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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors (the “**Directors**”) of Global Link Communications Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**CONNECTED TRANSACTION –  
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



Lego Corporate  
Finance Limited

力高企業融資有限公司

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This circular 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 circular will also be posted on the website of the Company at [www.glink.hk](http://www.glink.hk).

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on page 19 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 36 of this circular.

A notice for convening the extraordinary general meeting (the “**EGM**”) of the Company to be held at The Library Basement 2, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 18 April 2016 (Monday) at 2:30 p.m. is set out on pages 40 to 41 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form shall be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM. The return of the proxy form will not preclude you from attending and voting in person in the EGM if you so wish.

30 March 2016

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock 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 Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“associate(s)”	has the same meaning as ascribed to this term under the Takeovers Code or GEM Listing Rules (as appropriate)
“Board”	the board of Directors from time to time
“Business Day”	the day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CA-SIM”	certificate authority subscriber identity module, a technology developed from RF-SIM, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard and has function of (i) public key infrastructure; (ii) application programming interface; and (iii) software development kit
“Company”	Global Link Communications Holdings Limited (stock code: 8060), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the third Business Day after the date on which the conditions of the Subscription Agreement are fulfilled or, as the case may be, waived by the Subscriber
“Composite Document”	the formal composite offer document proposed to be jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer and in accordance with the Takeovers Code
“Connected Person(s)”	the meaning ascribed thereto in the GEM Listing Rules
“Directors”	directors of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be held and convened for the purpose of approving, amongst other things, the Subscription and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares and the Increase in Authorised Share Capital or any adjournment thereof
“GEM”	the Growth Enterprise Market of the Stock Exchange

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IEL”	International Elite Ltd. (stock code: 1328), 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
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Leung Kwok Keung, Professor Lu Ting Jie and Mr. Liu Kejin has been established to advise the Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Independent Third Parties”	the parties who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)
“Joint Announcement”	the joint announcement jointly issued by the Subscriber, IEL and the Company dated 29 February 2016 in relation to, among others, the Subscription, the Increase in Authorised Share Capital and the Offer
“Latest Practicable Date”	24 March 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information containing herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Offer”	the possible unconditional mandatory cash offer to be made by China Galaxy International Securities (Hong Kong) Co., Limited 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)
“Offeror” or “Subscriber”	Honor Crest Holdings Limited, a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of IEL
“percentage ratios”	the meaning as ascribed to this term under the GEM Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau and Taiwan
“RF-SIM”	radio-frequency subscriber identity module, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard
“SFC”	Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Subscriber for, and the allotment and issue by the Company of, the Subscription Shares under the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 27 February 2016 entered into between the Company and the Subscriber in respect of the Subscription

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## DEFINITIONS

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“Subscription Share(s)”	1,000,000,000 Shares for which the Subscriber will subscribe for and the Company will allot and issue under the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Warrants”	186,000,000 unlisted warrants issued by the Company on 12 August 2014 at the issue price of HK\$0.001, which entitles the holder thereof to subscribe for one Warrant Share at the initial subscription price of HK\$0.21 per Warrant Share at any time during a period of 36 months commencing from the date of issue of the Warrants
“Warrant Shares”	up to initially an aggregate of 186,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants, which amounts to approximately 17.08% of the issued share capital of the Company as at the Latest Practicable Date and approximately 8.90% of the issued share capital of the Company immediately following the Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Ma Yuanguang (*Chairman and Chief Executive Officer*)

Hu Tiejun

*Non-executive Director:*

Wing Kee Eng, Lee

*Independent non-executive Directors:*

Lu Ting Jie

Leung Kwok Keung

Liu Kejun

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Office C, 17th Floor

Hollywood Centre

Nos. 77-91 Queen's Road West

Hong Kong

30 March 2016

*To the Shareholders,*

Dear Sir or Madam,

**CONNECTED TRANSACTION –  
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE; AND  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**INTRODUCTION**

As set out in the Joint Announcement, the Company has entered into the Subscription Agreement with the Subscriber on 27 February 2016 regarding the connected transaction involving the Subscription under the Specific Mandate.

In addition, the Board proposes to increase the authorised share capital of the Company to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares which shall rank equally with each other in all respects.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further information on the Subscription Agreement and the transactions contemplated thereunder and Increase in Authorised Share Capital, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder, and (iv) a notice to convene the EGM at which ordinary resolution(s) will be proposed, among other things, for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, and for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital.

### (1) SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

#### Principal Terms of the Subscription Agreement

The principal terms of the Subscription Agreement were disclosed in the Joint Announcement and are set out below:

<b>Date:</b>	27 February 2016
<b>Parties Issuer:</b>	The Company
<b>Subscriber:</b>	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 customer relationship management 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. As at the Latest Practicable Date, IEL is interested in 128,000,000 Shares, representing approximately 11.76% of the entire issued share capital of the Company. Therefore, IEL is a substantial shareholder of the Company and thus a connected person of the Company.

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## LETTER FROM THE BOARD

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### *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 Board determined the size of the issue of Subscription Shares with reference to, among other things, the expected funding needs of the existing businesses of the Group for the next 12 months principally based on (i) the latest business plan and strategies of the Company; (ii) the existing order contracts on hand with total contract sum of over RMB100 million for the train information system solutions for urban rail transit business; and (iii) the expected implementation progress and investment schedule for the development of the “Smart City” project by using the Company’s existing CA-SIM technology based on the latest discussion with the relevant local government. Please refer to the paragraph headed “Use of proceeds” in this letter for details of the proposed use of proceeds of the Subscription.

### *Subscription Price*

The subscription price of HK\$0.08 per Subscription Share represents:

- (i) a discount of approximately 33.33% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 46.31% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 45.95% to the average closing price of HK\$0.148 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 47.71% to the average closing price of approximately HK\$0.153 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 14.29% over the unaudited consolidated net asset value of approximately HK\$0.07 per Share as at 30 September 2015 (based on the unaudited consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined after arm’s length negotiations between the Company and the Subscriber and with reference to, among other things, (i) the price performance of the Shares prior to the Last Trading Day as stated above; (ii) the latest published consolidated net asset value per Share of the Company; and (iii) the financial performance of the Group.

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## LETTER FROM THE BOARD

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While the Subscription Price of HK\$0.08 per Subscription Share is at a discount to the closing price of the Shares prior to the Last Trading Day, after taking into account (i) the deteriorating financial performance of the Group as discussed in the section headed “Reasons and Benefits of the Subscription” in this letter; and (ii) the potential synergy between the Company and IEL upon completion of the Subscription and the Offer as further discussed in the section headed “Reasons and Benefits of the Subscription” in this letter, the Directors are of the view that although there is a slight premium over the latest published consolidated net asset value per Share, the Subscription Price, which represents a discount to the closing price of the Shares prior to the Last Trading Day, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate of 1,000,000,000 Subscription Shares, represent (i) approximately 91.84% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 47.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming none of the outstanding Warrants have been exercised). The aggregate nominal value of 1,000,000,000 Subscription Shares is HK\$10,000,000.

The Subscription Shares, when allotted and issued, will 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.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, 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;

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## LETTER FROM THE BOARD

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- (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 EGM 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 EGM approving the Increase in Authorised Share Capital;
- (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.

The Subscriber may at any time by notice in writing to the Company waive the conditions in paragraphs (ii), (iii), (iv) and/or (v) as set out above. The conditions set out in paragraphs (i), (vi), (vii), (viii), (ix) and (x) as set out above are incapable of being waived by the Company and the Subscriber. In the event that the conditions of the Subscription Agreement as set out above are not fulfilled or waived by on 31 August 2016 (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

As at the Latest Practicable Date, condition (x) has been fulfilled.

### ***Completion***

Subject to the conditions of the Subscription Agreement being fulfilled or, as the case may be, waived by the Subscriber, completion of the Subscription Agreement will take place on the Completion Date.

### ***Undertaking***

As at the Latest Practicable Date, there are four holders of the Warrants, which together holds an aggregate of 186,000,000 Warrants. Apart from being holders of the Warrants, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the holders of the Warrants are Independent Third Parties individuals and do not have any

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## LETTER FROM THE BOARD

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relationship with the Offeror. Each of the holders of the Warrants has executed an irrevocable undertaking to the Offeror and the Company not to exercise the subscription rights attached to the Warrants and not to transfer, dispose of or otherwise deal in the Warrants before the close of the Offer, and not to accept the mandatory cash offer for the outstanding Warrants if there is any or otherwise make the Warrants available for acceptance under the Offer.

### *Use of proceeds*

The gross proceeds of the Subscription will amount to HK\$80.0 million. The net proceeds of the Subscription are estimated to be approximately HK\$79.0 million, and as such, the net price of each Subscription Share is approximately HK\$0.079. It is intended that the net proceeds will be deployed as follows:-

- approximately HK\$30.0 million, or 38% of the net proceeds, for 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;
- approximately HK\$41.1 million, or 52% of the net proceeds, for 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; and
- approximately HK\$7.9 million, or 10% of the net proceeds, as general working capital and for future investments if opportunity arises. The Company has not identified any specific acquisition targets as at the Latest Practicable Date.

### **Reasons and Benefits of the Subscription**

The Company has recorded loss since the financial year ended 31 March 2014. For the nine months ended 31 December 2015, the Group recorded loss for the period attributable to equity shareholders of the Company of approximately HK\$13.2 million, which is more than three times of the loss for the corresponding period in 2014. For the six months ended 30 September 2015, the Company had net cash used in operating activities of approximately HK\$5.1 million. The cash and bank balances of the Group as at 30 September 2015 were approximately HK\$12.6 million.

According to the interim report of the Company for the six months ended 30 September 2015, the Group recorded decline in revenue by approximately 53% as compared with the corresponding period in 2014 due to the postponed delivery of equipment under the passenger information system supply contracts signed in the previous two years for the Shenzhen project, the Hangzhou project and the Ankara project in Turkey due to reasons of the project owners. Besides, train information systems under newly signed subway projects in cities including Guangzhou and Wuhan were pending delivery. In addition, the Group experienced a decrease in sales prices of the products due to intense market competition. As the major costs of the Group, including but not limited to research and development expenses and production costs, are relatively fixed expenses in nature, the decrease in sales prices of the products resulted in gross loss and net loss for the period. At the same time, the

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## LETTER FROM THE BOARD

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core business of the Group, namely the train information system solutions for urban rail transit, had the chronic problem of a substantial amount of past-due receivables and relevant expenses for the provision of warranty regarding post-sales services for an extended period of time, which had continuously imposed pressure to the operating cashflow of the Company. To the best knowledge of the Directors, it is an industry norm to have past-due receivables. It is not uncommon for customers in this industry, principally the train manufacturers in the PRC, to settle the receivables beyond the credit period. In view of this, the Company has maintained more frequent communications with the customers to speed up the receivables collection and the situation has been gradually improving since the third quarter of the financial year ending 31 March 2016. According to the third quarterly report of the Company for the nine months ended 31 December 2015, the revenue of the Group for the three months ended 31 December 2015 has been improved due to increased sales of replacement items and enhancement in the speed of delivering passenger information system for Hangzhou Line 2, Shenzhen Line 1, Dongguan Line 2, Fuzhou Line and Guangzhou Line 7. Despite the improvement in sales, the Group still recorded gross loss for the three months ended 31 December 2015 as the low price of goods delivered was unable to offset the research and development expenses and production costs incurred.

IEL, the holding company of the Offeror, is interested in 128,000,000 Shares, representing approximately 11.76% of the entire issued share capital of the Company as at the Latest Practicable Date. As stated in the announcement of IEL dated 23 December 2014, IEL entered into the Assignment with the Company on 23 December 2014, pursuant to which IEL has agreed to assign the Application Rights to the Company and its subsidiaries throughout the Territory for a consideration of HK\$32,000,000, which has been satisfied by the Company by the allotment and issue of 128,000,000 Shares currently held by IEL. Pursuant to the Assignment, IEL is the proprietor of the CA-SIM and has agreed to assign to the Company and its subsidiaries its sole and exclusive right for certain applications of the CA-SIM throughout the Territory on the terms and conditions set out in the Assignment. As stated in the interim report of the Company for the six months ended 30 September 2015, the Group continued to use the CA-SIM technology patents to collaborate with the local government in carrying out information management in the Territory regarding the real-name system for temporary migrant population. During the six months ended 30 September 2015, the Group undertook substantive work in relation to the planning towards a “Smart City” by the local government and information collection, management, services and future long-term operation and maintenance of the project. In order to achieve full range adaptability and scalability in the application of the system, the Company has set up the system and the terminals, network and other components innovatively based on government requirements by paying close attention to the actual circumstances of using the system, the outcome of which has satisfied the requirements of all parties. As stated in the third quarterly report of the Company for the nine months ended 31 December 2015, the Group has delivered the mobile online apps and value-added services to some of the target users during the three months ended 31 December 2015 and it is expected that the outstanding application experience will acquire more users. Since the Ministry of Housing and Urban-Rural Development of the PRC published the Notice of Developing National Smart City Pilots in December 2012, there have been 290 national “Smart City” pilots. In 2015, the PRC government has introduced a number of measures, including Guidance Letter to “Internet Plus” Development, “Made-in-China 2025”, Platform to Promote Development of Big Data, Promoting Innovative Development of Cloud Computing, Green Data Center Pilots, etc. Besides, during the period of 13th Five-Year Planning (2016-2020), the economic development of the PRC is expected to be in “new normal” pattern and is

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## LETTER FROM THE BOARD

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exploring new dynamics. Driven by the implementation of these measures, “Smart City” is the best combination of new urbanization and information technology, and will support the local governments to accelerate technology innovation, transform the development model and promote optimization and upgrading of economy structure. In 2015, the National Development and Reform Commission of the PRC, the Ministry of Finance of the PRC and local governments cooperatively introduced relevant policies to build the Public-Private-Partnership (“PPP”) model as an important investment and financing model to construct “Smart Cities”. In December 2015, the investment amount of demonstrated and recommended PPP projects nationwide has reached approximately RMB4.95 trillion. Therefore, there is ample room for growth and opportunities for the “Smart City” business of the Group.

In view of the above, it is the intention of the Offeror, together with IEL, to further increase its shareholding in the Company by acquiring majority voting rights in the Company upon Completion, being not less than 51% of the enlarged issued share capital of the Company, through the Subscription as (i) the Offeror considers it is more effective for it to push forward and execute business plans and strategies to improve and develop the existing businesses of the Company, in particular the development of the “Smart City” by using the CA-SIM technology assigned by IEL; and (ii) the Subscription will provide immediate cash for the Company to improve its liquidity and financial position, in particular, the working capital and cash flow position of the Group.

The funding needs for the next 12 months mainly depends on the execution of business plans and strategies to improve and develop the existing businesses of the Company, in particular the delivery of the existing order contracts on hand for the train information system solutions for urban rail transit business and the development of the “Smart City” project by using the CA-SIM technology assigned by IEL. After considering the business plan of the Group, to the best knowledge of the Directors under the existing circumstances, the Board estimated that the expected funding needs of the Company for the next 12 months from the Latest Practicable Date is approximately HK\$70 million. Therefore, the Board is of the view that the estimated net proceeds from the Subscription of approximately HK\$79 million is sufficient to satisfy the expected funding needs of the Company for the next 12 months from the Latest Practicable Date. However, the Company may have additional funding needs in the future as the business continues to develop. The Company will inform the Shareholders and comply with the applicable GEM Listing Rules when there is plan for further fund raising activities.

Taking into account that (i) the Subscription Price represents a premium of approximately 14.29% over the unaudited consolidated net asset value per Share as at 30 September 2015 and the consolidated net asset value per Share will be enhanced as a result of the Subscription; (ii) the Group is experiencing declining financial performance, net loss, negative operating cashflow as well as substantial amount of past-due receivables; (iii) it is difficult for the Group to have debt financing due to the lack of assets for pledge; (iv) the existing business cooperation between the Company and IEL in relation to the CA-SIM technology patents; and (v) the abovementioned reasons and intentions of the Offeror for the Subscription, the Directors consider that the Subscription Agreement is entered into on normal commercial terms and the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Offeror's Intention on the Group**

It is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Company and will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group and has no intention to (i) discontinue the employment of any employees of the Group (save for a change in the composition of the Board as discussed below); (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Company.

### **Proposed Change of Composition of the Board**

The Board is currently 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 Kejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung. After the despatch of the Composite Document, the Offeror will nominate new Director(s) to the Board, representing a majority of the Board. Any changes to the composition of the Board will be made in compliance with the memorandum and the articles of association of the Company, the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

## LETTER FROM THE BOARD

### Changes on the Shareholding Structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company immediately following Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion) and none of the outstanding Warrants have been exercised) are set out below:

Shareholders	As at the Latest Practicable Date		Immediately following Completion (assuming none of the outstanding Warrants have been exercised)	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
<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%
	256,787,200	23.59%	256,787,200	12.29%
<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)	—	—	1,000,000,000	47.87%
	128,000,000	11.76%	1,128,000,000	54.00%
Public Shareholders	703,900,300	64.65%	703,900,300	33.70%
<b>Total</b>	<b>1,088,807,500</b>	<b>100.0%</b>	<b>2,088,807,500</b>	<b>100.0%</b>

Notes:

- 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.
- The Subscriber is a direct wholly-owned subsidiary of IEL, which is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange.

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## LETTER FROM THE BOARD

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### **Adjustment to the Subscription Price per Warrant Share**

The current subscription price per Warrant Share is HK\$0.21. Pursuant to the terms of the Warrant, the subscription price per Warrant Share may be adjusted in accordance with the Warrant instrument as a result of the Subscription. If there are any adjustments made upon completion of the Subscription, the Company will notify the holders of the Warrants of such adjustments and make a further announcement in due course.

### **Fund Raising Activities in the past Twelve-month Period**

The Company had not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

### **Information of the Group and the Subscriber**

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 Subscriber is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of IEL, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 1328). IEL, through its subsidiaries, is a customer relationship management 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 customers.

### **GEM Listing Rules Implications**

As at the Latest Practicable Date, the Subscriber is directly and wholly-owned by IEL. Given that IEL is interested in 128,000,000 Shares, representing approximately 11.76% of the entire issued share capital of the Company as at the Latest Practicable Date, IEL is a substantial shareholder of the Company. As such, the Subscriber is regarded as an associate of IEL and thus a connected person to the Company under Chapter 20 of the GEM Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction on the part of the Company under the GEM Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to the GEM Listing Rules. None of the Directors have any material interest in the Subscription Agreement and accordingly, the Directors were not required to and did not abstain from voting on board resolution approving the terms of the Subscription Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### **Application for Listing**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued.

### **(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the Latest Practicable Date, the existing authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each of which 1,088,807,500 Shares were in issue. In light of the Subscription and in order to accommodate future expansion and growth of the Company and to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Board proposes to increase the authorised share capital of the Company to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares which shall rank equally with each other in all respects. The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

Immediately after the completion of Increase in Authorised Share Capital, the authorised share capital of the Company will be HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each. The proposed Increase in Authorised Share Capital of the Company will take effect upon the relevant resolution approving the same is passed by the Shareholders at the EGM.

### **EGM**

As such, the EGM will be held at The Library Basement 2, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 18 April 2016 (Monday) at 2:30 p.m., for the Independent Shareholders to consider and approve, if thought fit, the Subscription, the grant of the Specific Mandate 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; and for the Shareholders to consider and approve, if thought fit, the Increase in Authorised Share Capital.

The notice of the EGM is set out on pages 40 to 41 of this circular. A form of proxy for use at the EGM is enclosed with the Circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time scheduled for holding the EGM (or any adjourned meeting thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so desire.

### **VOTING AT THE EGM**

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the EGM will be voted on by way of poll.

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## LETTER FROM THE BOARD

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As the Subscriber is directly and wholly-owned by IEL, IEL is a connected person with a material interest in the Subscription. As such, IEL and its close associates are required to abstain from voting on the resolution regarding the Subscription and the grant of the Specific Mandate at the EGM, pursuant to Rule 20.34 of the GEM Listing Rules.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolutions to be proposed.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 19 of this circular which contains its recommendation to the Independent Shareholders in relation to the Subscription and the grant of the Specific Mandate. Your attention is also drawn to the letter of advice from Independent Financial Adviser as set out on pages 20 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the grant of the Specific Mandate. You are advised to read the said letters from the Independent Board Committee and Independent Financial Adviser before deciding how to vote at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the Subscription and the grant of the Specific Mandate are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned. While the Subscription and the grant of Specific Mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the resolutions relating to the Subscription and the grant of the Specific Mandate to be proposed at the EGM.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Subscription and the grant of the Specific Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Also, the Directors consider that the proposed Increase in Authorised Share Capital are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the Proposed Increase in Authorised Share Capital.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendix to this circular and the notice of the EGM.

By order of the Board  
**Global Link Communications Holdings Limited**  
**Ma Yuanguang**  
*Chairman*



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)

30 March 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION –  
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

We refer to the circular dated 30 March 2016 issued by the Company (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the Subscription and the grant of the Specific Mandate are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to (i) the “Letter from the Board”; (ii) the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Subscription and the grant of the Specific Mandate; and (iii) the additional information as set out in the appendix to the Circular.

Having taken into account the opinion of the Independent Financial Adviser and, in particular, the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser” on pages 20 to 36 of the Circular, we consider that the Subscription and the grant of the Specific Mandate are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned. While the Subscription and the grant of Specific Mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote at the EGM in favour of the ordinary resolution as set out in the notice of EGM to approve the Subscription and the grant of the Specific Mandate.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Lu Ting Jie**

**Leung Kwok Keung**

**Liu Kejun**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Lego, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the grant of the Specific Mandate.*



30 March 2016

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

### **CONNECTED TRANSACTION – SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the grant of the Specific Mandate, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 30 March 2016 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 27 February 2016, the Subscriber and the Company entered into the Subscription Agreement pursuant to which 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 the Subscription Price of HK\$0.08 per Subscription Share.

According to the Letter from the Board, the Subscriber is directly and wholly-owned by IEL, a substantial shareholder of the Company. Accordingly, the Subscriber is a connected person to the Company and the Subscription constitutes a non-exempt connected transaction of the Company under the GEM Listing Rules and is subject to the announcement, reporting and Independent Shareholders’ approval requirements pursuant to the GEM Listing Rules. As IEL has material interest in the Subscription, IEL and its close associates are required to abstain from voting on the resolution regarding the Subscription and the grant of the Specific Mandate at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Professor Lu Ting Jie, Mr. Leung Kwok Keung and Mr. Liu Kejun, has been established to advise the Independent Shareholders as to whether the Subscription and the grant of the Specific Mandate is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Subscription Agreement and the grant of the Specific Mandate. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego. In the last two years, there was no engagement between the Group and Lego. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the Subscription Agreement and the grant of the Specific Mandate.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, its subsidiaries and associates as well as the Subscriber and its associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the Subscription

##### *1.1 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 utilisation of the CA-SIM patented technology.

The following table is a summary of the audited financial information of the Group for the two financial years ended 31 March 2015 and the unaudited financial information of the Group for the six months ended 30 September 2014 and 30 September 2015, as extracted from the annual report (“**2014/15 Annual Report**”) of the Company for the financial year ended 31 March 2015 and the interim report (“**2015 Interim Report**”) of the Company for the six months ended 30 September 2015, respectively.

	<b>For the financial year ended 31 March</b>		<b>For the six months ended 30 September</b>	
	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	68,133	75,427	43,896	20,589
Gross profit/(loss)	14,181	1,747	4,084	(2,539)
(Loss) for the year/period	(56,822)	(42,468)	(1,758)	(9,993)
		<b>As at 31</b>	<b>As at 31</b>	<b>As at 30</b>
		<b>March 2014</b>	<b>March 2015</b>	<b>September</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(audited)	(audited)	(unaudited)
Intangible assets		2,420	31,687	30,062
Cash and cash equivalents		29,297	18,677	12,619
Pledged bank deposit		808	–	–
Total assets		125,033	126,618	108,572
Net assets		96,998	87,154	76,004

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	For the financial year ended 31 March		For the six months ended 30 September	
	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Net cash (used in)				
operating activities	(3,641)	(10,577)	(6,872)	(5,092)
Net cash generated from/ (used in) investing				
activities	584	(174)	283	191
Net cash generated from				
financing activities	–	48	–	–

As illustrated in the tables above, the revenue of the Group amounted to approximately HK\$75.4 million for the financial year ended 31 March 2015, representing an increase of approximately 10.7% as compared to the prior year. According to the 2014/15 Annual Report, the increase in turnover was mainly attributable to the increase in revenue generated from the supply, development and integration of passenger information management system in the PRC. Despite the increase in revenue, the gross profit margin decreased substantially from approximately 20.8% for the financial year ended 31 March 2014 to approximately 2.3% for the financial year ended 31 March 2015, which was mainly due to the decrease in the unit price of the passenger information systems delivered under newly signed contracts of the Group arising from heightened competition in the rail transit industry, as well as the increase in cost of sales which included the increase in investment in research and development for system solutions of new projects, increase in hiring and salary adjustments of staff in engineering and manufacturing departments, as well as the increase in costs of social insurance in compliance with government requirements. In this regard, the Group continued to be loss making and recorded loss after tax of approximately HK\$42.5 million for the financial year ended 31 March 2015. The reduction in loss was primarily due to the decrease in other operating expenses, which comprised of the provision for product maintenance warranty made during the year, from approximately HK\$38.7 million for the financial year ended 31 March 2014 to approximately HK\$23.1 million for the financial year ended 31 March 2015.

As disclosed in the 2015 Interim Report, as a result of the postponed delivery of equipment under the passenger information system supply contracts signed in the previous two years and hence the delay in recognition of revenue, the revenue of the Group decreased significantly from approximately HK\$43.9 million for the six months ended 30 September 2014 to approximately HK\$20.6 million for the six months ended 30 September 2015, representing a decrease of approximately 53.1%. Furthermore, due to the decrease in selling prices of items delivered as a result of intense market competition during the period as well as the costs of sales of the Group included research and development expenses and production costs which were relatively fixed expenses in nature, the Group recorded gross loss for the six months ended 30 September 2015 as compared to the gross profit recorded in the corresponding period in the prior financial year. The Group's loss for the period also escalated from approximately HK\$1.8 million for the six months ended 30 September 2014 to approximately HK\$10.0 million for the six months ended 30 September 2015.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 March 2015, the Group had cash and cash equivalents of approximately HK\$18.7 million, representing a decrease of approximately 36.2% as compared to approximately HK\$29.3 million as at 31 March 2014. As at 30 September 2015, the cash position of the Group further deteriorated to approximately HK\$12.6 million, representing a decrease of approximately 32.4% as compared to that as at 31 March 2015. On the other hand, we also noted that the intangible assets, which comprised of software and the sole and exclusive right for certain applications of the CA-SIM at Panyu Region, Guangdong Province of the PRC (the “Territory”) (the “Application Rights”) held by the Group, formed a significant portion of the total assets of the Group. Other than the intangible assets, assets of the Group primarily consisted of (i) trade and other receivables, substantial amount of which are past-due; and (ii) inventories.

Given the loss making result of the Group, the net cash used in operating activities amounted to approximately HK\$10.6 million for the financial year ended 31 March 2015, representing a substantial increase in cash outflow as compared to approximately HK\$3.6 million recorded in the financial year ended 31 March 2014. The Group continued to record negative cash flow from operating activities of approximately HK\$5.1 million for the six months ended 30 September 2015. On the other hand, no significant net cash flow has been generated from investing activities or financing activities during the two financial years ended 31 March 2015 and the six months ended 30 September 2015. In light of the cash position of the Group as at 30 September 2015 only amounted to approximately HK\$12.6 million and the continuous net cash outflow, should the Group fail to improve its profitability and cash flow or conduct any financing activities, the Group might not have sufficient working capital in foreseeable future.

As advised by the management of the Group, the competition in the passenger information system market was increasingly intense, resulting to the decreasing trend in selling prices of products and hence the margin generated from this business segment. During the financial year ended 31 March 2015, the Company acquired the Application Rights from IEL and the Group commenced the promotion on the application of CA-SIM patented technology and undertook substantive work in relation to the planning towards a “Smart City” by the local government and information collection, management, services and future long-term operation and maintenance of the project in the Territory during the six months ended 30 September 2015. In light of the favourable policies on the development of “Smart City” promulgated by the PRC government as detailed under the paragraph headed “Reasons and benefits of the Subscription” in the Letter from the Board, the management of the Company expected that the financial performance of the Group may improve following the development of the CA-SIM application business segment.

### *1.2 Information on the Subscriber*

According to the Letter from the Board, the Subscriber is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of IEL, a substantial shareholder of the Company. IEL is a Company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 1328). IEL, through its subsidiaries, is a customer relationship management 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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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technology transfer of CA-SIM application right to customers. As confirmed by the management of IEL, IEL has spent considerable efforts in the research and development of RF-SIM cards for over a decade, making its CA-SIM a product with exclusive proprietary rights.

### *1.3 Financing alternatives available to the Group*

As stated in the Letter from the Board, the Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Upon our enquiry with the Directors, we understand that the Group has considered various fund raising methods to improve its financial position and alleviate its liquidity pressure, including bank borrowing and equity financing. However, in view of the financial position of the Group and that the Group did not have sufficient assets that could be pledged, the Directors considered that it is difficult for the Group to source bank loan with reasonable lending rate. Even if the Group could secure any debt financing, the Group would bore excess finance costs and in turns further deteriorate the financial position of the Group as discussed in the sub-section headed "Information on the Group" above. In addition, as the approval of bank loan application may be subject to lengthy due diligence process and negotiations with the bank which may require over a few months while the Subscription would take approximately less than two months, we concur with the Directors that bank borrowings are relatively uncertain, cost ineffective and time-consuming.

With regard to equity financing, we are advised by the Directors that the Board has considered other financing alternatives such as rights issue or open offer. Although both open offer and rights issue would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, after taken into account that (i) the Company will be required to procure commercial underwriting for such fund raising exercises which would incur additional cost, such as underwriting commissions and professional fees, for the Company while the Subscription would not incur underwriting commissions, which is usually charged by underwriters at a fixed percentage to the gross proceeds from the rights issue or open offer; (ii) subject to the engagement of an underwriter, the execution of equity financing through pre-emptive issues normally requires a longer time frame of approximately three months as compared with the Subscription since the process of negotiation with potential underwriters and the distribution of rights/offer shares are relatively time-consuming; and (iii) the recent market conditions and volatility may cause uncertainties in procuring favourable terms for underwriting, we concur with the Directors that a rights issue or an open offer may be comparatively less advantageous than the Subscription.

In view of the above, we concur with the Directors that the Subscription is an appropriate fund raising method available for the Group as at the Latest Practicable Date.

### *1.4 Reasons for and benefits of the Subscription and proposed use of proceeds*

As disclosed in the Letter from the Board, the gross proceeds to be raised from the Subscription will amount to HK\$80.0 million and the net proceeds are estimated to be approximately HK\$79.0 million. It is intended that the net proceeds will be deployed (i) as to approximately HK\$30.0 million, or 38% of the net proceeds, for the Group's existing train information system solutions for urban rail transit business, mainly for the execution of the newly signed order contracts

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of a number of new lines projects in several cities in the PRC; (ii) as to approximately HK\$41.1 million, or 52% of the net proceeds, for the development of the “Smart City” project by using the Group’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; and (iii) as to approximately HK\$7.9 million, or 10% of the net proceeds, as general working capital and for future investments if opportunity arises. As at the Latest Practicable Date, the Company has not identified any specific acquisition targets.

As aforementioned in the sub-section headed “Information on the Group” in this letter, the Group has been loss making since the financial year ended 31 March 2014. According to the third quarterly report of the Company for the nine months ended 31 December 2015, the revenue of Group for the three months ended 31 December 2015 has been improved. Nonetheless, the Group still recorded gross loss for the three months ended 31 December 2015 as the low price of goods delivered was unable to offset the cost of materials, the research and development expenses and production costs incurred. On the other hand, since the entering into of the Assignment with IEL in respect of the Application Rights, the Group continued to use the CA-SIM technology patents to collaborate with the local government in carrying out information management in the Territory regarding the real-name system for temporary migrant population and undertook substantive work in relation to the planning towards a “Smart City” by the local government and information collection, management, services and future long-term operation and maintenance of the project. In order to achieve full range adaptability and scalability in the application of the system, the Company has set up the system and the terminals, network and other components innovatively based on government requirements by paying close attention to the actual circumstances of using the system. As confirmed by the Directors, the outcome of the implementation of the CA-SIM technology has satisfied the requirements of the local government in the Territory.

As stated in the Letter from the Board, the PRC government introduced a number of measures to promote, among others, the development of technology innovation and the construction of “Smart Cities”. In December 2015, the investment amount of demonstrated and recommended Public-Private-Partnership projects for the construction of “Smart Cities” nationwide has reached approximately RMB4.95 trillion. Therefore, the Directors considered that there is ample room for growth and opportunities for the development of the “Smart City” business of the Group.

As aforementioned, we understand from the management of the Company that a significant portion of the net proceeds from the Subscription will be deployed for the development of the “Smart City” project by using the Group’s existing CA-SIM technology. As disclosed in the Letter from the Board, the Board determined the size of the issue of Subscription Shares with reference to, among other things, the expected funding needs of the existing businesses of the Group for the next 12 months principally based on (i) the latest business plan and strategies of the Company; (ii) the existing order contracts on hand with total contract sum of over RMB100 million for the train information system solutions for urban rail transit business; and (iii) the expected implementation progress and investment schedule for the development of the “Smart City” project by using the Company’s existing CA-SIM technology based on the latest discussion with the relevant local government. In this regard, in addition to our review of the latest available financial position of the Group, we have obtained from the Company the business plan and the monthly budget forecast of the Group and we noted that the deployment of the net proceeds from the Subscription is essential for the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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funding needs of existing businesses of the Group and the development of the “Smart City” project. In light of the expertise and experience of IEL in the research and development of RM-SIM as mentioned in the sub-section headed “Information on the Subscriber” above, combined with that it is the intention of the Subscriber, together with IEL, to further invest in and develop the “Smart City” business after having acquire the majority voting rights in the Company, we concur with the Directors that the Subscription can bring in capital to facilitate the development of the “Smart City” project in the future and immediately improve the working capital position of the Group.

Having considered the above and that (i) the Subscription will provide immediate cash for the Group to improve its liquidity and financial position, in particular, the working capital and cash flow position of the Group; (ii) the Group is experiencing declining financial performance, net loss, negative operating cash flow as well as substantial amount of past-due receivables; (iii) the existing business cooperation between the Group and IEL in relation to the CA-SIM technology patents; (iv) IEL can leverage its knowledge on CA-SIM technology to further improve and develop the “Smart City” business of the Group; and (v) the Subscription is an appropriate fund raising method currently available for the Group, we are of the view that the Subscription is in the interests of the Company and Shareholders as a whole.

### **2. Principal terms of the Subscription Agreement**

On 27 February 2016, the Subscriber and the Company entered into the Subscription Agreement pursuant to which 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 the Subscription Price of HK\$0.08 per Subscription Share. The Subscription Shares represent (i) approximately 91.84% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 47.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming none of the outstanding Warrants have been exercised). The Subscription Shares will be allotted and issued pursuant to the Specific Mandate.

#### ***Subscription Price***

As disclosed in the Letter from the Board, the gross amount of the Subscription is HK\$80,000,000, equivalent to HK\$0.08 per Subscription Share, which was determined after arm’s length negotiations between the Company and the Subscriber and with reference to, among other things, (i) the price performance of the Shares prior to the Last Trading Day; (ii) the latest published consolidated net asset value per Share of the Company; and (iii) the financial performance of the Group.

The Subscription Price of HK\$0.08 represents:

- (i) a discount of approximately 46.3% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.9% to the average closing price of approximately HK\$0.148 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) a discount of approximately 47.7% to the average closing price of approximately HK\$0.153 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 49.4% to the average closing price of approximately HK\$0.158 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 59.4% to the average closing price of approximately HK\$0.197 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 33.3% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 14.3% over the unaudited consolidated net asset value of approximately HK\$0.07 per Share as at 30 September 2015 (based on the unaudited consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the Latest Practicable Date).

### *Historical performance of Share price*

We have reviewed the daily closing price of the Shares during the period commencing from 27 February 2015 up to and including the Last Trading Day (the “**Review Period**”), being the one-year period before the Last Trading Day to illustrate the recent trading performance of the Shares. The comparison of closing price of the Shares during the Review Period and the Subscription Price are illustrated as follows:



Source: the Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, the daily closing price of the Shares as quoted on the Stock Exchange ranged from HK\$0.145 to HK\$0.61. The Subscription Price hence represents a discount of approximately 44.8% to the lowest closing price and a discount of approximately 86.9% to the highest closing price of the Shares. Based on the chart above, it is also noted that the Subscription Price lies below the range of the closing prices of the Shares for the entire Review Period.

### *Historical trading volume and liquidity of the Shares*

In assessing the fairness of the Subscription Price, we have further assessed the average daily trading volume of the Shares in each month below, and the respective percentages of the Shares' average trading volume as compared to (i) the total number of issued Shares of the Company as at the Last Trading Day and (ii) the total number of issued Shares held by the public as at the Last Trading Day are shown as below:

	Number of trading days	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Last Trading Day ( <i>Note 1</i> ) <i>%</i>	% of the Average Volume to total number of issued Shares as at the Last Trading Day ( <i>Note 2</i> ) <i>%</i>
<b>2015</b>				
March	22	860,345	0.12	0.08
April	19	4,041,579	0.57	0.37
May	19	12,152,889	1.73	1.12
June	22	13,232,273	1.88	1.22
July	22	4,121,364	0.59	0.38
August	21	1,274,286	0.18	0.12
September	20	788,500	0.11	0.07
October	20	1,103,500	0.16	0.10
November	21	1,218,571	0.17	0.11
December	22	537,273	0.08	0.05
<b>2016</b>				
January	20	889,500	0.13	0.08
February	18	266,667	0.04	0.02

*Source: the Stock Exchange web-site (www.hkex.com.hk)*

*Notes:*

1. Based on 703,900,300 Shares held by the public as at the Last Trading Day.
2. Based on 1,088,807,500 Shares in issue as at the Last Trading Day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From the above table, we noted that trading in the Shares had been inactive during the Review Period. Save for May 2015 and June 2015, the Shares' monthly average daily trading volume had been below 0.6% of the total number of issued Shares held by the public as at the Last Trading Day.

Having regard that (i) the financial performance as detailed sub-section headed "Information on the Group" above; (ii) trading in the Shares had been inactive during the Review Period, we concur with the Directors that it might not be easy for the Company to negotiate for a better price with independent third parties for subscription of the Shares under current circumstances.

### *Comparable analysis*

For the purpose of our analysis, we have identified transactions regarding subscription of new shares under specific mandate conducted by companies listed on the Stock Exchange and published on the website of the Stock Exchange during the period from 27 November 2015 to 26 February 2016, being the three-month period immediately prior to the Last Trading Day. To the best of our knowledge and as far as we are aware of, we have identified 19 transactions (the "Comparables") that met the said criteria, which represented an exhaustive list. We consider that the aforesaid sampling period is appropriate for the purpose of comparable analysis given that (i) we were able to identify sufficient samples for comparison within such period; and (ii) such period is sufficiently recent to demonstrate the prevailing market conditions prior to the date of the Subscription Agreement. The table below illustrates the details of the Comparables:

Date of announcement	Company name	Stock code	Premium/(Discount) of the subscription price over/(to) closing price per share on the last trading day prior to announcement/the date of agreement in relation to the respective subscription of shares (%)	Premium/(Discount) of the subscription price over/(to) net asset value per share (based on the latest available consolidated statement of financial position of the shares and the number of shares in issue as at their respective last trading day) (%)
4 December 2015	Yuhua Energy Holdings Limited	2728	0	126.8
10 December 2015	China Jiuhaio Health Industry Corporation Limited	419	(90.9)	(77.2)
11 December 2015	TCL Multimedia Technology Holdings Limited	1070	31.3	90.4
14 December 2015	Optics Valley Union Holding Company Limited	798	(15.8)	1.3
15 December 2015	Huscoke Resources Holdings Limited	704	(63.0)	(11.8)

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Date of announcement	Company name	Stock code	Premium/(Discount) of the subscription price over/(to) closing price per share on the last trading day prior to announcement/the date of agreement in relation to the respective subscription of shares (%)	Premium/(Discount) of the subscription price over/(to) net asset value per share (based on the latest available consolidated statement of financial position of the shares and the number of shares in issue as at their respective last trading day) (%)
16 December 2015	Vision Fame International Holding Limited	1315	(95.7)	917.0 <i>(Note)</i>
16 December 2015	FDG Electric Vehicles Limited	729	0	246.8
5 January 2016	Addchance Holdings Limited	3344	(60.8)	(62.4)
5 January 2016	Kong Sun Holdings Limited	295	6.5	55.5
5 January 2016	Asian Capital Holdings Limited	8295	(21.6)	226.8
6 January 2016	Blue Sky Power Holdings Limited	6828	(11.8)	106.4
11 January 2016	Comtec Solar Systems Group Limited	712	(20.5)	(42.8)
28 January 2016	Winshine Entertainment & Media Holding Company Limited	209	3.9	125.4
29 January 2016	China Precious Metal Resources Holdings Company, Limited	1194	(9.8)	(78.4)
1 February 2016	Co-Prosperity Holdings Limited	707	6.4	50.5
5 February 2016	Zhi Cheng Holdings Limited	8130	(65.4)	(47.5)
14 February 2016	Sun East Technology (Holdings) Limited	365	(72.8)	(37.6)
16 February 2016	Varitronix International Limited	710	(33.7)	(41.1)
19 February 2016	Sino Credit Holdings Limited	628	(55.5)	1.3
		<b>Minimum</b>	(95.7)	(78.4)
		<b>Maximum</b>	31.3	246.8
		<b>Average</b>	(30.0)	35.1
	<b>The Company</b>		<b>(46.3)</b>	<b>14.3</b>

Source: The Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: The subscription price to net asset value per share of Vision Fame International Holding Limited is substantially higher than the those of the other Comparables and is hence considered as an outlier.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the above table, the subscription prices of the Comparables, which reflects the reality of the recent market practice for subscription exercises, ranged from a discount of approximately 95.7% to a premium of approximately 31.3% over (the “**Market Range I**”) the respective closing prices of their shares on the last trading days prior to/on the date of the announcements in relation to the relevant share subscription or the date of the subscription agreement, with an average of a discount of approximately 30.0%. Moreover, out of the 19 Comparables, the subscription prices of 15 of them either represent discounts or are at par to the respective closing prices of their shares. The Subscription Price of HK\$0.08, which represents a discount of approximately 46.3% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day, has a deeper discount than the average of that of the Comparables but still falls within the Market Range I and is not exceptional to the market practice.

Furthermore, the subscription prices of the Comparables ranged from a discount of approximately 78.4% to a premium of approximately 246.8% over (the “**Market Range II**”) the net asset value per share based on their respective latest available consolidated statement of financial position and the number of shares in issue on the last trading days prior to/on the date of the announcements in relation to the relevant share subscription or the date of the subscription agreement, with an average of a premium of approximately 35.1%. Moreover, out of the 19 Comparables, the subscription prices of 12 of them represent premium over the respective net asset value per share. The Subscription Price of HK\$0.08, which represents a premium of approximately 14.3% over the consolidated net asset value of approximately HK\$0.07 per Share, has relatively less premium than the average of that of the Comparables but still falls within the Market Range II and is not exceptional to the market practice.

Having taken into account that (i) the Subscription Price falls with the Market Range I and Market Range II as detailed above and is not exceptional to the market practice; (ii) the Shares are rather illiquid in the open market; (iii) the financial performance of the Group as detailed in the sub-section headed “Information on the Group” above; and (iv) the funding needs of the Group as discussed in the sub-section headed “Reasons for and benefits of the Subscription and proposed use of proceeds” above, we are of the view that even though the Subscription Price of HK\$0.08 is below the lowest price of the Shares during the Review Period, the terms of the Subscription Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Financial effects of the Subscription

(a) *Effect on net asset value*

As disclosed in the 2015 Interim Report, the unaudited consolidated net asset value of Company was approximately HK\$76.0 million as at 30 September 2015. As advised by the management of the Company, the Subscription is expected to result in an increase in cash by an amount of the net proceeds of approximately HK\$79.0 million received under the Subscription and an increase by the relevant amount in the issued capital and reserve of the Company. Upon Completion and assuming there is no other change to the balance sheet items subsequent to 30 September 2015 save for the changes caused by the Subscription, the consolidated net asset value of the Group would increase.

(b) *Effect on earnings*

Upon Completion, the Company will receive net proceeds of approximately HK\$79.0 million. As discussed with the management of the Group, the Subscription would not have material adverse effect on the earnings of the Group immediately upon Completion.

(c) *Effect on working capital*

As advised by the management of the Group, the net proceeds will be recognised as cash and equity. As such, immediately upon Completion, the cash position and the current assets of the Group will increase by the net proceeds of the Subscription and that the working capital of the Group (being current assets minus current liabilities) would therefore increase.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position or results of the Group will be upon Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Effect on the shareholding structure of the Company

As disclosed in the Letter from the Board, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following Completion (assuming none of the outstanding Warrants have been exercised):

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>		<b>Immediately following Completion (assuming none of the outstanding Warrants have been exercised)</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	<u>833,000</u>	<u>0.08</u>	<u>833,000</u>	<u>0.04</u>
	<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) ( <i>Note 1</i> )	120,000	0.01	120,000	0.01
<b>Subscriber and parties acting in concert with it</b>				
IEL	128,000,000	11.76	128,000,000	6.13
The Subscriber ( <i>Note 2</i> )	<u>–</u>	<u>–</u>	<u>1,000,000,000</u>	<u>47.87</u>
	128,000,000	11.76	1,128,000,000	54.00
Public Shareholders	<u>703,900,300</u>	<u>64.65</u>	<u>703,900,300</u>	<u>33.70</u>
<b>Total</b>	<u><u>1,088,807,500</u></u>	<u><u>100</u></u>	<u><u>2,088,807,500</u></u>	<u><u>100</u></u>

*Notes:*

- 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.
- The Subscriber is a direct wholly-owned subsidiary of IEL, which is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table above, the shareholding of the public Shareholders in the Company would reduce by approximately 30.95 percentage points from approximately 64.65% as at the Latest Practicable Date to approximately 33.70% immediately after Completion. Although there will be dilution effect to the shareholding interest of the existing Shareholders as a result of the Subscription, having taken into account the aforementioned reasons of the Subscription, in particular, the financial position of the Group and the proposed use of proceeds from the Subscription, and that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, we consider that the possible dilution effect to the shareholding interest of the existing public Shareholders as a result of the Subscription is acceptable under current circumstances.

Immediately after Completion, the Subscriber and the parties acting in concert with it will be interested in 1,128,000,000 Shares, representing approximately 54.0% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming none of the outstanding Warrants have been exercised). Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber 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 Subscriber and parties acting in concert with it). The Offer Price is the same as the Subscription Price pursuant to the Subscription Agreement and was determined after arm's length negotiations between the Subscriber and the Company. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code.

### RECOMMENDATION

We have considered the principal factors discussed above and, in particular, the following in arriving at our opinion:

- (a) the deteriorating financial performance and financial position of the Group;
- (b) the Subscription will provide immediate cash for the Group to improve its liquidity and financial position;
- (c) the intended use of proceeds of the Group and the prospect of the "Smart City" business;
- (d) the Subscription Price falls within the Market Range I and Market Range II and is not exceptional to the market practice;
- (e) the positive impact of the Subscription to the net asset value and working capital of the Group;  
and
- (f) the possible dilution effect to the shareholding interest of the existing public Shareholders as a result of the Subscription is acceptable under current circumstances,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we are of the opinion that the terms of the Subscription Agreement and the grant of Specific Mandate are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned. Although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription and the grant of Specific Mandate.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 18 years of experience in the finance and investment banking industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interest in shares, underlying shares and debentures

As at the Latest Practicable Date, 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 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 held	Approximate percentage in the total issued share capital of the Company (%)
Ma Yuanguang	Company	Beneficial owner	255,121,200 Shares (Long position)	23.43
Hu Tiejun	Company	Beneficial owner	833,000 Shares (Long position)	0.08
Lu Ting Jie	Company	Beneficial owner	833,000 Shares (Long position)	0.08

Save as disclosed above, as at the Latest Practicable Date, 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 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.

None of the Directors has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 March 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

**(b) Substantial Shareholders' and other Shareholders' interests and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, 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 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 members of the Group:

Name	Capacity	Number and class of securities interested	Percentage of the total issued share capital of the Company (%)
IEL	Beneficial owner	1,128,000,000 Shares (Long Position)	103.60

Save as disclosed above, as at the Latest Practicable Date, 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 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.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

#### 4. COMPETING INTERESTS

None of the Directors nor the substantial Shareholder (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.

#### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up), save that the unaudited loss attributable to equity shareholders increased to HK\$13,208,000 as compared with the corresponding periods in 2014 (HK\$4,305,000) as disclosed in the Company's announcement dated 5 February 2016 in relation to the unaudited third quarterly results of the Group for the nine months ended 31 December 2015. Such increase was primarily due to (i) the adjustment and delay of delivery schedules for certain contracts resulting in a substantial decrease of total shipments during the period. Accordingly, turnover declined substantially as compared with the same period last year; and (ii) expenses relating to the "Smart Cities" business, which had yet to generate income.

#### 6. EXPERT AND CONSENT

The following is the qualification of the expert whose letter is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Lego Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited has no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name, in the form and context in which it appears.

#### 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Subscription Agreement will be available for inspection at the office of the Company at Room C, 17th Floor, Hollywood Centre, Nos. 77-91 Queen's Road West, Hong Kong during normal business hours on any Business Day for a period of 14 days from the date of this circular.

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## NOTICE OF EGM

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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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting of GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED (the “**Company**”) will be held at The Library Basement 2, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 18 April 2016 at 2:30 p.m. to consider and if thought fit, for the following purposes:–

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the authorised share capital of the Company be increased from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each (the “**Shares**”) to HK\$50,000,000 divided into 5,000,000,000 Shares by creation of additional 3,000,000,000 Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one or more of the directors of the Company (the “**Directors**”) be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

2. “**THAT**

- (a) the subscription (the “**Subscription**”) of 1,000,000,000 shares in the share capital of the Company (each a “**Subscription Share**”, and collectively, the “**Subscription Shares**”) at the price of HK\$0.08 per Subscription Share as contemplated under the subscription agreement (the “**Subscription Agreement**”) dated 27 February 2016 entered into between the Company and Honor Crest Holdings Limited (the “**Subscriber**”) (a copy of the Subscription Agreement is marked “A” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) be and is hereby approved;
- (b) subject to the completion of the Subscription, the Directors or a duly authorised committee of the board of Directors (the “**Board**”) be and are/is hereby specifically authorised to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the Subscription Agreement to allot and issue the Subscription Shares to the Subscriber; and

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- (c) all other transactions contemplated under the Subscription Agreement be and are hereby approved and all Directors or a duly authorised committee of the Board be and are/is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement, the allotment and issue of the Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors or a duly authorised committee of the Board, in the interests of the Company and its shareholders as a whole.”

By order of the Board  
**Global Link Communications Holdings Limited**  
**Ma Yuanguang**  
*Chairman*

Hong Kong, 30 March 2016

*As at the date of this notice, the executive Directors are Mr. Ma Yuanguang and Mr. Hu Tiejun; the non-executive Director is Mr. Wing Kee Eng, Lee; and the independent non-executive Directors are Mr. Liu Kejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung.*

*Notes:*

- (1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company but must attend the extraordinary general meeting to represent the member.
- (2) In order to be valid, the form of proxy must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
- (3) In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the extraordinary general meeting, either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.
- (4) Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the extraordinary general meeting if the member so desires and in such event, the instrument appointing the proxy shall be deemed to be revoked.
- (5) Any voting at the extraordinary general meeting shall be taken by poll.