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Global Link

國 聯 通 信 控 股 有 限 公 司

**Global Link Communications Holdings Limited**

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

(Stock Code: 8060)

**Third Quarterly Report 2012**

## **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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## **HIGHLIGHTS**

Turnover for the nine months ended 31 December 2012 was approximately HK\$99,483,000 representing approximately 93% increase from that of the Last Corresponding Period.

Profit attributable to equity shareholders of the Company was approximately HK\$18,145,000 representing approximately 249% increase from that of the Last Corresponding Period.

## **UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2012**

The board of directors (the “**Board**”) of Global Link Communications Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the three months and the nine months ended 31 December 2012 together with the unaudited comparative figures for the corresponding periods in 2011 (“**Last Corresponding Period**”) as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2012	2011	2012	2011
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>	2	<b>33,861</b>	9,041	<b>99,483</b>	51,571
Cost of sales		<b>(20,608)</b>	(8,578)	<b>(65,020)</b>	(36,233)
<b>Gross profit</b>		<b>13,253</b>	463	<b>34,463</b>	15,338
Other revenue		<b>1,695</b>	3,093	<b>2,244</b>	5,912
Selling expenses		<b>(1,928)</b>	(1,435)	<b>(5,945)</b>	(5,949)
Administrative expenses		<b>(3,425)</b>	(3,216)	<b>(8,587)</b>	(8,565)
Finance costs		<b>-</b>	(116)	<b>-</b>	(365)
<b>Profit/(loss) before taxation</b>		<b>9,595</b>	(1,211)	<b>22,175</b>	6,371
Income tax	3	<b>(2,080)</b>	-	<b>(4,496)</b>	(1,608)
<b>Profit/(loss) for the period</b>		<b>7,515</b>	(1,211)	<b>17,679</b>	4,763
<b>Other comprehensive income:</b>					
Exchange differences on translating foreign operations		<b>900</b>	-	<b>958</b>	2,190
<b>Total comprehensive income/(loss) for the period</b>		<b>8,415</b>	(1,211)	<b>18,637</b>	6,953
<b>Profit/(loss) attributable to:</b>					
Equity shareholders of the Company		<b>7,754</b>	(1,253)	<b>18,145</b>	5,200
Non-controlling interests		<b>(239)</b>	42	<b>(466)</b>	(437)
		<b>7,515</b>	(1,211)	<b>17,679</b>	4,763
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity shareholders of the Company		<b>8,654</b>	(1,253)	<b>19,103</b>	7,390
Non-controlling interests		<b>(239)</b>	42	<b>(466)</b>	(437)
		<b>8,415</b>	(1,211)	<b>18,637</b>	6,953
<b>Earnings/(loss) per share (in HK cents):</b>	5				
- Basic		<b>0.807</b>	(0.131)	<b>1.89</b>	0.543
- Diluted		<b>0.807</b>	(0.130)	<b>1.89</b>	0.540

## NOTES TO THE INCOME STATEMENT

### 1. BASIS OF PREPARATION

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

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

### 2. REVENUE

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

### 3. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the nine months ended 31 December 2012 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 nine months ended 31 December 2012 (2011: Nil).

A PRC subsidiary, Guangzhou Global Link Communications Inc. ("**Guangzhou GL**") has been approved as a high and new technology enterprise and is entitled to a concessionary rate of Enterprise Income Tax ("**EIT**") at 15% until 22 August 2014. EIT in Guangzhou GL charge for the nine months ended 31 December 2012 was HK\$3,587,000 (2011: HK\$1,608,000).

Pursuant to the relevant laws and regulations applicable to newly established software production enterprises in the PRC, another PRC subsidiary, 廣州勝億交通信息軟件有限公司 ("**勝億**"), was exempted from EIT for the year ended 31 December 2011, followed by a 50% reduction in the applicable tax rate of 25% for a period of 3 years from 1 January 2012. These tax concessions will expire after 31 December 2014. EIT in 勝億 charge for the nine months ended 31 December 2012 was HK\$909,000 (2011: Nil).

Except for Guangzhou GL and 勝億 as mentioned above, another subsidiary located in the PRC is subject to the EIT at rate of 25% (2011: 25%) on its assessable profits.

There was no significant unprovided deferred taxation for the nine months ended 31 December 2012.

#### 4. DIVIDEND

The Board does not recommend an interim dividend for the nine months ended 31 December 2012 (2011: 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 nine months ended 31 December 2012 of approximately HK\$18,145,000 (2011: HK\$5,200,000) and the weighted average number of approximately 960,808,000 ordinary shares (2011: 958,030,000 ordinary shares) in issue.

##### (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 nine months ended 31 December 2012 of approximately HK\$18,145,000 (2011: HK\$5,200,000) and the weighted average number of approximately 960,860,000 ordinary shares (2011: 962,583,000 ordinary shares) calculated as follows:

##### *Weighted average number of ordinary shares (diluted)*

	<b>2012</b> <b>(Unaudited)</b> <b>'000</b>	2011 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>960,808</b>	958,030
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	<b>52</b>	4,553
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<b><u>960,860</u></b>	<b><u>962,583</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 <i>(note a)</i>	Exchange reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Retained earnings (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000 <i>(note b)</i>	Total (Unaudited) HK\$'000
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	-	-	-	2,190	-	5,200	-	7,390
As at 31 December 2011	<u>9,580</u>	<u>58,652</u>	<u>2,135</u>	<u>8,048</u>	<u>1,195</u>	<u>37,021</u>	<u>5,649</u>	<u>122,280</u>
As at 1 April 2012	9,608	58,725	2,135	9,281	1,195	42,284	8,559	131,787
Total comprehensive income for the period	-	-	-	958	-	18,145	-	19,103
As 31 December 2012	<u>9,608</u>	<u>58,725</u>	<u>2,135</u>	<u>10,239</u>	<u>1,195</u>	<u>60,429</u>	<u>8,559</u>	<u>150,890</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 DISCUSSION AND ANALYSIS

### Business review and outlook

During the period, each province, city and district actually followed the PRC central government economic conference's spirit to fully promote and deepen reformation. The railway transportation industry also has bright prospect. Big cities including Beijing, Shanghai, Guangzhou and Shenzhen already have outstanding railway transportation projects. The city railway transportation construction plans from more than 10 provincial cities and developed cities have been submitted and some of them have been approved by the central government. In the coming years, the railway transportation construction in respect of express railway, new railway lines for inter and intra cities, will bring enormous opportunity for enterprises which engage in the relevant project construction.

Promoted by the PRC government's continuous investment in the industry, the Group has increased product delivery to China South Locomotive and Rolling Stock Corporation Limited ("CSR") and China Northern Locomotive and Rolling Stock Industry (Group) Corporation ("CNR"), resulted in significant increase in revenue and profit. During the period, the Group also had relatively higher settlement received from its accounts receivable. The "Global Link" brand name was well recognised in the industry. The Group has obtained several new contracts in domestic core cities and new cities, and also obtained the bulk purchase contract from CSR for export of affiliated products to Europe.

During the period, the Group has set up a team specialised for new system development for the safety operation of train transportation. The new system is aimed at enhancing safety and reliable operation for railway companies, which will also widen the Group's product line.

According to the progress of new train orders for both new and old railway lines in cities, and the projects to be implemented in 2013, it is expected that the Group will benefit from the enormous opportunity by securing more contracts.

## **Financial review**

For the nine months ended 31 December 2012, the Group recorded a turnover of approximately HK\$99,483,000, representing an increase of approximately 93% compared with that of the Last Corresponding Period. Gross profit of approximately HK\$34,463,000 was recorded with gross margin at 35%. Net profit attributable to equity shareholders of the Company of approximately HK\$18,145,000, an 249% increase comparing with that of the Last Corresponding Period.

During the period, promoted by the PRC government's increasing investment in the industry, CSR and CNR have sped up train delivery to underground railway companies. The Group has also increased product delivery to CSR and CNR. Turnover and profit have increased significantly as compared to the Last Corresponding Period.

Resulted from the Group's successful implementation of IRIS – International Railway Industry Standard, the production cost of train information system was better controlled. The increase in turnover together with effective cost controlled has led to the increase in gross profit margin.

Under strict implementation of financial budget, selling expenses and administrative expenses were close to that of the Last Corresponding Period.

The increase in profit attributable to shareholders is mainly caused by the increased gross profit and effective control in selling expenses and administrative expenses.

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

As at 31 December 2012, to the best knowledge of 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 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 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	18.29%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note)	8.26%
		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%
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position	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:*

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 31 December 2012, to the best knowledge of 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 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 Exchange.

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

As at 31 December 2012, to the best knowledge of the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholding</b>
Bright Cosmos Holdings Limited	Beneficial owner	79,347,600 ordinary shares Long position	8.26%

*Note:*

The entire issued share capital of Bright Cosmos Holdings Limited is held by Hu Zhi Jian.

Save as disclosed above, as at 31 December 2012, so far as known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the 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 EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed in this report, as at 31 December 2012, 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 executive 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' 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 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 nine months ended 31 December 2012.

### **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.

## **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 nine months ended 31 December 2012.

## **COMPETING INTERESTS**

None of the Directors nor the substantial shareholder nor the initial management 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.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Hu Tiejun, Mr. Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited results for the nine months ended 31 December 2012 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the relevant legal and regulatory requirements, and that adequate disclosures have been made.

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

Hong Kong, 7 February 2013

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