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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)

Third Quarterly Report 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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HIGHLIGHTS

Turnover for the nine months ended 31 December 2009 was approximately HK\$49,741,000 representing approximately 116% increase from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company was approximately HK\$11,374,000 representing approximately 804% increase from that of the Last Corresponding Period.

UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

The board of directors (the “Board”) of Global Link Communications Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (“Global Link” or the “Group”) for the three months and the nine months ended 31 December 2009 together with the unaudited comparative figures for the corresponding periods in 2008 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2009	2008	2009	2008
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	2	27,548	4,663	49,741	23,022
Cost of sales		(14,882)	(3,308)	(29,222)	(15,593)
Gross profit		12,666	1,355	20,519	7,429
Other income		1,242	984	1,664	1,166
Selling expenses		(871)	(1,188)	(3,552)	(3,396)
Administrative expenses		(1,992)	(1,007)	(4,670)	(3,517)
Finance costs		(2)	(1)	(7)	(4)
Profit before tax		11,043	143	13,954	1,678
Income tax	3	(1,753)	-	(2,580)	(420)
Profit for the period		<u>9,290</u>	<u>143</u>	<u>11,374</u>	<u>1,258</u>
Attributable to:					
Equity holders of the Company		9,290	143	11,374	1,258
Minority interests		-	-	-	-
		<u>9,290</u>	<u>143</u>	<u>11,374</u>	<u>1,258</u>
Earnings per share (in HK cents)	5				
- Basic		1.195	0.019	1.463	0.163
- Diluted		1.162	0.018	1.426	0.158

NOTES TO THE INCOME STATEMENT

1. BASIS OF PREPARATION

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

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2009 are consistent with those followed in the annual report of the Company for the year ended 31 March 2009.

2. REVENUE

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

3. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the nine months ended 31 December 2009 of the individual companies within the Group arising in Hong Kong. No provision for Hong Kong profits tax has been made as individual companies within the Group has no assessable profit for the nine months ended 31 December 2009 (2008: Nil).

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the PRC Enterprise Income Tax Law (the "New EIT Law"). Which has become effective from 1 January 2008. According to the New EIT Law, the Company's subsidiary, Guangzhou Global Link Communications Inc. ("Guangzhou GL") has been subject to the unified EIT rate of 25%. However, on 16 December 2008, Guangzhou GL was approved as a high and new technology enterprise and allowed a favorable EIT rate of 15% for three years. EIT tax charge for the nine months ended 31 December 2009 was HK\$2,580,000 (2008: HK\$420,000).

There was no significant unprovided deferred taxation for the nine months ended 31 December 2009.

4. DIVIDEND

The Board does not recommend an interim dividend for the nine months ended 31 December 2009 (2008: 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 31 December		For the nine months ended 31 December	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	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)	9,290	143	11,374	1,258
	<u>9,290</u>	<u>143</u>	<u>11,374</u>	<u>1,258</u>
	Number of shares			
	For the three months ended 31 December		For the nine months ended 31 December	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	777,474	769,695	777,474	769,695
	<u>777,474</u>	<u>769,695</u>	<u>777,474</u>	<u>769,695</u>
Effect of dilutive potential ordinary shares: Shares issued for no consideration assuming exercise of share options	21,770	16,495	20,409	27,296
	<u>21,770</u>	<u>16,495</u>	<u>20,409</u>	<u>27,296</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	799,244	786,190	797,883	796,991
	<u>799,244</u>	<u>786,190</u>	<u>797,883</u>	<u>796,991</u>

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Merger reserve (Unaudited) HK\$'000 (note a)	Foreign currency translation reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000 (note b)	Total (Unaudited) HK\$'000
As at 1 April 2008	7,697	25,296	2,135	861	686	(12,394)	3,145	27,426
Profit for the period	-	-	-	-	-	1,258	-	1,258
Recognition of equity-settled share based payments	-	-	-	-	509	-	-	509
Transfer to statutory reserves	-	-	-	-	-	(252)	252	-
Exchange differences on translating foreign operations	-	-	-	1,117	-	-	-	1,117
As at 31 December 2008	7,697	25,296	2,135	1,978	1,195	(11,388)	3,397	30,310
As at 1 April 2009	7,775	25,498	2,135	1,979	1,195	(11,810)	3,583	30,355
Profit for the period	-	-	-	-	-	11,374	-	11,374
Transfer to statutory reserves	-	-	-	-	-	(1,547)	1,547	-
As at 31 December 2009	7,775	25,498	2,135	1,979	1,195	(1,983)	5,130	41,729

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

During the period under review, the revitalization plan launched by the PRC government produced the desired results. Although the overall export significantly decreased, the huge domestic infrastructural investment and increase in modern service and information technology industry caused more than 8% increase in the PRC's GDP. Railway construction industry, where the Group is principal engaged in, will have construction investments in around 30 core cities. This will boost the demand of related industries. China South Locomotive and Rolling Stock Corporation Limited ("CSR") and the China Northern Locomotive and Rolling Stock Industry (Group) Corporation ("CNR") were directly benefited with more orders on hand compared with the past years.

The Group's view channel control systems for railway transportation is a precedence in the industry. Its advanced technology and reliability is recognised in newly operated railway lines, and the brand name impact has caused continuous growth in the Group's business. During the period, the Group's operation and development were mainly reflected in:

- (a) execution of contracts and mass product delivery. The Group fulfilled the demands from several major train manufacturers, including Guangzhou Line 2 and 8, Shenzhen Line 3, Wuhan Line 1 and Beijing Batong Line and Line 13, which resulted in significant increase in turnover and operating profit.
- (b) winning new lines' tender and obtained contracts with considerable amounts. In the current quarter, the Group has obtained unprecedented number of contracts comparing with past corresponding periods: including Beijing Daxing Line (from Sifang, an entity of CSR), Beijing Yizhuang Line and Beijing Line 15 and Xi'an Line 1 (from Changchun, an entity of CNR), Fangshan Line and reconstruction of Batong Line and Line 13 (from Beijing Mass Transit Railway Operation Corp. Ltd. Railcar Plant), totally 7 lines with view channel control system for over a thousand trains' contract. These contracts will start delivery in the first quarter in 2010.

With the continuous launch of large scale investment in railway transportation, train manufacturers face a number of delivery orders. According to the implemented policy of the country, demand of the related industries will grow continuously in the coming 10 to 15 years. The Group believes that there will be great development through its good reputation in the industry, substantial market share and technology.

Financial review

For the nine months ended 31 December 2009, the Group recorded a turnover of approximately HK\$49,741,000, representing an increase by approximately 116% compared with that of the last corresponding period. Gross profit of approximately HK\$20,519,000 was recorded, which represented an increase in gross profit margin from approximately 32% to approximately 41%. Net profit attributable to equity shareholders of the Company of approximately HK\$11,374,000 was recorded in this quarter.

During the period, on time delivery and settlement from the Group's newly signed contracts together with the peak period for product delivery in previous contracts with CSR and CNR entities in Puzhen, Zhuzhou and Changchun, caused a significant increase in turnover and gross profit.

The increase in other income was mainly caused by the written back of bad debt provision as a result of enhanced credit control.

Despite the frequent technology and business communication with underground railway companies and train manufacturers, selling expenses were fairly stable comparing with that of the last corresponding period as a result of enhanced cost control.

Increase in administrative expenses by 33% was mainly due to the increase in staff salary and office rent incurred by the newly incorporated subsidiary – 廣州國聯電力科技發展有限公司 (Guangzhou Neplink Technologies Development Co. Ltd.).

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

As at 31 December 2009, to the best knowledge of the Directors, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:–

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	21.25%
		Beneficial owner	10,556,000 ordinary shares Long position (Note 1)	1.36%

Name of Director	Company/ name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholdings
Hu Zhi Jian	Company	Interest of controlled corporation	79,347,600 ordinary shares Long position (Note 2)	10.21%
		Beneficial owner	8,889,000 ordinary shares Long position (Note 1)	1.14%
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 31 December 2009, to the best knowledge of the Directors, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Exchange.

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

As at 31 December 2009, to the best knowledge of the Directors, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group:

Name	Capacity	Class and number of securities	Approximate percentage of shareholding
Leung Kin Man Kenny	Beneficial owner	49,130,000 ordinary shares Long position	6.32%

Save as disclosed above, as at 31 December 2009, so far is known to the Directors, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this report, as at 31 December 2009, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group had purchased, sold or redeemed any of the shares of the Company during the nine months ended 31 December 2009.

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises of three members, namely Mr. Hu Tiejun, Mr. Lu Ting Jie and Mr. Leung Kwok Keung, all being independent non-executive Directors. The Group's unaudited results for the nine months ended 31 December 2009 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards, the Exchange and legal requirements, and that adequate disclosures has been made.

By order of the Board

Ma Yuanguang

Chairman

Hong Kong, 9 February 2010

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