
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 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 doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker 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)

**MAJOR AND CONNECTED TRANSACTION –
THE PROPOSED DISPOSAL OF
A SUBSIDIARY**

This circular will remain on the website of GEM of the Stock Exchange at 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 Company’s website at www.glink.hk.

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular.

17 August 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“2019 15-Months Audited Account”	the audited consolidated financial statements of the Target Company for the 15 months period ended 31 March 2020 prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“2019 Announcements”	announcements of the Company dated 4 April 2019 and 10 May 2019 in relation to the acquisition of 60% of the issued share capital of the Target Company pursuant to the Acquisition Agreement by the Company from the Purchaser (as vendor thereunder)
“Acquisition Agreement”	the conditional sale and purchase agreement entered into on 4 April 2019 (after trading hours) among the Company, the Purchaser and the Target Company in respect of the acquisition of 60% of the issued share capital of the Target Company by the Company (as purchaser therein) from the Purchaser (as vendor therein) pursuant to the terms and conditions therein
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong is generally open for business (other than a Saturday or Sunday or public holiday in Hong Kong)
“close associate(s)”	has the meaning ascribed to it/them under the GEM Listing Rules
“Company”	Global Link Communications Holdings Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement

DEFINITIONS

“Conditions Precedent”	the conditions precedent of the Disposal Agreement as set out under the subsection headed “Conditions Precedent” in this circular
“connected person(s)”	has the meaning ascribed to it/them under the GEM Listing Rules
“Consideration”	the total consideration of HK\$24,548,000 of the Disposal to be settled in accordance with the terms and conditions of the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares from the Company to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement entered into on 27 July 2020 (after trading hours) between the Company and the Purchaser in relation to the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	12 August 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Long Stop Date”	16 October 2020 (or such later date as the Company and the Purchaser may agree in writing)
“Mr. Li”	Mr. Li Kin Shing, a controlling Shareholder and an executive Director of the Company
“PRC”	the People’s Republic of China

DEFINITIONS

“Promissory Note”	the promissory note in the principal amount of HK\$12,000,000 issued by the Company on 10 May 2019 in favour of the Purchaser with maturity date on 31 July 2020, as amended by a deed executed by the Company and the Purchaser dated 27 July 2020 to extend the maturity date to 16 October 2020
“Purchaser”	Mr. 肖力 (Xiao Li*), a Chinese citizen who is the holder of 40% of the issued share capital of the Target Company as at the Latest Practicable Date, being the purchaser under the Disposal Agreement
“Sale Shares”	60 issued shares in the share capital of the Target Company, representing 60% of the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shanghai Xunshan”	上海尋山信息科技有限公司 (Shanghai Xunshan Information Technology Limited*), a company established in the PRC and is direct wholly-owned by the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shortfall”	the shortfall of HK\$7,848,362 payable by the Purchaser to the Company in case the audited net profit of the Target Company recorded in the 2019 15-Months Audited Account did not reach the guaranteed profit of HK\$6,200,000 calculated according to the terms of the Acquisition Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it/them under the GEM Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed to it/them under the GEM Listing Rules
“Target Company”	Connect Cool Technology Limited, a company incorporated in Hong Kong with limited liability and is owned by the Company as to 60% and by the Purchaser as to 40% as at the Latest Practicable Date
“Target Group”	the Target Company and its subsidiary, being Shanghai Xunshan
“%”	per cent

* *For identification purpose only*

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

LETTER FROM THE BOARD



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:

Mr. Li Kin Shing (*Chairman*)
Mr. Ma Yuanguang (*Chief Executive Officer*)
Mr. Wong Kin Wa

Independent Non-Executive Directors:

Mr. Leung Kwok Keung
Mr. Cheung Sai Ming
Mr. Liu Chun Bao

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:
Room 3815
Hong Kong Plaza
No. 188 Connaught Road West
Hong Kong

17 August 2020

To the Shareholders

Dear Sir/Madams,

**MAJOR AND CONNECTED TRANSACTION –
THE PROPOSED DISPOSAL OF
A SUBSIDIARY**

INTRODUCTION

Reference is made to the announcement dated 27 July 2020 in relation to the Disposal. The purpose of this circular is to provide you with, among others, (i) further details of the Disposal Agreement and the Disposal; and (ii) other information as required to be disclosed under the GEM Listing Rules.

LETTER FROM THE BOARD

THE DISPOSAL AGREEMENT

On 27 July 2020 (after trading hours), the Company as vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, representing 60% of the issued share capital of the Target Company, at a total Consideration of HK\$24,548,000 pursuant to the terms of the Disposal Agreement.

The principal terms of the Disposal Agreement are set out below:

Date 27 July 2020 (after trading hours)

Parties : (1) The Purchaser (as purchaser); and
 (2) the Company (as vendor).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a Chinese citizen who is a shareholder holding 40% of the issued share capital of the Target Company as at the Latest Practicable Date. Accordingly, the Purchaser is a substantial shareholder of the Target Company and is a connected person of the Company at the subsidiary level under the GEM Listing Rules.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell, the Sale Shares, representing 60% of the issued share capital of the Target Company, free from all encumbrances. Further particulars of the Target Company and the Target Group are set out in the section headed "Information of the Target Group" in this circular.

Consideration

The Consideration of the Sale Shares is HK\$24,548,000 which shall be settled by the Purchaser in the following manner upon Completion:

- (i) HK\$12,548,000 by way of cash; and
- (ii) HK\$12,000,000 by way of cancellation and offsetting the Company's payment obligation under the Promissory Note in full.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser after taking into account, (i) the 2019 15-Months Audited Account of the Target Company; (ii) the unaudited consolidated financial statements of the Target Company for the three months ended 30 June 2020; and (iii) the future prospects of the principal business of the Target Group.

LETTER FROM THE BOARD

The Consideration payable by the Purchaser upon Completion has already taken into account and include the amount of the Shortfall payable by the Purchaser. As calculated by the Consideration of HK\$24,548,000 less the adjustment of the settlement of the Shortfall receivable from the Purchaser of HK\$7,848,362, the adjusted consideration of the Disposal is approximately HK\$16,700,000 (“**Adjusted Consideration**”). Based on the unaudited consolidated financial statements of the Target Company for the three months ended 30 June 2020, the 60% equity interest of the unaudited net assets value of the Target Group attributable to the owners of the Company as at 30 June 2020 is approximately HK\$731,000. As disclosed in the 2019 Announcements, the Company acquired 60% of the issued share capital of the Target Company pursuant to the Acquisition Agreement from the Purchaser (as vendor thereunder) in May 2019. Based on the audited financial statements of the Group for the year ended 31 March 2020, the goodwill arising from the acquisition of the Target Group in May 2019 by the Group as of 31 March 2020 was approximately HK\$15,817,000. The Adjusted Consideration therefore represents a slight premium of approximately 0.9% to the aggregate of the 60% equity interest of the unaudited net assets value of the Target Group and the remaining goodwill of the Target Company.

Settlement

As disclosed in the 2019 Announcements, the Company acquired 60% of the issued share capital of the Target Company pursuant to the Acquisition Agreement from the Purchaser (as vendor thereunder) in May 2019. As settlement of part of the consideration of the acquisition under the Acquisition Agreement, being HK\$12,000,000, the Company (as purchaser therein) issued the Promissory Note to the Purchaser (as vendor therein). On 27 July 2020, in consideration of entering into the Disposal Agreement, the Company and the Purchaser executed a deed of amendment to extend the maturity date of the Promissory Note from 31 July 2020 to 16 October 2020. As at the Latest Practicable Date, no part of the Promissory Note was repaid by the Company to the Purchaser. Pursuant to the terms of the Disposal Agreement, HK\$12,000,000 of the Consideration will be settled by the Purchaser by way of cancellation and offsetting the Company’s payment obligation under the Promissory Note in full upon Completion.

Further, as disclosed in the 2019 Announcements, pursuant to the Acquisition Agreement, the Purchaser (as vendor thereunder) has irrevocably undertaken to indemnify the Company (as purchaser thereunder) the Shortfall if the audited net profit after tax of the Target Company for the 15 months period ended 31 March 2020 (the “**Actual Profit**”) recorded in the 2019 15-Months Audited Account is less than HK\$6,200,000 (the “**Guaranteed Profit**”), which can be offset against the principal amount of the Promissory Note payable by the Company. Based on the 2019 15-Months Audited Account, the Actual Profit was approximately HK\$4,173,000 which did not meet the Guaranteed Profit. According to the terms of the Acquisition Agreement, the Shortfall is being calculated as the product of (i) the difference of the Guaranteed Profit and the Actual Profit, divided by the Guaranteed Profit; and (ii) the consideration pursuant to the Acquisition Agreement of HK\$24,000,000. As such, the Shortfall is calculated to be in the sum of HK\$7,848,362 according to the terms of the Acquisition Agreement. The Company and the

LETTER FROM THE BOARD

Purchaser have agreed to the terms and conditions of the Disposal Agreement for the full and final settlement of the Shortfall under the Acquisition Agreement, pursuant to which, (i) upon Completion, the Purchaser's payment obligation and liabilities in relation to the Shortfall under the Acquisition Agreement shall be settled in full and final and that the Company shall cease to have any right to claim against the Purchaser for the Shortfall or any part thereof under the Acquisition Agreement; and (ii) the Purchaser agreed not to offset any amount of the Shortfall against any unpaid amount of the Promissory Note payable by the Company unless the Completion does not take place on or before the Long Stop Date. Given (i) the Shortfall would be settled in full only upon Completion; and (ii) the Consideration payable by the Purchaser upon Completion has already taken into account and include the amount of the Shortfall payable, the Directors thus considered that waiving the Purchaser's obligation in paying the Shortfall to the Company upon Completion is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied in accordance with the Disposal Agreement:

- (1) the Company having obtained written shareholder's approval in respect of the Disposal in accordance with its articles of association and the GEM Listing Rules;
- (2) the Board having approved and authorised the Disposal Agreement and the transactions contemplated thereunder; and
- (3) all the necessary waivers, consents and approvals required to be obtained on the part of the Company in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained (if any).

The Conditions Precedent set out in sub-paragraph (3) above can be waived by the Purchaser at any time on or before the Long Stop Date by notice in writing to the Company. If any of the Conditions Precedent set out above is not fulfilled and/or (where applicable) waived on or before noon on the Long Stop Date, save for the governing law and other miscellaneous matters, the Disposal Agreement shall cease and terminate. As at the Latest Practicable Date, the Conditions Precedent set out in sub-paragraphs (1) and (2) above have been fulfilled and none of the Conditions Precedent set out above has been waived.

Completion

Completion will take place on a day within 10 Business Days after the last outstanding Conditions Precedent shall have been fulfilled and/or (where applicable) waived in accordance with the Disposal Agreement (or such other date as the Company and the Purchaser may agree).

LETTER FROM THE BOARD

Upon Completion, the Company will dispose its entire shareholding interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. The Target Company holds the entire equity interest in Shanghai Xunshan, a company established in the PRC. Shanghai Xunshan is an electronic payment terminals solutions provider, principally engaging in the provision of business development solutions, system enhancement and maintenance services, and ancillary services for its customers, including telecommunications service providers, transportation service providers and merchants in the PRC.

Based on the 2019 15-Months Audited Account, the audited consolidated total assets value and net assets value of the Target Company as at 31 March 2020 were approximately HK\$8,496,000 and HK\$3,979,000, respectively, of which 60% (as represented by the Sale Shares) amounted to approximately HK\$5,098,000 and HK\$2,387,000, respectively.

Set out below is certain unaudited consolidated financial information of the Target Company for each of the two years ended 31 March 2020:

	For the year ended 31 March 2019 (unaudited) HK\$'000 (Approximately)	For the year ended 31 March 2020 (unaudited) HK\$'000 (Approximately)
Turnover	1,500	13,335
Profit before taxation	1,142	3,261
Profit after taxation	1,142	2,900

Based on the 2019 15-Months Audited Account, the audited net profit after tax of the Target Company for the 15 months period ended 31 March 2020 was approximately HK\$4,173,000. Such profit as recorded in the 2019 15-Months Audited Account can be reconciled by (i) adding the aggregate of the Target Company's unaudited profit after tax for each of the two years ended 31 March 2019 as set out above; and (ii) deducting the Target Company's unaudited loss after tax for the period from 1 April 2018 to 31 December 2018 of approximately HK\$131,000.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL TO THE GROUP

Earnings

As calculated by the Consideration of HK\$24,548,000 less the adjustment of the settlement of the Shortfall receivable from the Purchaser of HK\$7,848,362, the adjusted consideration of the Disposal is approximately HK\$16,700,000. Based on the unaudited pro forma consolidated statement of profit or loss of the Group as if the Disposal had been completed on 30 June 2020, as calculated by such adjusted consideration less the aggregate of (i) the loss of 60% equity interest of the unaudited net assets value of the Target Group attributable to the owners of the Company of approximately HK\$731,000; (ii) the de-recognition of goodwill of approximately HK\$15,817,000; and (iii) the exchange reserves expected to be released of approximately HK\$131,000, it is estimated that the Company will record a potential net gain of approximately HK\$21,000 (subject to audit) as a result of the Disposal. The actual gain or loss to be recognised by the Group in connection with the Disposal will be assessed after Completion and is subject to audit.

Upon Completion, the Target Group will cease to be subsidiaries of the Company. In addition, since the Target Group was profit making, it is expected that the Group will have reduced income stream from the Target Group upon Completion.

Assets and liabilities

Based on the audited consolidated financial statements of the Group as at 31 March 2020, the net assets value of the Group amounted to approximately HK\$112,136,000. Based on the unaudited pro forma consolidated statement of assets and liabilities of the Group as if the Disposal had been completed on 30 June 2020, as compared with the assets and liabilities position of the Group as recorded in its audited consolidated financial statements as at 31 March 2020, the total assets of the Group would decrease by approximately HK\$10,874,000 to approximately HK\$153,615,000, which was mainly attributable to the de-recognition of goodwill of approximately HK\$15,817,000, de-consolidation of the Target Group's assets of approximately HK\$7,605,000 and recording of the cash inflow of HK\$12,548,000 for the Disposal; while the total liabilities of the Group would also decrease by approximately HK\$10,032,000 to approximately HK\$42,321,000, which was mainly due to (i) the de-consolidation of the Target Group's liabilities of approximately HK\$6,387,000; and (ii) the discharge of the Company's liabilities of the net payment pursuant to the Acquisition Agreement of approximately HK\$3,645,000 ^(Note). Accordingly, as compared with the assets and liabilities position of the Group as recorded in its audited consolidated financial statements as at 31 March 2020, the unaudited net assets value of the Group will decrease by approximately HK\$842,000 to approximately HK\$111,294,000.

LETTER FROM THE BOARD

Note: Such net payment liability pursuant to the Acquisition Agreement is calculated by the principal amount of the Promissory Note payable by the Company to the Purchaser of HK\$12,000,000; less (i) the Shortfall payable by the Purchaser to the Company of HK\$7,848,362; (ii) the adjustment of HK\$468,000, being the adjustment to the understated shortfall of HK\$7,380,000 payable by the Purchaser pursuant to the Acquisition Agreement as recorded in the Group's audited consolidated financial statements as at 31 March 2020 which was estimated based on the then yet to finalized unaudited consolidated management accounts of the Target Company for the 15 months ended 31 March 2020. The 2019 15-Months Audited Account was subsequently finalized after the report date of the Group's audited consolidated financial statements as at 31 March 2020; and (iii) the adjustment for consideration payable by the Company due to discounting factor for time value of money of approximately HK\$39,000.

Shareholders and potential investors of the Company should note that the actual financial effects of the Disposal to the Group may be different from those of the above and can only be determined based on the then financial position of the Target Group upon Completion (subject to audit).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in the supply, development and integration of passenger information management system.

The Company acquired 60% of the issued share capital of the Target Company from the Purchaser in May 2019. At that time, the Directors expected the said acquisition would, among others, broaden the source of income of the Group and enable the Group to tap into the transportation payment solutions industry in the PRC. However, the Target Company did not perform in accordance with the expectation of the Group. The audited net profit after tax of the Target Company for the 15 months period ended 31 March 2020 recorded in the 2019 15-Months Audited Account has only reached approximately 67.3% of the expected profit target of the Target Company at HK\$6,200,000, which is also the guaranteed profit of the Purchaser under the Acquisition Agreement. After evaluating the business prospects of the Target Group and the general challenging market condition of the transportation industry in the PRC since the beginning of 2020 due to the outbreak of the novel coronavirus in the PRC, the Directors considered that it would be more beneficial for the Company to focus its resources on the development of its other businesses. The Directors have recently discussed with the Purchaser on the business prospect of the Target Group and acknowledged that the Purchaser is willing to purchase the Sale Shares. The Directors consider that the Disposal can allow the Company to exit the previous investment in the Target Group at a fair price with an estimated potential gain of approximately HK\$21,000, which is calculated by the Consideration less the aggregate of (i) the 60% equity interest of the unaudited net assets value of the Target Group attributable to the owners of the Company as at 30 June 2020; (ii) the recognition of goodwill as at 30 June 2020; (iii) the exchange reserves expected to be released upon Completion; and (iv) the settlement of the Shortfall receivable from the Purchaser upon Completion. The actual gain or loss to be recognised by the Group in connection with the Disposal will be assessed after Completion and is subject to audit.

LETTER FROM THE BOARD

Upon Completion, the net proceeds generated therefrom will be applied to potential investments and/or general working capital of the Company and shall thereby strengthen the cash flow of the Company. It may allow a more efficient allocation of internal resources of the Company which in turn facilitates a stronger liquidity of the Company for prospective future development. The Company has been actively identifying and seeking appropriate investment opportunities in promising businesses with great potential for development and creation of synergies with the Group's existing passenger information system business in the PRC. However, it is expected that in the second half of 2020, the PRC economy, and in particular, the public transportation industry of the PRC, would still be in the stage of recovery from the impact of the outbreak of COVID-19 pandemic and that the demand for public transportation would still be weak. With the hope that the impact of COVID-19 pandemic on the PRC economy would gradually diminish in the first half 2021, the Board expects that the proceeds from the Disposal could strengthen the liquidity of the Group and thus could enhance the flexibility of the Group in investing in suitable business when opportunities arise in the first half 2021.

The terms of the Disposal Agreement were determined after arm's length negotiations between the Company and the Purchaser and having considered the reasons for and benefits of the Disposal as mentioned above. The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) have unanimously approved the Disposal Agreement and the transactions contemplated thereunder. None of the Directors had material interests in the Disposal Agreement and hence no Director is required to abstain from voting on the resolutions approving the Disposal Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, the Target Company is a 60% owned subsidiary of the Company and is owned by the Purchaser as to 40%. Therefore, the Purchaser is a substantial shareholder of the Target Company and is a connected person of the Company at the subsidiary level under the GEM Listing Rules. The Disposal thus constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Since the connected transaction between the Company and the Purchaser are on normal commercial terms, the connected transaction is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

Further, as one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are 25% or more and all applicable percentage ratios (as defined under the GEM Listing Rules) are less than 75%, the Disposal constitutes a major transaction for the Company under the GEM Listing Rules and is subject to notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal. As at the Latest Practicable Date, Mr. Li Kin Shing, a controlling Shareholder and an executive Director of the Company, owned 164,877,714 Shares in the Company representing approximately 50.52% of the issued share capital of the Company. Pursuant to Rule 19.44 of the GEM Listing Rules, Mr. Li has issued a written shareholder's approval certificate to approve the Disposal Agreement and the transaction contemplated thereunder and accordingly, no extraordinary general meeting will be convened by the Company to approve the Disposal Agreement and the transaction contemplated thereunder.

RECOMMENDATION

Although no extraordinary general meeting will be convened for approving the Disposal Agreement, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Disposal Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if an extraordinary general meeting was convened for approving the Disposal Agreement and the transactions contemplated therein, the Directors would have recommended the Shareholders to vote in favour of the Disposal Agreement and the transactions contemplated therein.

WARNING NOTICE

Shareholders and potential investors of the Company should be aware that the Disposal Agreement is subject to the fulfillment of certain conditions, as set out in the subsection headed "Conditions Precedent" of this circular, being satisfied and/or (where applicable) waived, and consequently the Disposal may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
Global Link Communications Holdings Limited
Li Kin Shing
Chairman

1. FINANCIAL INFORMATION

The financial information of the Group for the three years ended 31 March 2018, 31 March 2019 and 31 March 2020, was disclosed in the annual reports of the Company for the three years ended 31 March 2018, 31 March 2019 and 31 March 2020. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.glink.hk>). Please refer to the hyperlinks as stated below:

2017/2018 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629111.pdf>

2018/2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0626/gln20190626019.pdf>

2019/2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062900814.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2020, being the latest practicable date for the purpose of this indebtedness prior to the printing of this circular, the Group had lease liabilities of approximately HK\$2,432,000, unsecured borrowings from related parties of HK\$4,145,000 ^(Note) (in which HK\$964,000 borne interest) and a net payable of approximately HK\$4,152,000 to the Purchaser (representing the net amount of (i) the principal amount of the Promissory Note of HK\$12,000,000 payable by the Company to the Purchaser (as vendor); and (ii) the Shortfall of HK\$7,848,362 payable by the Purchaser to the Company, pursuant to the Acquisition Agreement).

Save as otherwise disclosed herein and apart from intra-group liabilities and normal trade payable in the normal course of business, as at the close of business on 30 June 2020, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, or other material contingent liabilities or guarantees.

Save as disclosed in this circular, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 June 2020.

Note: HK\$4,145,000 represents the non-interest bearing borrowing of HK\$3,181,000 from 廣州安眾網路技術有限公司 and the interest bearing borrowing of HK\$964,000 from China Elite Info Co., Ltd. Mr. Li, an executive Director, is one of the ultimate shareholders of these related companies; and Mr. Wong Kin Wa, an executive Director, is one of the directors of these related companies.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, the existing cash and bank balances and also the effect of the Disposal, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 March 2020 (the date to which the latest audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since 1 April 2020, being the beginning of this financial year of the Company, to the Latest Practicable Date, the outbreak of the new coronavirus epidemic (“**COVID-19**”) had still been very critical to the global economy. There are no signs of effective control of COVID-19 in countries around the world. Some countries are still experiencing substantial outbreak, which seriously affects their economic activities and the normal livelihood of the people. Although the PRC has achieved remarkable results in effectively controlling the spread of COVID-19 and that work and production in various provinces and cities and in various businesses in the PRC have been resumed, the outbreak of COVID-19 has adversely and materially affected the general economy and consumers' demand for various industries of the PRC, especially the consumer service sectors which would aggregate mass population such as catering, tourism and public transportation.

Upon completion, the Group will discontinue the provision of electronic payment terminals solutions, including the provision of business development solutions, system enhancement and maintenance services, and ancillary services. The market for the provision of such services had been challenging as public transportation is one of the industries in the PRC that has been adversely and materially affected by COVID-19.

The Group, upon Completion, would continue to engage in the supply, development and integration of passenger information management system.

The Group, through its subsidiary, Guangzhou Global Link Communications Inc., continued to engage in the provision of overall solutions for rail transit information systems. With its over ten years of cooperation relationship with train manufactures under CRRC Group and subway operators of major cities, the Group continuously explored overseas and domestic markets and generated stable revenue through continuing product technology innovation and uninterrupted operation and maintenance services. As COVID-19 has not yet been fully contained in various overseas countries and regions, the outbreak of COVID-19 have been affecting the implementation of the Group's overseas projects, including the launch of new cars and vehicle operation services in countries such as Malaysia, Pakistan and Turkey. The Group has been devoting its efforts into marketing activities and has gone to several major cities and various vehicle manufacturing companies in the PRC in order to carry out technology and innovative application exchanges and promote Group's vehicle products. It is hoped that more contract orders will be obtained while the PRC government continues to invest heavily in rail transit. At the same time, in order to adapt to and meet the owner's requirements for the intelligentization of in-vehicle information systems, the Group still invest a lot of resources in the research and development of new products and new applications, in order to maintain the market competitiveness in the industry in terms of intellectual property rights.

The Group, through its subsidiary, Guangzhou Global Link Intelligent Information Technology Co., Ltd., continued to engage in the provision of in-depth market demand analysis and implementation solutions, with a view to promoting the successful application of the mobile phone public services cards through application scenarios where CA-SIM can incorporate rigid demands. Due to the slow recovery of the consumer service sectors which would aggregate mass population from the outbreak of COVID-19, the performance of Guangzhou Global Link Intelligent Information Technology Co., Ltd. related business is not optimistic. However, new work and life social pattern that focuses on isolation from large crowd have been derived from the outbreak of COVID-19. The Group will thus strive to find new directions to offer solutions to enterprises in order to assist the digital transformation of their business, and enhance the company's digital immunity and survivability.

In view of the above, and given the fact that the Disposal would allow the Group to focus on other core activities, the Directors are of the view that the trading prospects of the Group are optimistic.

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 BY DIRECTORS AND CHIEF EXECUTIVE IN THE COMPANY

As at the Latest Practicable Date, 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 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 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 ⁽¹⁾
Li Kin Shing ⁽²⁾	Company	Beneficial owner	164,877,714 ordinary shares Long position	50.52%
		Interest of the spouse	38,749,356 ordinary shares Long position	11.87%
		Interest of corporation controlled by the director	25,465,320 ordinary shares Long position	7.80%
Ma Yuanguang	Company	Beneficial owner	1,055,600 ordinary shares Long position	0.32%
Wong Kin Wa	Company	Beneficial owner	186,150 ordinary shares Long position	0.06%

Note:

- (1) The percentages are calculated based on the total number of 326,380,750 issued Shares as at the Latest Practicable Date.

- (2) Mr. Li is personally interested in 164,877,714 shares. Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 38,749,356 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in his spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 25,465,320 shares. Therefore, Mr. Li is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.

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

Directors’ interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 March 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

Directors’ interests in contracts or arrangements

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

Directors’ interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Directors’ 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 is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, 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 of Director	Capacity	Number and class of securities	Approximate percentage of shareholdings ⁽¹⁾
Kwok King Wa ⁽²⁾	Beneficial owner	38,749,356	11.87%
	Interest of the spouse	164,877,714	50.52%
	Interest of corporation controlled by her	25,465,320	7.80%
Ever Prosper International Limited ⁽³⁾	Beneficial owner	25,465,320	7.80%

Notes:

- (1) The percentages are calculated based on the total number of 326,380,750 issued Shares as at the Latest Practicable Date.
- (2) Ms. Kwok King Wa (“**Ms. Kwok**”) is personally interested in 38,749,356 shares. Mr. Li is personally interested in 164,877,714 shares. Mr. Li is the spouse of Ms. Kwok. Accordingly, Ms. Kwok is deemed to be interested in her spouse’s shareholding under the SFO. Furthermore, Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively, is interested in 25,465,320 shares. Therefore, Ms. Kwok is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.
- (3) The 25,465,320 shares are held by Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok respectively. Mr. Li is the spouse of Ms. Kwok.

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

Substantial shareholders' interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the abovementioned substantial shareholders and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by the Group within two years immediately preceding the Latest Practicable Date which are of material nature:

- (i) the subscription agreement dated 28 August 2019 entered into between the Company and Mr. Li in relation to the subscription of 1,175,000,000 new Shares by Mr. Li;
- (ii) the Acquisition Agreement; and
- (iii) the Disposal Agreement.

6. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Chan Wai Ching (“**Ms. Chan**”). Ms. Chan obtained a master’s degree of professional accounting from The Hong Kong Polytechnic University in 2008 and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants Ms. Chan has over 37 years of experience in accounting, finance, taxation and corporate governance.

- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Room 3815, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The compliance officer of the Company is Mr. Wong Kin Wa (“**Mr. Wong**”), who is also an executive Director. He obtained a diploma in Auditing from Guangzhou Radio & TV University, the PRC, in 1988. Mr. Wong has over 20 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau.
- (e) The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial matters to the Board. As at the Latest Practicable Date, the Audit Committee comprises three members, Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Cheung Sai Ming. The biography details of the members of the Audit Committee are set out below:

Mr. Cheung Sai Ming (張世明) has been appointed as an independent non-executive Director of the Company, and the chairman of the Audit Committee, the remuneration committee and the nomination committee with effect from 26 May 2016. He obtained a bachelor's degree of arts in accountancy and finance from the Heriot-Watt University, the UK, in 2006. Mr. Cheung is a certified public accountant of Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experiences in auditing and accounting. Mr. Cheung was an independent non-executive director of Goldstream Investment Limited (formerly known as International Elite Ltd.) (Stock code: 1328) from 2017 to 2019.

Mr. Leung Kwok Keung (梁覺強) is the financial controller of a listed company on the main board of The Stock Exchange of Hong Kong Limited. Mr. Leung joined the Group in September 2004. He was an independent non-executive director of Lee Kee Holdings Limited (Stock Code: 0637), a company listed on the Main Board of the Stock Exchange, from September 2006 to October 2014. He graduated from the City University of Hong Kong with a Bachelor degree in accountancy and obtained a degree in Bachelor of Laws from Qinghua University. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He has more than 20 years' experience in finance, accountancy and treasury. Mr. Leung is a member of the Audit Committee.

Mr. Liu Chun Bao (劉春保) has been appointed as an independent non-executive Director, and a member of the Audit Committee, remuneration committee and nomination committee with effect from 26 May 2016. He is a senior engineer, graduated from Wuhan College of Posts and Telecommunications, the PRC, in 1969. Mr. Liu was an independent non-executive director of Goldstream Investment Limited (formerly known as International Elite Ltd.) (Stock code: 1328) from 2017 to 2019. Mr. Liu served as engineer, deputy section chief and section chief in Guangdong Posts and Telecommunications Administration Bureau and as researcher and the assistant to the director in Guangdong Communication Administration Bureau. Mr. Liu also served as the general secretary of the Guangdong Institute of Communications (廣東省通信學會), Guangdong Communication Industry Association (廣東省通信行業協會), Guangdong Internet Society (廣東省互聯網協會) and a committee member of the China Association of Communications Enterprises (中國通信企業協會).

- (f) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Room 3815, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the “Letter from the Board”, the text of which is set out on pages 5 to 13 of this circular;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” of this appendix;
- (d) the annual reports of the Company for each of the year ended 31 March 2019 and 31 March 2020; and
- (e) this circular.