



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)

### FIRST QUARTERLY RESULT ANNOUNCEMENT 2007

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## HIGHLIGHTS

Turnover for the three months ended 30 June 2007 was approximately HK\$10,949,000 representing approximately 84% increase from that of the last corresponding period.

Profit attributable to equity shareholders of the Company of approximately HK\$1,578,000 representing approximately 156% increase from that of the last corresponding period.

## UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2007

The board of Directors (the “Board”) of Global Link Communications Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“Global Link” or “the Group”) for the three months ended 30 June 2007 together with the unaudited comparative figures for the corresponding period in 2006 (“Last Corresponding Period”) as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months ended 30 June 2007*

		For the three months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	2	<b>10,949</b>	5,951
Cost of sales		(7,325)	(4,604)
<b>Gross profit</b>		<b>3,624</b>	1,347
Other income		528	1,203
Selling expenses		(866)	(755)
Administrative expenses		(1,267)	(1,171)
Finance costs		(13)	(7)
<b>Profit before tax</b>		<b>2,006</b>	617
Income tax	3	(428)	–
<b>Profit for the period</b>		<b>1,578</b>	617
<b>Attributable to:</b>			
Equity holders of the Company		1,578	617
Minority interests		–	–
		<b>1,578</b>	617
<b>Earnings per share (in HK cents)</b>	5		
– Basic		<b>0.21</b>	0.093
– Diluted		<b>0.20</b>	0.092

## NOTES TO THE INCOME STATEMENT

### 1. Basis of preparation

The Group's unaudited quarterly results have been prepared in accordance with Hong Kong Financial Announcemnting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the 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 Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

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 17.5% (2006: 17.5%) on the estimated assessable profits for the three months ended 30 June 2007 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 2007 (2006: Nil).

PRC enterprise income tax ("EIT") represents tax charges on the assessable profits of the PRC subsidiaries of the Group at the prevailing tax rates applicable. One of the PRC subsidiaries of the Group, Guangzhou Global Link Communications Inc. ("Guangzhou GL"), has been approved as a high and new technology enterprise and entitled to a favorable national tax rate of 15%. In addition, being a wholly foreign-owned enterprise, Guangzhou GL was entitled to preferential tax treatments including full exemption from PRC enterprise income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three consecutive years. The statutory financial year ended 31 December 2006 was the final year for Guangzhou GL to be entitled to 50% tax reduction treatment. The tax rates applicable to Guangzhou GL were 18% for the three months ended 30 June 2007. EIT tax charge for the three months ended 30 June 2007 was HK\$428,000 (2006: Nil).

There was no significant unprovided deferred taxation for the three months ended 30 June 2007.

### 4. Dividend

The Board does not recommend an interim dividend for the three months ended 30 June 2007 (2006: Nil).

## 5. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	<b>For the three months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the parent)	<b>1,578</b>	<b>617</b>
	<b>735,800</b>	<b>660,025</b>
Effect of dilutive potential ordinary shares: Share options	<b>33,668</b>	<b>13,726</b>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>769,468</b>	<b>673,751</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>	Foreign currency translation reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000
As at 1 April 2006	6,600	15,120	2,135	37	177	(20,290)	2,147	5,926
Profit for the period	-	-	-	-	-	617	-	617
As at 30 June 2006	<u>6,600</u>	<u>15,120</u>	<u>2,135</u>	<u>37</u>	<u>177</u>	<u>(19,673)</u>	<u>2,147</u>	<u>6,543</u>
As at 1 April 2007	6,635	15,211	2,135	245	177	(17,721)	2,352	9,034
Profit for the period	-	-	-	-	-	1,578	-	1,578
Placing of new shares	1,000	9,600	-	-	-	-	-	10,600
Exercise of share option	62	485	-	-	-	-	-	547
Transfer to statutory reserves	-	-	-	-	-	(238)	238	-
As at 30 June 2007	<u>7,697</u>	<u>25,296</u>	<u>2,135</u>	<u>245</u>	<u>177</u>	<u>(16,381)</u>	<u>2,590</u>	<u>21,759</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

Global Link adopted “creativity” as drive and “professionalism” as backbone for its operation policy. By analysing the successful implementation of operation strategy in the last financial year and focusing on the market opportunities from the PRC’s continuous economic development, the Group has started corresponding market development and achieved obvious results.

With high investment in the railway transportation, the PRC government has put forward that at least 70% should be generated in the PRC. The Group, with its prominent track record in railway view channel system, actively participated in tendering big projects in underground railway. In May, the Group successfully bid the view channel control system project for Beijing Underground Railway Line 4 which is a joint venture established by MTR Corporation Limited and Beijing Underground Railway. Global Link’s pioneer design concept, equipment stability and reliability within the country’s operation and localisation is the key to win the bid.

After 9 months’ construction, the railway view channel control system for 300 trains of Beijing Underground Railway Line 1 was completed. The project has fully complied with the design and requirements stated in the contract. Professionals in the railway transportation from PRC were satisfied with the project. The fact that the Group can deal with complicated train model in a short period of time demonstrated Global Link’s technical strength and project experience, which safeguard the construction of safety Olympic and safety China.

During the period under review, Guangzhou Global Link Communications Inc. obtained the A-Grade certificate in Guangdong Province, PRC for security technology system design, construction and maintenance. This again demonstrated the Group’s strength in the industry and provided a new competitive advantage in future market development.

To cope with backbone telecommunication operation strategy and to develop information market more broadly, the Group kept its “continuous creativity” and enhanced its cooperation with operators by consolidating different requirements and development targets from different areas. During the period under review, together with China Unicom’s Hainan subsidiary, the Group has successfully developed a mobile communication information application system for subscribers to conduct multi-party calling as well as multi number in one SIM card. This system model will be broadly promoted in mobile operators and will develop a new market opportunity for the Group.

The Group keeps its continuous development strategy in exploring new market and developing new technology and new operation model. In the last few months, the Group had deep discussion with the holder of the worldwide patent for RFSIM card technology for project cooperation, as well as trial run the operation model of RFSIM technology with backbone telecommunications operators in Hong Kong and the PRC. If the negotiation is successful, Global Link will be the sole agent in the area and the related technology by the holder of the worldwide patent for RFSIM card, which will widen the Group’s future market development.

## **Financial review**

For the three months ended 30 June 2007, the Group recorded a turnover of approximately HK\$10,949,000, representing an increase by approximately 84% comparing with that of the last corresponding period. Gross profit of approximately HK\$3,624,000 was recorded, which represents an increase in gross profit margin from approximately 23% to approximately 33%. Net profit attributable to equity shareholders of the Company of approximately HK\$1,578,000 was recorded in this quarter.

During the period under review, the Group continued to invest in research and development in accordance with its development strategy. The launch of new products and solutions has led to increase in gross profit margin compared with the last corresponding period. Management carried out prudent financial policy, resulted in fairly stable sales and administrative expenses despite the increase in turnover. The decrease in write back of bad debts has caused the decrease in other revenue.

The Group's turnover keeps an increasing trend from the second half of last financial year and tighter control on expenses is the main reason for the recorded profit in this quarter.

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

As at 30 June 2007, 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:

<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	165,217,600 ordinary shares Long position	21.47%
		Beneficial owner	10,556,000 ordinary shares Long position (Note 1)	1.37%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	10.31%
		Beneficial owner	8,889,000 ordinary shares Long position (Note 1)	1.15%
Chau Siu Piu	Company	Beneficial owner	58,560,400 ordinary shares Long position	7.61%
		Beneficial owner	7,778,000 ordinary shares Long position (Note 1)	1.01%
Lo Kam Hon, Gary	Company	Beneficial owner	350,000 ordinary shares Long position	0.05%

<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>
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position (Note 1)	0.36%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position (Note 1)	0.11%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.11%

*Note:*

1. Share options to subscribe for 10,556,000 shares, 8,889,000 shares, 7,778,000 shares, 2,778,000 shares and 833,000 shares of the Company were granted to Ma Yuanguang, Hu Zhi Jian, Chau Siu Piu, Wing Kee Eng, Lee and Hu Tiejun respectively 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 2007, 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.

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

As at 30 June 2007, 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:

<b>Name</b>	<b>Capacity</b>	<b>Class and number of securities</b>	<b>Approximate percentage of shareholding</b>
Leung Kin Man	Beneficial owner	50,000,000 ordinary shares Long position	6.50%
Tang Yuk Fu	Beneficial owner	49,480,000 ordinary shares Long position	6.43%

Save as disclosed above, as at 30 June 2007, so far 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 2007, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company 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.

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

None of the member of the Group had purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2007.

## **COMPETING INTERESTS**

None of the Directors nor the substantial shareholders 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.

## **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.

## **PLACING OF SHARES**

The Company allotted and issued an aggregate of 100,000,000 new shares at a subscription price of HK\$0.106 each to six private investors under the general mandate of the Company, the subscription of which was completed on 26 April 2007. Please refer to the announcements of the Company dated 11 April 2007 and 26 April 2007 for further details of the allotment of shares.

## **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 2007 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures had been made.

By order of the Board

**Ma Yuanguang**

*Chairman*

Hong Kong, 13 August 2007

*As at the date of this announcement, the executive directors of the Company are Mr. Ma Yuanguang, Mr. Hu Zhi Jian, Mr. Chau Siu Piu 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.*

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