294	1,410	2,886
Charge for the year	10	52	331	63	22	478
Written back on disposal	–	(9)	(99)	–	–	(108)
Impairment losses recognized in profit or loss	18	67	159	292	–	536
Exchange alignment	(4)	(42)	(40)	(21)	(58)	(165)
At 31 March 2017 and 1 April 2017	91	697	837	628	1,374	3,627
Charge for the year	24	50	510	9	24	617
Exchange alignment	11	78	121	69	92	371
At 31 March 2018	126	825	1,468	706	1,490	4,615
Carrying amount						
At 31 March 2018	118	281	1,063	31	148	1,641
At 31 March 2017	20	180	519	37	158	914

14. INTANGIBLE ASSETS

	Application rights
	HK$'000
Cost	
At 1 April 2016, 31 March 2017 and 31 March 2018	32,500
Accumulated amortisation	
At 1 April 2016	4,063
Amortisation for the year	3,250
At 31 March 2017	7,313
Amortisation for the year	3,250
At 31 March 2018	10,563
Carrying amounts	
At 31 March 2018	21,937
At 31 March 2017	25,187

Intangible assets represent 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 ended 31 March 2018, amortisation charge of HK$3,250,000 (2017: HK$3,250,000) has been charged to "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

15. DEFERRED TAXATION

(a) Deferred tax assets not recognised

As at 31 March 2018, the Group had unused tax losses of approximately HK$161,003,000 (2017: HK$127,637,000) available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$45,919,000, HK$30,519,000, HK$23,553,000, HK$13,662,000 and HK$18,379,000 (2017: HK$41,445,000, HK$27,545,000, HK$21,258,000 and HK$12,331,000 that will expire in 2019, 2020, 2021 and 2022 respectively) that will expire in 2019, 2020, 2021, 2022 and 2023 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 2018, the Group had deductible temporary differences of approximately HK$28,972,000 (2017: HK$27,872,000) respectively being not recognised. No deferred tax asset has been recognised due to the unpredictability of future profit streams for the relevant subsidiaries.

(b) 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 investments 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 10% withholding tax on dividend receivable from a PRC subsidiary in respect of its earnings accumulated beginning on 1 January 2008.

At 31 March 2018, temporary differences relating to the undistributed profits of a PRC subsidiary for the period from 1 January 2008 to 31 March 2018 amounted to approximately HK$7,434,000 (2017: HK$19,459,000). Deferred tax liabilities of approximately HK$743,000 (2017: HK$1,946,000) 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 that subsidiary and it has been determined that it is probable that these profits will be reinvested or not be distributed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. SUBSIDIARIES

(a) The following is a list of principal subsidiaries at 31 March 2018:

Name of Company	Place of incorporation/ establishment 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 GL (廣州國聯通信有限公司) *(note (a))*	PRC	Registered capital HK$20,000,000	100%	–	100%	Provision of passenger information management systems
北京國聯偉業通信技術有限公司 *(note (b))*	PRC	Registered capital RMB1,000,000	95%	–	95%	Provision of value-added telecommunications solutions, telecommunications application software and networking solutions
Global Link Communications (HK) Limited *(note (c))*	Hong Kong	100 Ordinary shares	100%	–	100%	Provision of passenger information management systems

16. SUBSIDIARIES *(continued)*

Name of Company	Place of incorporation/ establishment 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
First Asset Securitization Holding Limited *(note (c))*	British Virgin Islands	1 Ordinary share of US$1 each	100%	100%	–	Investments holding
First Asset Securitization Limited *(note (c))*	Hong Kong	1 Ordinary share	100%	–	100%	Investments holding
廣州國聯智慧信息技術有限公司 *(note (a))*	PRC	Registered capital HK$8,000,000	100%	–	100%	Development of various community mobile Internet applications and related services
Global Link Intelligent Parking Investment Company Limited *(note (c))*	Hong Kong	1 Ordinary Share	100%	–	100%	Dormant

Notes:

(a) Guangzhou GL, 廣州勝億信息科技有限公司 and 廣州國聯智慧信息技術有限公司 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, First Asset Securitization Limited and Global Link Intelligent Parking Investment Company Limited are registered as limited liability companies under the rules and regulations of their respective countries of incorporation.

17. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Spare parts and accessories	**1,919**	3,563

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

	2018	2017
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**68,639**	51,988

18. AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Unlisted financial products	**–**	1,802

At 31 March 2017, the Group's unlisted financial products represented a principal non-guaranteed, short-term wealth management products offered by a commercial bank in the PRC and did not have fixed maturity date. The directors consider that the fair value of the financial products approximate to their carrying amounts.

19. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade and bills receivables	**76,776**	40,765
Less: Allowance for doubtful debts	**(9,368)**	(11,600)
	67,408	29,165
Other receivables	**1,270**	1,283
	68,678	30,448

Included in trade receivables are retention receivable of approximately HK$4,780,000 (2017: HK$5,015,000), 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 receivables of approximately HK$2,007,000 (2017: HK$2,469,000) which are expected to be recovered after more than one year.

Certain bills receivables of approximately HK$2,495,000 (2017: nil) were pledged to a bank for securing the bills issued by the bank on behalf of the Group to suppliers of the Group.

19. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Age analysis

The following is an analysis of trade receivables and bills receivables by age, presented the respective revenue recognition dates and the issuance date of relevant bills respectively:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**43,174**	9,546
Between 91 and 180 days	**12,226**	11,666
Between 181 and 365 days	**1,278**	1,546
Between 1 and 2 years	**5,282**	1,392
Over 2 years	**668**	–
	62,628	24,150
Retention receivables	**4,780**	5,015
	67,408	29,165

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 and bills receivables directly (see note 2(s)(i)).

Movements in the allowance for doubtful debts are as follows:

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**11,600**	15,456
(Reversal of) impairment losses recognised	**(3,028)**	(2,956)
Exchange realignment	**796**	(900)
At the end of the year	**9,368**	11,600

As at 31 March 2018, trade and bills receivables of the Group amounting to approximately HK$9,368,000 (2017: HK$11,600,000) 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.

19. 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:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**47,954**	14,561
Past due but not impaired:		
Less than 3 months past due	**12,226**	11,666
Over 3 months past due	**7,228**	2,938
	67,408	29,165

Receivables that were neither past due nor impaired with an aggregate balance of approximately HK$47,954,000 (2017: HK$14,561,000) relate to independent customers for whom there was no recent history of default.

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

20. DEPOSITS AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Deposits	**5,930**	1,612
Prepayments	**218**	804
	6,148	2,416

During the year, impairment loss of HK$299,000 (2017: HK$395,000) has been made to deposits paid to suppliers for goods and services, as management considered the amounts are not recoverable.

21. CASH AND CASH EQUIVALENTS

	2018	2017
	HK$'000	*HK$'000*
Cash at bank and on hand	**72,153**	86,600
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**72,153**	86,600

The interest rates on the cash at bank ranged from 0.01% to 1.14% (2017: 0.01% to 0.95%) per annum.

Included in the cash and cash equivalents of the Group was approximately HK$5,876,000 (2017: HK$8,823,000) that were bank deposits placed with banks in the PRC and denominated in RMB. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22. RESTRICTED AND PLEDGED BANK DEPOSIT

As at 31 March 2017, the Group's bank deposit of approximately HK$1,141,000 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 27). The pledged bank deposit was released upon the discharge of performance bonds during the year ended 31 March 2018. At 31 March 2017, the pledged bank deposit carried fixed interest rate of 1.55% per annum.

In addition, as at 31 March 2017, the Group had bank deposit of approximately HK$853,000 which was under freezing orders in relation to the legal dispute between the Group and its supplier and restricted to use. The restricted bank deposit carried interest rate of 0.01% per annum. The disputes had been settled during the year ended 31 March 2018, and the court ordered to release the freezed bank deposits in April 2017.

23. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**23,963**	11,680
Other payables	**2,261**	2,085
Bills payable	**2,495**	–
Accrued wages	**946**	1,884
Payables for value-added tax	**3,933**	1,408
Deposits received from customers	**4,068**	1,636
	37,666	18,693

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

23. 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:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**15,869**	3,268
Between 91 and 180 days	**4,870**	3,098
Between 181 and 365 days	**2,248**	4,835
Between 1 and 2 years	**758**	399
Over 2 years	**218**	80
	23,963	11,680

24. PROVISION

The Group provides warranties for its products and undertakes to repair or replace item that fail to perform satisfactorily. 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.

	HK$'000
At beginning of the year	14,542
Additional provision *(note 9)*	2,743
Amounts utilised during the year	(1,514)
Exchange realignment	1,352
At end of the year	17,123
Portion classified as current liabilities	(17,123)
Non-current portion	–

25. 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.

	2018	2017
	HK$'000	*HK$'000*
Balance at the beginning of the year	**27**	56
Credited to profit or loss	**(27)**	(29)
Balance at the end of the year	**–**	27

26. CAPITAL AND RESERVES

(a) Share capital

	Number of shares	**Amount**
		HK$'000
Authorised ordinary shares		
Ordinary share of HK$0.01 each At 1 April 2016	2,000,000,000	20,000
Increase of authorized share capital *(note (ii))*	3,000,000,000	30,000
At 31 March 2017, 1 April 2017 and 31 March 2018	5,000,000,000	50,000
Ordinary shares, issued and fully paid		
At 1 April 2016	1,088,807,500	10,888
Issuance of new shares *(note (i))*	1,000,000,000	10,000
At 31 March 2017, 1 April 2017 and 31 March 2018	2,088,807,500	20,888

26. CAPITAL AND RESERVES *(continued)*

(a) Share capital *(continued)*

(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 the 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, resulting in gross proceeds of HK$80,000,000 together with transaction costs of HK$840,000 respectively.

(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.

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

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

	Warrant reserve *HK$'000*	**Share premium** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 April 2016	186	89,807	(47,671)	42,322
Issue of new shares *(note 26(a)(i))*	–	70,000	–	70,000
Transaction costs attributable to the issue of new shares *(note 26(a)(i))*	–	(840)	–	(840)
Loss for the year	–	–	(38,019)	(38,019)
At 31 March 2017 and 1 April 2017	186	158,967	(85,690)	73,463
Loss for the year	–	–	(5,892)	(5,892)
Lapse of warrants	(186)	–	186	–
At 31 March 2018	–	158,967	(91,396)	67,571

26. CAPITAL AND RESERVES *(continued)*

(c) Unlisted warrants

At 31 March 2018, the Company had no outstanding warrants after all the remaining warrants expired.

(d) Dividends

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

(e) Nature and purpose of reserves

(i) Share premium

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

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(c).

(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.

(vi) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair value of available-for-sale financial assets until the assets are derecognised or impaired.

26. CAPITAL AND RESERVES *(continued)*

(f) Capital management

The capital structure of the Group consists of cash and cash equivalents in an amount of approximately HK$72,153,000 (2017: HK$86,600,000) (note 21). The Group had no bank borrowings as at 31 March 2018 and 2017.

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 optimization 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 2017.

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

27. CONTINGENT LIABILITIES

(a) Performance bond

	2018	2017
	HK$'000	*HK$'000*
Performance bonds for a sales contract in favour of a customer	–	1,141

During the year ended 31 March 2017, the 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 22). 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 was discharged during the ended 31 March 2018.

27. CONTINGENT LIABILITIES *(continued)*

(b) Litigation

During the year ended 31 March 2017, litigations were brought against the Group's subsidiary namely, Guangzhou GL, by one of its suppliers (the "Plaintiff") in relation to disputes in purchase transactions and being claimed for aggregate amounts of approximately HK$1,861,000 in respect of the delayed payment. The purchase amounts of approximately HK$1,861,000 had been accrued by Guangzhou GL as at 31 March 2017. The Plaintiff was granted freezing orders by the PRC Court over the bank deposit of Guangzhou GL. As at 31 March 2017, bank deposit of approximately HK$853,000 was frozen under the court orders. The disputes had been settled during the year ended 31 March 2018 and the court ordered to release the freezed bank deposits in April 2017.

28. 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. 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.

29. OPERATING LEASE COMMITMENTS

At 31 March 2018, the Group had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are payables as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 year	**1,816**	1,598
After 1 year but within 5 years	**1,478**	1,083
	3,294	2,681

30. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in these financial statements, the Group has the following transactions with related parties during the year.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 12 is as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**2,106**	2,089
Retirement scheme contributions	**57**	50
	2,163	2,139

(b) Transactions with related parties

Name of parties	**Nature of transactions**	**2018**	2017
		HK$'000	*HK$'000*
Talent Information Engineering Co., Limited ("Talent") *(note i)*	Rental expense paid to Talent	**914**	–
China-Hong Kong Telecom Limited ("China-Hong Kong") *(note ii)*	Sales to China-Hong Kong	**85**	–
China Elite Infor Co., Ltd. ("China Elite") *(note iii)*	Sales to China Elite	**485**	–

Notes:

(i) Mr. Li Kin Shing ("Mr Li"), a director of the Company, is one of the controlling shareholders of Talent.

(ii) One of the ultimate shareholders of China-Hong Kong is Mr. Li.

(iii) China Elite is a subsidiary of an intermediate company of the Company. The English name of China Elite are direct translation of the Chinese names.

31. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2018 *HK$'000*	2017 *HK$'000*
Non-current assets		
Investments in subsidiaries	**362**	362
Intangible assets	**21,937**	25,187
Property, plant and equipment	**7**	7
	22,306	25,556
Current assets		
Other receivables	**6,048**	138
Deposits and prepayments	**215**	216
Cash and cash equivalents	**60,956**	69,516
	67,219	69,870
Current liabilities		
Other payables	**1,066**	1,075
	1,066	1,075
Net current assets	**66,153**	68,795
Net assets	**88,459**	94,351
Capital and reserves		
Capital	**20,888**	20,888
Reserves	**67,571**	73,463
Total equity attributable to owners of the Company	**88,459**	94,351

Approved and authorized for issue by the board of directors on 25 June 2018 and were signed on its behalf by:

Li Kin Shing
Director

Ma Yuanguang
Director

32. PARENT AND ULTIMATE HOLDING COMPANY

At 31 March 2018, the directors consider the immediate parent of the Group to be Honor Crest Holdings Limited, which is incorporated in British Virgin Islands, the ultimate holding company of the Group to be Ever Prosper International Limited, which is incorporated in British Virgin Islands, and Mr. Li Kin Shing, the Chairman of the board of directors of the Company, as the ultimate controlling party of the Company. The Company's immediate parent and ultimate holding company have not produced financial statements available for public use. The Company's intermediate parent, International Elite Ltd., which is incorporated in Cayman Islands, has produced financial statements available for public use.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2018 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 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based its Payment Transaction[1]
Amendment to HKAS 40	Investment property: Transfer of Investment Property[1]
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) 23	Uncertainty Over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 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, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 *(continued)*

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 April 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 *(continued)*

HKFRS 9, Financial instruments *(continued)*

(b) *Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 March 2018, there would be no material impact for the application.

(c) *Hedge accounting*

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have hedge accounting and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

Based on the preliminary assessment, the new revenue standard is not likely to have significant impact on how it recognises revenue.