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Global Link

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**Global Link Communications Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

## **FIRST QUARTERLY RESULT ANNOUNCEMENT 2011**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## **HIGHLIGHTS**

Turnover for the three months ended 30 June 2011 was approximately HK\$22,614,000 representing approximately 20% decrease from that of the Last Corresponding Period.

Profit attributable to equity shareholders of the Company of approximately HK\$3,769,000 representing approximately 47% decrease from that of the Last Corresponding Period.

## **UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2011**

The board of Directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (“**Global Link**” or the “**Group**”) for the three months ended 30 June 2011 together with the unaudited comparative figures for the corresponding period in 2010 (“**Last Corresponding Period**”) as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2011

	<i>Note</i>	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
<b>Revenue</b>	2	22,614	28,194
Cost of sales		<u>(14,868)</u>	<u>(16,281)</u>
Gross profit		7,746	11,913
Other revenue		1,591	45
Selling expenses		(2,326)	(1,715)
Administrative expenses		(2,329)	(2,034)
Finance costs		<u>(142)</u>	<u>(3)</u>
<b>Profit before taxation</b>		4,540	8,206
Income tax	3	<u>(889)</u>	<u>(1,445)</u>
<b>Profit for the period</b>		3,651	6,761
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		<u>–</u>	<u>1,002</u>
<b>Total comprehensive income for the period</b>		<u><b>3,651</b></u>	<u><b>7,763</b></u>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		3,769	7,078
Non-controlling interests		<u>(118)</u>	<u>(317)</u>
		<u><b>3,651</b></u>	<u><b>6,761</b></u>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		3,769	8,080
Non-controlling interests		<u>(118)</u>	<u>(317)</u>
		<u><b>3,651</b></u>	<u><b>7,763</b></u>
<b>Earnings per share (in HK cents):</b>	5		
– Basic		<u><b>0.393</b></u>	<u>0.910</u>
– Diluted		<u><b>0.391</b></u>	<u>0.879</u>

## NOTES TO THE INCOME STATEMENT

### 1. BASIS OF PREPARATION

The Group's unaudited quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

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

### 2. REVENUE

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

### 3. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the three months ended 30 June 2011 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the three months ended 30 June 2011 (2010: Nil).

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Enterprise Income Tax Law (the "**New EIT Law**"). Which has become effective from 1 January 2008. According to the New EIT Law, the Company's subsidiary, Guangzhou Global Link Communications Inc. ("**Guangzhou GL**") has been subject to the unified enterprise income tax ("**EIT**") rate of 25%. However, on 16 December 2008, Guangzhou GL was approved as a high and new technology enterprise and allowed a favorable EIT rate of 15% for three years. EIT tax charge for the three months ended 30 June 2011 was HK\$889,000 (2010: HK\$1,445,000).

There was no significant unprovided deferred taxation for the three months ended 30 June 2011.

### 4. DIVIDEND

The Board does not recommend an interim dividend for the three months ended 30 June 2011 (2010: Nil).

## 5. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the three months ended 30 June 2011 of approximately HK\$3,769,000 (2010: HK\$7,078,000) and the weighted average number of approximately 958,030,000 ordinary shares (2010: 777,474,000 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	<b>2011</b> <b>(Unaudited)</b> <b>'000</b>	2010 (Unaudited) '000
Issued ordinary shares at 1 April	<b>958,030</b>	777,474
Effect of new shares issued	—	—
Effect of share options exercised	—	—
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June	<b><u>958,030</u></b>	<b><u>777,474</u></b>

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the unaudited consolidated profit attributable to equity shareholders of the Company for the three months ended 30 June 2011 of approximately HK\$3,769,000 (2010: HK\$7,078,000) and the weighted average number of approximately 963,001,000 ordinary shares (2010: 805,048,000 ordinary shares) calculated as follows:

Weighted average number of ordinary shares (diluted)

	<b>2011</b> <b>(Unaudited)</b> <b>'000</b>	2010 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>958,030</b>	777,474
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	<b>4,971</b>	27,574
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<b><u>963,001</u></b>	<b><u>805,048</u></b>

## 6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 (note a)	Exchange reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 (note b)	Total (unaudited) HK\$'000
As at 1 April 2010	7,775	25,498	2,135	1,979	1,195	2,559	5,649	46,790
Total comprehensive income for the period	-	-	-	1,002	-	7,078	-	8,080
Transfer to statutory reserves	-	-	-	-	-	(790)	790	-
As at 30 June 2010	<u>7,775</u>	<u>25,498</u>	<u>2,135</u>	<u>2,981</u>	<u>1,195</u>	<u>8,847</u>	<u>6,439</u>	<u>54,870</u>
As at 1 April 2011	9,580	58,652	2,135	5,858	1,195	31,821	5,649	114,890
Total comprehensive income for the period	-	-	-	-	-	3,769	-	3,769
As at 30 June 2011	<u>9,580</u>	<u>58,652</u>	<u>2,135</u>	<u>5,858</u>	<u>1,195</u>	<u>35,590</u>	<u>5,649</u>	<u>118,659</u>

*Note:*

- (a) The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiary arising from group reorganisation in 2002.
- (b) Statutory reserves comprise statutory surplus reserve and statutory welfare reserve fund of subsidiary in the People's Republic of China (the "PRC").

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business review and outlook

During the period, following years investment from country and cities government in the PRC, the construction of several express railway, city railway multiple units train and underground railway in cities have been completed and started operation. It promoted the social construction in the areas of urbanization and enhanced the efficiency of public transportation in core cities. In view of severed accident arose from adjunct equipment and train operation, the public have raised queries regarding how to ensure passenger safety alongside with the industry's huge investment and multiple increase in new operation lines.

As a result of the severe accident related to trains in the PRC, railway constructors and train manufacturers have slowed down the existing plan and train delivery with emphasis on quality and safety.

During the period, the Group mainly performed in accordance with the supply contracts signed last year with China South Locomotive and Rolling Stock Corporation Limited (“**CSR**”) and China Northern Locomotive and Rolling Stock Industry (Group) Corporation (“**CNR**”), including execution of projects in Shenzhen, Guangzhou, Hangzhou, Beijing and Malaysia for new and existing lines. On that basis, the Group keeps on elaborating its advantages resulting from good operating result and established brand name and has signed new supply contracts for 5 new city lines.

廣州國聯電力科技發展有限公司, 51% equity interest of which is held by the Group, is actively exploring the intelligent electricity network market. The market effect is still slow and may not have contribution to the Group in the short run.

Huge investment in the construction of railway transportation is a significant part in the PRC government's “12th Five Year Plan”. The handling of operation issue arose recently and adjustment in the investment scale will contribute to the orderedly and stable development of the industry.

The Group's train information system is a product which provides relevant in-time information for customers and implementation of train safety control in its covered area. As safety of train operation and passenger come first, it is expected that these system products will have a wider application and market opportunity.

### Financial review

For the three months ended 30 June 2011, the Group's turnover was approximately HK\$22,614,000, which was decreased by around 20% as compared to the Last Corresponding Period. Gross profit of approximately HK\$7,746,000 was recorded, with gross profit margin at 34%. Net profit attributable to equity shareholders of the Company was approximately HK\$3,769,000, representing a 47% decrease from the Last Corresponding Period.

During the period, CSR and CNR have slowed down its production plan and caused a corresponding delay of the Group's product delivery and have resulted in decrease in turnover.

With its expanding customer base, the Group has increased technician resources in market development which resulted in the increase in human resources cost. To further enhance product stability and reduce potential repair and maintenance cost, the Group carried out product improvement process. There was an increase in material consumption. Thus, gross profit margin has been decreased by 8% as compared with the Last Corresponding Period.

The Group continues to enhance its market development and keeps on business and technical communication with train manufacturers which caused the increase in selling expenses.

During the period, the newly incorporated 廣州勝億交通信息軟件有限公司 has caused the increase in administrative expenses in respect of staff cost and office rental.

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

As at 30 June 2011, so far as 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:

<b>Name of director</b>	<b>Company/name of associated corporation</b>	<b>Capacity</b>	<b>Number and class of securities</b>	<b>Approximate percentage of shareholdings</b>
Ma Yuanguang	Company	Beneficial owner	175,773,600 ordinary shares Long position	18.35%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	8.28%
		Beneficial owner	8,889,000 ordinary shares Long position	0.93%
Lo Kam Hon, Gary	Company	Beneficial owner	120,000 ordinary shares Long position	0.01%



Name of director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position (Note 1)	0.29%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position	0.09%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.09%

*Note:*

1. Share options to subscribe for 2,778,000 shares of the Company were granted to Wing Kee Eng, Lee pursuant to the Pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) adopted and approved by the shareholders of the Company on 24 October 2002.
2. Bright Cosmos Holdings Limited, the entire issued share capital of which is held by Hu Zhi Jian, is interested in the 79,347,600 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2011, so far as 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.

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

As at 30 June 2011, so far as 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:

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholding</b>
Leung Kin Man Kenny	Beneficial owner	49,130,000 ordinary shares Long position	5.13%

Save as disclosed above, as at 30 June 2011, so far as is known to the Directors, there was no person 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.

## **DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed in this announcement, as at 30 June 2011, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executives of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company has adopted a code of conduct regarding Directors's 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 with all Directors, the Company confirms that all 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 three months ended 30 June 2011.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2011.

## **COMPETING INTERESTS**

None of the Directors nor the substantial shareholders (as defined in the GEM Listing Rules) of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review. Investors may refer to the corporate governance report of the Group in its annual report for the year ended 31 March 2011 for details of the Group's corporate governance practices.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, namely Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited results for the three months ended 30 June 2011 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Ma Yuanguang**  
Chairman

Hong Kong, 11 August 2011

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