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Global Link

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Global Link Communications Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8060)

FIRST QUARTERLY RESULT ANNOUNCEMENT 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement, 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 GEM (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

Turnover for the three months ended 30 June 2008 was approximately HK\$10,745,000 which was fairly stable comparing with that of the last corresponding period.

Profit attributable to equity shareholders of the Company of approximately HK\$562,000 representing approximately 64% decrease from that of the last corresponding period.

UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2008

The board of Directors (the “Board”) of Global Link Communications Holdings Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“Global Link” or the “Group”) for the three months ended 30 June 2008 together with the unaudited comparative figures for the corresponding period in 2007 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2008

		For the three months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
Revenue	2	10,745	10,949
Cost of sales		<u>(7,340)</u>	<u>(7,325)</u>
Gross profit		3,405	3,624
Other income		134	528
Selling expenses		(1,187)	(866)
Administrative expenses		(1,334)	(1,267)
Finance costs		<u>(2)</u>	<u>(13)</u>
Profit before tax		1,016	2,006
Income tax	3	<u>(454)</u>	<u>(428)</u>
Profit for the period		<u>562</u>	<u>1,578</u>
Attributable to:			
Equity holders of the Company		562	1,578
Minority interests		<u>—</u>	<u>—</u>
		<u>562</u>	<u>1,578</u>
Earnings per share (in HK cents)	5		
– Basic		<u>0.073</u>	<u>0.21</u>
– Diluted		<u>0.070</u>	<u>0.20</u>

NOTES TO THE INCOME STATEMENT

1. BASIS OF PREPARATION

The Group's unaudited quarterly results have been prepared in accordance with Hong Kong Financial Announcmenting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

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

2. REVENUE

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

3. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits for the three months ended 30 June 2008 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the three months ended 30 June 2008 (2007: Nil).

The Group's PRC subsidiaries were subject to PRC Enterprise Income Tax ("EIT"), which was generally imposed at a statutory EIT rate of 33% for periods before 1 January 2008. However, one of the Group's PRC subsidiaries, Guangzhou Global Link Communications Inc. ("Guangzhou GL"), was approved as a high and new technology enterprise and entitled to a favorable EIT rate of 15% for the calendar year ended 31 December 2007.

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law"), which has become effective from 1 January 2008. According to the New Corporate Income Tax Law, Guangzhou GL has been subject to the unified Corporate Income Tax ("CIT") rate of 25%, EIT tax charge for the three months ended 30 June 2008 was HK\$454,000 (2007: HK\$428,000).

There was no significant unprovided deferred taxation for the three months ended 30 June 2008.

4. DIVIDEND

The Board does not recommend an interim dividend for the three months ended 30 June 2008 (2007: Nil).

5. EARNINGS PER SHARE

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

	For the three months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the parent)	<u><u>562</u></u>	<u><u>1,578</u></u>
	Number of shares	
	For the three months	
	ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	769,696	735,800
Effect of dilutive potential ordinary shares: Shares issued for no consideration assuming exercise of share options	<u><u>30,940</u></u>	<u><u>33,668</u></u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><u>800,636</u></u>	<u><u>769,468</u></u>

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Merger reserve (unaudited) HK\$'000 <i>(note a)</i>	Foreign currency translation reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Statutory reserves (unaudited) HK\$'000 <i>(note b)</i>	Total (unaudited) HK\$'000
As at 1 April 2007	6,635	15,211	2,135	245	177	(17,721)	2,352	9,034
Profit for the period	-	-	-	-	-	1,578	-	1,578
Placing of new shares	1,000	9,600	-	-	-	-	-	10,600
Exercise of share option	62	485	-	-	-	-	-	547
Transfer to statutory reserves	-	-	-	-	-	(238)	238	-
As at 30 June 2007	<u>7,697</u>	<u>25,296</u>	<u>2,135</u>	<u>245</u>	<u>177</u>	<u>(16,381)</u>	<u>2,590</u>	<u>21,759</u>
As at 1 April 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426
Profit for the period	-	-	-	-	-	562	-	562
Recognition of equity-settled share based payments	-	-	-	-	255	-	-	255
Transfer to statutory reserves	-	-	-	-	-	(147)	147	-
Exchange differences on translating foreign operations	-	-	-	1,118	-	-	-	1,118
As at 30 June 2008	<u>7,697</u>	<u>25,296</u>	<u>2,135</u>	<u>1,979</u>	<u>941</u>	<u>(11,979)</u>	<u>3,292</u>	<u>29,361</u>

Note:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business review and outlook

The Group continued to take “fidelity, professional, creative” as its core business value. In the new fiscal year, the Group strictly follow its 3 year operation and development plan and actively started series implementation.

In line with the investment policy in the construction of railway transportation under “the 11th Five Year Plan” and given the Group’s good operating results in the industry, the Group have focused in the market development of railway transportation information system as its operation target. During the period, the Group has implemented Guangzhou Underground Railway Line 4 and 5, and partly system delivery and construction for Beijing underground railway line 4, 8 and 13. With the increase in system constructed trains, the Global Link brand name became more noticeable in the industry.

During the period, the Group’s newly developed Hotel Mobiles Phone System which co-operation with Beijing Unicom have been put into commercial usage. We believe this creative business model will be developed steadily in other core cities such as Guangzhou. The new product – electricity protection product, after test running, has been launched and the Group has signed supply contract with a few electricity departments.

During the period, the Group fully elaborated its product’s core technology and self-owned intellectual properties and the competitive edge from fully domestic production, and kept on expand the co-operation with China Northern Locomotive and Rolling Stock Industry (Group) Corporation and China South Locomotive and Rolling Stock Corporation Limited. The Group has passed the site examination by these train manufacturers and was awarded as certified railway transportation information system producer and supplier.

With good operation results in past few years, the Group has started business communication and the design of railway transportation information system for a few new underground railway lines with 4 train manufacturers and underground construction departments of 5 cities. Supply contract will be signed in the coming quarter with multiple value compared with last corresponding period.

The Group’s whole operation in the new fiscal year will have broader development in railway transportation and electricity production, which will provide a firm base for the Group to increase its profitability and further development.

Financial Review

For the three months ended 30 June 2008, the Group recorded a turnover of approximately HK\$10,745,000 which was fairly stable comparing with that of the Last corresponding period. Gross profit of approximately HK\$3,405,000 was recorded with gross profit margin at 32% which was fairly stable comparing with that of last corresponding period. Net profit attributable to equity shareholders of the Company of approximately HK\$562,000 was recorded in this quarter.

During the period, the Group kept cost control on its product and software solution and maintained the gross profit margin within the prescribed range. The increase in selling expenses is mainly resulted from the increased business activities, including technology and business communication with underground railway companies and train manufacturers. Comparing with those of last corresponding period, administration expenses remained fairly stable with a decrease in other income. The main reason for the decrease in other income is that the Group's PRC subsidiary, Guangzhou Global Link Communications Inc has not yet received the refund of value-added tax on software products from tax bureau.

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

As at 30 June 2008, so far is known to the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Name of director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Ma Yuanguang	Company	Beneficial owner	165,217,600 ordinary shares Long position	21.47%
		Beneficial owner	10,556,000 ordinary shares Long position (Note 1)	1.37%
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	10.31%
		Beneficial owner	8,889,000 ordinary shares Long position (Note 1)	1.15%

Name of director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Lo Kam Hon, Gary	Company	Beneficial owner	120,000 ordinary shares Long position	0.02%
Wing Kee Eng, Lee	Company	Beneficial owner	2,778,000 ordinary shares Long position (Note 1)	0.36%
Hu Tiejun	Company	Beneficial owner	833,000 ordinary shares Long position (Note 1)	0.11%
Lu Ting Jie	Company	Beneficial owner	833,000 ordinary shares Long position	0.11%

Note:

1. Share options to subscribe for 10,556,000 shares, 8,889,000 shares, 2,778,000 shares and 833,000 shares of the Company were granted to Ma Yuanguang, Hu Zhi Jian, Wing Kee Eng, Lee and Hu Tiejun respectively pursuant to the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted and approved by the shareholders of the Company on 24 October 2002.
2. Bright Cosmos Holdings Limited, the entire issued share capital of which is held by Hu Zhi Jian, is interested in the 79,347,600 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2008, so far is known to the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2008, so far is known to the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
Chau Siu Piu	Beneficial owner	58,560,400 ordinary shares Long position	7.61%
Leung Kin Man	Beneficial owner	50,000,000 ordinary shares Long position	6.50%
Deng Xufu	Beneficial owner	49,480,000 ordinary shares Long position	6.43%

Save as disclosed above, as at 30 June 2008, so far is known to the Directors, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

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

Save as disclosed in this announcement, as at 30 June 2008, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executives of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the member of the Group had purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2008.

COMPETING INTERESTS

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, namely Mr. Hu Tiejun, Professor Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited results for the three months ended 30 June 2008 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

By order of the Board
Ma Yuanguang
Chairman

Hong Kong, 13 August 2008

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

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