

28 April 2016

*To the Independent Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the Joint Announcement.

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

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

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

## **SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY**

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

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

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

Notes:

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

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

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

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

## **THE SUBSCRIPTION AGREEMENT**

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

### **Date**

27 February 2016

### **Parties**

Issuer: The Company

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

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

### **Subscription Shares**

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

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

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

### **Conditions precedent**

Completion is conditional upon fulfilment of the following conditions precedent:

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

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

**Completion**

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

**UNCONDITIONAL MANDATORY CASH OFFER**

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

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

**Principal terms of the Offer**

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

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

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

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

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

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

#### Further details of the Offer

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

#### INFORMATION ON THE GROUP

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

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

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

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

## **Further Information**

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

## **INFORMATION ON THE OFFEROR**

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

## **OFFEROR’S INTENTION ON THE GROUP**

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

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

## **PROPOSED CHANGE OF COMPOSITION OF THE BOARD**

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

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

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

## **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

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

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



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

## **RECOMMENDATION**

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

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

## **ADDITIONAL INFORMATION**

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

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

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

**Ma Yuanguang**  
*Chairman*