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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

*This circular, for which the directors (the "Directors") of Global Link Communications Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 and accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.*

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Global Link

國 聯 通 信 控 股 有 限 公 司

**GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

**CONNECTED TRANSACTION  
IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Lego Corporate

Finance Limited

力高企業融資有限公司

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This circular will remain on the website of GEM of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This circular will also be posted on the Company's website at [www.glink.hk](http://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 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from Lego Corporate Finance containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 33 of this circular. A notice convening the EGM to be held on Thursday, 24 October 2019 at 2:30 p.m. at Lily Room on 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 39 to 41 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying proxy form to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM. The return of the proxy form will not preclude you from attending and voting in person in the EGM if you so wish.

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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**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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## CONTENTS

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	<i>Page</i>
<b>DEFINITION</b> .....	<b>1</b>
<b>LETTER FROM THE BOARD</b> .....	<b>5</b>
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	<b>17</b>
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	<b>18</b>
<b>APPENDIX – GENERAL INFORMATION</b> .....	<b>34</b>
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	<b>39</b>

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## DEFINITION

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

“Acquisition”	the acquisition of 60% interest in Connect Cool Technology Limited by the Company pursuant to the sale and purchase agreement between the Company, Mr. 肖力 (Xiao Li*) and Connect Cool Technology Limited dated 4 April 2019;
“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Announcement”	the Company’s announcement dated 28 August 2019 in relation to the Subscription;
“associate(s)”	has the meaning ascribed to it/them under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day on which the Stock Exchange is open for business of dealing in securities;
“China Unicode”	中交金碼科技有限公司 (China Unicode Technology Company Limited*);
“Company”	Global Link Communications Holdings Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the GEM;
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement;
“connected person(s)”	has the meaning ascribed to it/them under the GEM Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it/them under the GEM Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“EGM”	the extraordinary general meeting of the Company to be convened on Thursday, 24 October 2019 at 2:30 p.m. at Lily Room on 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong or any adjournment thereof, the notice of which is set out of pages 39 to 41 of this circular;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director;
“GEM”	the GEM of the Stock Exchange;

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## DEFINITION

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Global Link Intelligent”	Guangzhou Global Link Intelligent Information Technology Co., Ltd., (廣州國聯智慧信息技術有限公司), a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board, comprising of Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, established to advise the Independent Shareholders on the Subscription Agreement;
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription;
“Independent Shareholders”	Shareholders of the Company other than (1) Mr. Li and his associates; and (2) those who are involved in, or interested in the Subscription Agreement and the transactions contemplated thereunder;
“Last Trading Day”	27 August 2019, being the last trading day immediately preceding the date of the Subscription Agreement;
“Latest Practicable Date”	4 October 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“POS Equipment”	the public transportation vehicle-mounted POS equipment with Global Link Intelligent’s patented 2.4G technology software installed from Global Link Intelligent intended to be purchased by China Unicode from Global Link Intelligent pursuant to the Strategic Cooperation Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission of Hong Kong;

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## DEFINITION

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the subscription of the Subscription Shares by the Subscriber;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Cooperation Agreement”	the Strategic Cooperation and Framework Supply Agreement entered into between China Unicode and Global Link Intelligent for business cooperation in relation to the application of the 2.4G/RCC technology in the China T-Union (交通一卡通互聯互通) project;
“Subscriber” or “Mr. Li”	Mr. Li Kin Shing, an executive Director and a controlling shareholder of the Company;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 28 August 2019 entered into between the Company and the Subscriber in relation to the Subscription;
“Subscription Price”	HK\$0.0348 per Share;
“Subscription Shares”	1,175,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement;
“substantial shareholder(s)”	has the meaning ascribed to it/them under the GEM Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC;
“Waiver”	the waiver from the Executive waiving pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code the obligation of the Subscriber to make a mandatory general offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the issue and allotment of the Subscription Shares to the Subscriber pursuant to the terms and conditions of the Subscription Agreement;

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## DEFINITION

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“%” per cent.

\* *For identification purpose only*

*Unless other specified, amounts denominated in RMB have been converted into Hong Kong dollars in this circular announcement for the purpose of illustration only and at the rate of RMB1.0 = HK\$1.1.*

*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.*

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LETTER FROM THE BOARD

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Global Link

國 聯 通 信 控 股 有 限 公 司

**GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

*Executive Directors:*

Mr. Li Kin Shing (*Chairman*)

Mr. Ma Yuanguang (*Chief Executive Officer*)

Mr. Wong Kin Wa

*Registered Office:*

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent Non-Executive Directors:*

Mr. Leung Kwok Keung

Mr. Cheung Sai Ming

Mr. Liu Chun Bao

*Head office and principal place of*

*Business in Hong Kong:*

Room 3815

Hong Kong Plaza

No. 188 Connaught Road West

Hong Kong

9 October 2019

*To the Shareholders*

Dear Sir/Madams,

**CONNECTED TRANSACTION  
IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with, among other things, (i) details about the Subscription Agreement; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement; and (iv) the notice of the EGM.



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## LETTER FROM THE BOARD

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### THE SUBSCRIPTION AGREEMENT

Reference is made to the Announcement dated 28 August 2019 in respect of the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares at the Subscription Price.

Details of the Subscription Agreement are set out below:

**Date:** 28 August 2019 (after trading hours)

**Parties:**

- (a) the Company (as the issuer)
- (b) the Mr. Li (as the subscriber)

### Subscription Shares

The Subscription Shares represent approximately 56.25% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 36.00% of the Company's issued share capital as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the number of issued Shares after the Latest Practicable Date and before Completion).

### Subscription Price

The Subscription Price is HK\$0.0348 per Subscription Share. The Subscription Price represents:

- (i) a discount of approximately 5.95% to the closing price of HK\$0.037 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 30.40% to the closing price of HK\$0.050 per Share as quoted on the Stock Exchange on 28 August 2019 (being the date of the Subscription Agreement);
- (iii) a discount of approximately 13.00% to the closing price of HK\$0.040 per Share as quoted on the Stock Exchange on 27 August 2019, the Last Trading Day;
- (iv) a discount of approximately 10.77% to the average closing price of HK\$0.039 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (v) a discount of approximately 2.25% to the average closing price of HK\$0.0356 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (vi) a discount of approximately 1.70% to the average closing price of HK\$0.0354 per Share as quoted on the Stock Exchange for the last 15 trading days up to and including the Last Trading Day; and
- (vii) a discount of approximately 6.97% to the average closing price of HK\$0.0374 per Share as quoted on the Stock Exchange for the trading days in the month immediately preceding and including the Last Trading Day.

The Subscription Price of HK\$0.0348 per Share was arrived at after arm's length negotiation between the Subscriber and the Company and after having considered the recent market price of the Shares with reference to the average closing price of the Shares for trading days in the month immediately preceding the Last Trading Day and the business prospects of the Group. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a nominal value of HK\$11,750,000 and a market value of HK\$58,750,000, based on the closing price of HK\$0.050 per Share on the date of the Subscription Agreement. After deducting expenses relating to the Subscription, the net proceeds from the Subscription are estimated to be approximately HK\$40,000,000.

### **Conditions of the Subscription Agreement**

Completion of the Subscription is conditional upon the following conditions being fulfilled:

- (a) the passing of the relevant resolutions by way of poll at the EGM by the Independent Shareholders for approving the Subscription Agreement and the transactions contemplated hereunder (including the allotment and issue of the Subscription Shares);
- (b) the approval for the listing of and permission to deal in the Subscription Shares having been granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (c) the Waiver having been granted, either unconditionally or subject to any conditions that are reasonably acceptable to the Company and the Subscriber, and such Waiver not having been subsequently revoked prior to or on the date of Completion.

In the event that the conditions to the Subscription are not fulfilled on or prior to 31 December 2019 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

### **Application for Listing**

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

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## LETTER FROM THE BOARD

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### **Specific Mandate to Issue Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

### **Ranking of the Subscription Shares**

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the date of Completion, including the right to any dividends or distribution declared on or after the date of Completion.

### **Completion of the Subscription**

Subject to fulfillment of the conditions of the Subscription Agreement, Completion will take place on the third Business Day (or such later date as the parties may agree in writing) after the date when the conditions to the Subscription Agreement are satisfied.

On the date of Completion, the Subscriber shall pay to the Company the total Subscription Price of HK\$40,890,000 and the Subscription Shares shall be allotted and issued to the Subscriber which shall rank pari passu with the existing issued Shares.

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## LETTER FROM THE BOARD

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### EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company and the interests of the substantial shareholders of the Company between the date of the Latest Practicable Date and Completion, the effect on the shareholding structure of the Company will be as follows:

Name of the Shareholders	Shareholding as at the date of the Latest Practicable Date		Shareholding after the Completion	
	Shares	% of shareholding	Shares	% of shareholding
The Subscriber	473,777,143	22.68	1,648,777,143	50.52
Ever Prosper International Limited ( <i>Note 1</i> )	254,653,200	12.19	254,653,200	7.80
Ms. Kwok King Wa ( <i>Note 1</i> )	387,493,563	18.55	387,493,563	11.87
<b>The Subscriber and parties acting in concert with him</b>	<b>1,115,923,906</b>	<b>53.42</b>	<b>2,290,923,906</b>	<b>70.19</b>
Mr. Ma Yuanguang	10,566,000	0.51	10,566,000	0.32
Mr. Wong Kin Wa	1,861,500	0.09	1,861,500	0.06
Jovial Elite Limited ( <i>Note 2</i> )	111,690,000	5.35	111,690,000	3.42
Other public shareholders	848,766,094	40.63	848,766,094	26.01
<b>Total</b>	<b><u>2,088,807,500</u></b>	<b><u>100.00%</u></b>	<b><u>3,263,807,500</u></b>	<b><u>100.00%</u></b>

*Notes:*

- Ms. Kwok King Wa is the spouse of Mr. Li. Ever Prosper International Limited is held as to 50.0% and 46.5% by Mr. Li and Ms. Kwok King Wa respectively. Accordingly, Mr. Li is deemed to be interested in his spouse's shareholding and his controlled corporation's shareholding under the SFO.
- According to the notice filed by Jovial Elite Limited, Jovial Elite Limited is a wholly owned subsidiary of Hony Capital Fund 2008, L.P. Hony Capital Fund 2008, L.P. is 100% controlled by Hony Capital Fund 2008 GP, L.P. Hony Capital Fund 2008 GP, L.P. is 100% controlled by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is 80% controlled by Hony Managing Partners Limited. Hony Managing Partners Limited is 100% controlled by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49% controlled by Mr. Zhao John Huan.

### CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any capital raising activities in the 12 months immediately preceding the Latest Practicable Date.

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## **LETTER FROM THE BOARD**

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During the 12 months period immediately preceding the date of the Subscription Agreement, the Company had not undertaken any rights issue, open offer or specific mandate placing. The Subscription under the Specific Mandate on its own would not result in a theoretical dilution effect (as defined in Rule 10.44A of the GEM Listing Rules) of 25% or more upon the Completion.

### **INFORMATION ON THE PARTIES**

The Subscriber is Mr. Li Kin Shing. He is an executive Director and a controlling shareholder of the Company, and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules.

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

### **REASONS AND BENEFITS FOR THE SUBSCRIPTION**

The Company entered into the Subscription Agreement to raise new capital for the purposes stated in the paragraph headed “Use of Proceeds” below. The Directors consider that the Subscription is in line with the Company’s development need and growth strategy. It also reflected the confidence and commitment to support the development of the Company by Mr. Li, a controlling shareholder of the Company. The Subscription is expected to accelerate the Company’s growth by further strengthening the capital base and financial position of the Company.

The Directors have considered conducting a rights issue or open offer to allow all Shareholders to maintain their respective pro-rata shareholding in the Company and at the same time strengthening the capital base of the Company. However, taking into account the current challenging stock market sentiment, such fund raising exercises, in view of the fund raising size, would be relatively more time-consuming, administratively burdensome and cost-ineffective as compared with a subscription of new Shares by Mr. Li, which can provide higher certainty of successful funding. The Company had previously approached two investment bankers to discuss the feasibility of different options of fund raising (including pre-emptive equity fund raising, such as rights issue and open offer). Based on such communications, the Directors agreed with the investment bankers that pre-emptive equity fund raising, such as rights issue and open offer, would be very difficult as the market demand for the Shares are minimal due to (i) the small capitalization of the Company; (ii) the low trading volume and relatively illiquidity of the Shares; (iii) the loss-making financial position of the Group; and (iv) the cautious investors’ sentiment under the recent volatile market environment. Given the negative response from the investment bankers, the Directors are therefore of the view of that there is no certainty in finding underwriter for such pre-emptive equity fund raising exercises on terms acceptable to the Group, or at all. However, in order to ensure adequate funds could be raised to meet the Company’s general working capital requirement as more particularly set out in the paragraph headed “Use of Proceeds” below, such pre-emptive fund raising exercises have to be underwritten.

The Directors have also considered conducting pre-emptive fund raising exercises to be underwritten by the Subscriber, being a controlling shareholder. Under Rules 10.31(2) and 10.42(2) of the GEM Listing Rules, where any of the issuer’s controlling shareholders acts as an underwriter, the issuer is required to make compensatory arrangements to dispose of securities not subscribed for or applied for by offering the securities to independent placees for the benefit of those shareholders. The Company had communicated with certain existing Shareholders, certain of the Group’s existing and former business partners and certain

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## LETTER FROM THE BOARD

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investment bankers to understand their interests in participating in and/or taking up Shares in the event that the Company decides to conduct pre-emptive equity fund raising, and all of them expressed minimal interests in the Shares. Based on such communications, the Board is of the view that the issue price for pre-emptive fund raising would have to be of a substantial discount to the market price in order to be commercially attractive to existing Shareholders or other investors. Considering the general working capital requirement of the Group as set out in the paragraph headed “Use of Proceeds” below, the Company will have to issue more Shares than the Subscription Shares at a price lower than the Subscription Price in order to raise sufficient funds to satisfy its general working capital requirement. Therefore, in case where the Company decides to conduct pre-emptive equity fund raising to be underwritten by its controlling shareholders, given (i) the expected reluctance of the existing Shareholders to participate in such pre-emptive fund raising, and (ii) the difficulty to dispose of the Shares to independent places pursuant to the compensatory arrangements provided in the GEM Listing Rules due to the minimal interests in the Shares in the market, the existing Shareholders may face even greater dilution impact than the Subscription. Further, the Directors expected that additional costs and time would be involved in such pre-emptive fund raising exercises to be underwritten by controlling shareholders of the Company. The Directors thus considered that the Subscription, which will bring in funds with lower costs and higher certainty, is more favorable method compared to pre-emptive fund raising methods to be underwritten by the controlling shareholders.

In addition, the Directors have also considered debt financing to meet the Group’s general working capital requirement. However, having considered the following factors, the Directors are of the view that the Subscription is more preferable over debt financing:

- The Group currently has no property that may be accepted by banks in Hong Kong or in the PRC as collaterals for bank loans. After communications with financial institutions, the Directors believe that given the lack of collaterals that can be offered by the Group and the loss-making financial position of the Group, (i) it is difficult for the Company to obtain bank borrowings on commercially justifiable terms, or at all, without reliance on collaterals provided by its controlling shareholders; (ii) the credit line, if obtained, would likely be limited to an amount that is inadequate to meet the Group’s general working capital requirement in the coming future as explained in the paragraph headed “Use of proceeds” below; and (iii) the Company would likely be required to maintain cash deposit with the bank as security which will restrict the Group’s flexibility and capability to use cash.
- The Subscription can strengthen the capital base of the Company without burdening the Group with principal repayment, interests expenses and other potential stringent financing terms.
- Debt financing requires the Group to retain a portion of Group’s cash balance for principal and interests repayment. Given the existing cash position of the Group, loan repayment obligations may limit the Group’s flexibility and capability to use cash for further business development and to timely capture business opportunities that may arise from time to time. Further, subsequent renewal of the debt will subject the Group to risk of increasing financing costs if the interest rate rises.
- The Subscription and further debt financing are not mutually exclusive. The Group may have a better position to bargain for more favourable terms from debt financiers if the Group has a larger equity base after the completion of the Subscription.

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## LETTER FROM THE BOARD

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The Directors thus consider that the uncertainty of obtaining any debt financing, the limited amount of credit line that may be provided by debt financiers and the relevant finance costs involved in debt financing outweigh the adverse impact of diluting Shareholders' interest by the Subscription which will bring in funds in such amount that is able to meet the Company's general working capital requirement with higher certainty.

As the Subscription constitutes a connected transaction of the Company under the GEM Listing Rules, it is subject to Independent Shareholders' approval at the EGM and hence allows the Independent Shareholders to assess the potential dilution impact on them against the potential benefits to be brought about by the Subscription.

In light of the reasons set out above, the Directors consider that the terms of the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

### USE OF PROCEEDS

The gross proceeds to be received by the Company will amount to HK\$40,890,000. After taken into account the estimated expenses related to the Subscription, the estimated net proceeds will amount to approximately HK\$40,000,000, representing the net price per Subscription Share payable to the Company of approximately HK\$0.340 per Share.

The Company intends to apply the entire net proceeds for general working purposes and in particular to meet the potential order from the Group's business partner for the supply of public transportation vehicle-mounted POS Equipment with the Company's patented 2.4G technology software installed as disclosed in the announcement of the Company dated 23 July 2019.

Global Link Intelligent, a wholly owned subsidiary of the Company, entered into the Strategic Cooperation Agreement with China Unicode for business cooperation in relation to the application of the 2.4G/RCC technology in the China T-Union (交通一卡通互聯互通) project, which is a national transport card system developed by the Ministry of Transport of the People's Republic of China. Among other terms, it is stated in the Strategic Cooperation Agreement that, based on the needs of the China T-Union project, China Unicode intends to purchase 100,000 sets of POS Equipment from Global Link Intelligent. Assuming the purchase orders of 100,000 sets of POS Equipment are fully completed and delivered, the Directors estimated that a total revenue of approximately RMB145.0 million (equivalent to approximately HK\$159.5 million) will be recognised by the Group and thus the Group's business and financial performance would be improved by fulfilling orders pursuant to the Strategic Cooperation Agreement. However, it is estimated that the Group's gross profit margin for the purchase order pursuant to the Strategic Cooperation Agreement will be relatively thin at approximately 4.8%. China Unicode had placed its first batch of order of 5,000 sets of POS Equipment in June 2019 and among which 2,000 sets had been delivered and the remaining 3,000 sets will be delivered in December 2019.

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## LETTER FROM THE BOARD

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Based on the following reasons, the Directors consider that in order to meet the purchase orders pursuant to the Strategic Cooperation Agreement, the Group is necessary to raise additional funds to maintain the liquidity of the Group:

- The Group recorded cash outflow of approximately RMB3.2 million (equivalent to approximately HK\$3.5 million) for the production of 2,000 sets of POS Equipment, which were delivered in July 2019. The remaining 3,000 sets of POS Equipment of the first batch of order will be delivered to China Unicode in December 2019 and it is estimated that initial cash cashflow of approximately RMB4.7 million (equivalent to approximately HK\$5.2 million) will be incurred for its production. Based on the tentative schedule of order communicated with China Unicode which is subject to the needs of the China T-Union project and market conditions, the Group is expected to deliver approximately 30,000 and 65,000 sets of POS Equipment to China Unicode in the first and second half of 2020, respectively. It is estimated that the Group would incur initial cash outflow of approximately RMB41.4 million (equivalent to approximately HK\$45.6 million) and RMB89.6 million (equivalent to approximately HK\$98.6 million) in the first and second half of 2020, respectively, for fulfilling the remaining intended purchase order of 95,000 sets of POS Equipment from China Unicode.
- Based on the Directors' estimate, the Group is expected to receive payment from China Unicode for its purchase at least six months after the delivery of the orders. Given the long settlement period of China Unicode and the tentative schedule of order, the Group would need to have sufficient cash balance to meet the initial cash outflow for the orders.
- As at 31 March 2019, the Group recorded approximately HK\$71.3 million of cash and bank balances. Based on the unaudited management accounts of the Group for the three months ended 30 June 2019, the cash and bank balances of Group decreased to approximately HK\$60.9 million as at 30 June 2019 mainly due to the payment of partial consideration for the Acquisition in the amount of HK\$12 million in May 2019. For further details of the Acquisition, please refer to the announcements of the Company dated 4 April 2019 and 26 April 2019.
- For the year ended 31 March 2019, the Company reported net cash used in operating activities of approximately HK\$16.3 million, with monthly average net operating outflow of approximately HK\$1.4 million. Further, the Group's trade receivables turnover days increased from approximately 189 days for the year ended 31 March 2018 to 222 days for the year ended 31 March 2019. In addition, the remaining unpaid consideration of the Acquisition which was satisfied by a promissory note issued by the Company in the amount of HK\$12 million will be due and payable by the Company on 31 July 2020. It is expected that the Company will meet the payment obligation using internal resources of the Group then available which will put further strain on the Group's liquidity.

Thus, given (i) the tentative schedule of order communicated with China Unicode pursuant to the Strategic Cooperation Agreement and the estimated initial cash outflow for the orders; (ii) the long settlement period for China Unicode; (iii) the existing cash position of the Group; and (iv) the expected



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## LETTER FROM THE BOARD

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payment obligation of the Group pursuant to the promissory note issued for the Acquisition, the Directors are of the view that the Group would need additional funds to meet the cash needs for the orders under the Strategic Cooperation Agreement.

### IMPLICATIONS UNDER THE GEM LISTING RULES

Mr. Li Kin Shing is considered to have a material interest in the Subscription and abstained from voting on the board resolutions relating to the Subscription.

The Subscriber is Mr. Li Kin Shing, an executive Director and a controlling shareholder of the Company, and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction under Chapter 20 of the GEM Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to the GEM Listing Rules.

The Subscription Shares will be issued under the Specific Mandate which is subject to Independent Shareholders' approval at the EGM.

### IMPLICATIONS UNDER THE TAKEOVERS CODE

Assuming there is no change to the issued share capital of the Company between the Latest Practicable Date and the Completion, the Subscriber and parties acting in concert with him, in aggregate, own and will own approximately 53.42% of the issued shares of the Company as at the Latest Practicable Date and immediately before the Completion; and will own approximately 70.19% of the then issued share capital of the Company as enlarged by the issue of the Subscription Shares immediately after the Completion. As the direct shareholding of the Subscriber in the Company will increase from approximately 22.68% of the issued shares of the Company as at the Latest Practicable Date to approximately 50.52% of the then issued shares of the Company as enlarged by the issue of the Subscription Shares, immediately after the Completion, which is in excess of the 30% mandatory offer threshold prescribed by Rule 26 of the Takeovers Code, the Subscriber has applied to the Executive pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code for a waiver that neither the Subscriber nor persons acting in concert with him will be required to make a mandatory general offer as a result of the allotment and issue of the Subscription Shares to the Subscriber pursuant to the Subscription Agreement, on the basis that Subscriber, together with the other relevant persons acting in concert with him, holds more than 50% of the voting rights of the Company at all material times immediately before and after the Subscription. On 4 September 2019, the Executive has granted the Waiver.

### THE EGM

A notice convening the EGM to be held on Thursday, 24 October 2019 at 2:30 p.m. at Lily Room on 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 39 to 41 of this circular. The EGM will be held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying proxy form to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM. The return of the proxy form will not preclude you from attending and voting in person in the EGM if you so wish.

Mr. Li and his associates and Shareholders who are involved in, or interested in the Subscription Agreement and the transactions contemplated thereunder, shall abstain from voting for the resolution to approve the Subscription at the EGM. To the best knowledge, information and belief of the Directors, save for Mr. Li and his associates, no other Shareholder has a material interest in the Subscription Agreement would be required to abstain from voting for the resolution to be proposed at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Li and his associates held an aggregate of 1,115,923,906 Shares, representing approximately 53.42% of the issued Shares.

### RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, was established to advise the Independent Shareholders on the Subscription. Having taken into account the terms of the Subscription Agreement, the information stated in the Letter from the Board and the Letter from the Independent Financial Adviser, the Independent Board Committee considers that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder. Your attention is drawn to the letter of from the Independent Board Committee set out on page 17 of this circular.

Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreement. Your attention is drawn to the letter of from the Independent Financial Adviser set out on pages 18 to 33 of this circular.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

**Shareholders and potential investors should note that Completion is subject to the fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

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## LETTER FROM THE BOARD

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### 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*



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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)

9 October 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION  
IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 9 October 2019 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders on the Subscription Agreement. We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular, and the letter of advice from the Independent Financial Adviser set out on pages 18 to 33 of the Circular, and the additional information set out in the Appendix to the Circular.

Having considered the terms of the Subscription Agreement and the advice of the Independent Financial Adviser, we concur with the Independent Financial Adviser and consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Leung Kwok Keung**

**Mr. Cheung Sai Ming**

**Mr. Liu Chun Bao**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription which have been prepared for the purpose of inclusion in this circular.*



9 October 2019

*To: the Independent Board Committee and the Independent Shareholders  
of Global Link Communications Holdings Limited*

Dear Sirs or Madams,

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 9 October 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 August 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,175,000,000 new Shares at the Subscription Price of HK\$0.0348 per Share. The Subscription Shares represent approximately 56.25% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 36.00% of the Company’s issued share capital as enlarged by the issue of the Subscription Shares (assuming that there is no other change in the number of issued Shares after the Latest Practicable Date and before Completion).

The Subscriber is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction under Chapter 20 of the GEM Listing Rules and is subject to the announcement, reporting and Independent Shareholders’ approval requirements pursuant to the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Leung Kwok Keung, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Company and Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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approve the Subscription and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

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

### **BASIS OF OUR OPINION**

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

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

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscription, we have considered the following principal factors and reasons:

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

#### 1.1 Information on the Group

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

Set out below is a summary of the audited consolidated financial information on the Group for two years ended 31 March 2019 and unaudited consolidated financial information on the Group for the three months ended 30 June 2019 as extracted from the Company's annual report for the year ended 31 March 2019 (the "2018/19 Annual Report") and the Company's first quarterly report for the three months ended 30 June 2019, respectively:

	For the year ended 31 March		Year on year change	For the three months ended 30 June		Period on period change
	2019	2018		2019	2018	
	HK\$'000 (audited)	HK\$'000 (audited)	%	HK\$'000 (unaudited)	HK\$'000 (unaudited)	%
Revenue	95,626	93,150	2.7	19,756	24,982	(20.9)
Gross profit	28,006	24,511	14.3	4,618	5,346	(13.6)
Loss for the year/period	(10,467)	(4,778)	119.1	(1,213)	(1,349)	(10.1)

	As at 31 March		Year on year change
	2019	2018	
	HK\$'000 (audited)	HK\$'000 (audited)	%
Cash and cash equivalents	71,272	72,153	(1.2)
Restricted bank deposits	2,332	–	N/A
Total assets	151,862	172,476	(12.0)
Net assets	95,285	109,947	(13.3)

As depicted from the above table, revenue and gross profit of the Group increased from approximately HK\$93.2 million and HK\$24.5 million for the year ended 31 March 2018 to approximately HK\$95.6 million and HK\$28.0 million for the year ended 31 March 2019, respectively, which was primarily due to the increase in product delivery with passenger information systems during the year according to the delivery plans of signed contracts for the supply of goods, totaling supply of goods for 11 train routes in domestic and foreign cities. Notwithstanding the increase in revenue and gross profit, the Group recorded escalation in loss from approximately HK\$4.8 million for the year ended 31 March 2018 to approximately

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HK\$10.5 million for the year ended 31 March 2019. With reference to the 2018/19 Annual Report, the increase in loss was mainly attributable to (i) the recognition of impairment loss of approximately HK\$6.4 million on the intangible asset relating to the sole and exclusive right for certain applications of the Certificate Authority SIM (CA-SIM) at Panyu Region, Guangdong Province of the PRC held by the Group; (ii) increase in selling expenses attributable to an increase in export shipping costs and local import tariffs borne by the Group; and (iii) increase in administrative expenses due to increase in provision for doubtful receivables for the year. For the three months ended 30 June 2019, revenue and gross profit of the Group decreased from approximately HK\$25.0 million and HK\$5.3 million for the three months ended 30 June 2018 to approximately HK\$19.8 million and HK\$4.6 million for the three months ended 30 June 2019, respectively, which was primarily due to the decrease in volume of cargo delivered by the Group under its rail transit business.

As at 31 March 2019, the Group had cash and cash equivalents of approximately HK\$71.3 million and restricted bank deposits of approximately HK\$2.3 million, which in aggregate represented a slight increase of approximately 2.0% as compared to the prior year. Nevertheless, as disclosed in the announcement of the Company dated 4 April 2019, the Group had utilised HK\$12 million as partial consideration for the acquisition of 60% interest in Connect Cool Technology Limited (the “**Acquisition**”), which together with its subsidiaries, 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. The consideration for the Acquisition was HK\$24 million, comprising HK\$12 million of cash and HK\$12 million of promissory note issued by the Company. The Acquisition was completed on 10 May 2019 and the completion of which enabled the Group to tap into the transportation payment solutions industry in the PRC, which is consistent with the Group’s strategy in expanding its passenger information management system business and create synergy with the Group’s existing business.

With reference to the 2018/19 Annual Report, local governments in the PRC had fewer tender projects for vehicles for new lines in a certain period of time in 2018 due to prudent investment and the prevention of debt risk, and hence the number of new contracts signed by the Group during that period in 2018 was also lower. However, by end of 2018, local governments, in accordance with national policies, have started projects one after another, so bidding and tendering was also starting in all places one after another. In addition, according to the quarterly report of the Company for the three months ended 30 June 2019, the Group have entered into the Strategic Cooperation Agreement with China Unicode in relation to the application of the 2.4G/RCC technology in the China T-Union, which intends to purchase 100,000 sets of POS Equipment. The purchase contract for the first batch of 5,000 sets has begun for delivery.

### **1.2 Information on the Subscriber**

The Subscriber is Mr. Li Kin Shing. He is an executive Director and a controlling shareholder of the Company, and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *1.3 Reasons for and benefits of the Subscription and use of proceeds*

With reference to the Letter from the Board, the gross proceeds to be received by the Company from the Subscription will amount to HK\$40,890,000. After taken into account the estimated expenses related to the Subscription, the estimated net proceeds will amount to approximately HK\$40 million, representing the net price per Subscription Share payable to the Company of approximately HK\$0.0340 per Share.

The Company entered into the Subscription Agreement to raise new capital for general working purposes and in particular to meet the potential order from the Group's business partner for the supply of POS Equipment with the Company's patented 2.4G technology software installed as disclosed in the announcement of the Company dated 23 July 2019. The Directors consider that the Subscription is in line with the Company's development need and growth strategy. It also reflected the confidence and commitment to support the development of the Company by Mr. Li, a controlling shareholder of the Company. The Subscription is expected to accelerate the Company's growth by further strengthening the capital base and financial position of the Company.

With reference to the paragraph headed "Information on the Group" above, the Group had cash and cash equivalents and restricted bank deposits of approximately HK\$73.6 million in aggregate as at 31 March 2019. However, the Group had utilised HK\$12 million as cash consideration for the Acquisition. Upon our enquiry, we have obtained the management accounts of the Group for the three months ended 30 June 2019 and noted that the cash and bank balances of Group decreased to approximately HK\$60.9 million as at 30 June 2019. Furthermore, the promissory notes issued by the Company in the amount of HK\$12 million for the Acquisition will be due and payable by the Company on 31 July 2020 and the Company expects to meet the payment obligation using internal resources of the Group then available, which will put further strain on the Group's liquidity. To further assess the funding requirement of the Group, we have also obtained the Strategic Cooperation Agreement and purchase contract entered between the Group and China Unicode and noted that, among others, China Unicode intended to purchase 100,000 sets of POS Equipment with 2.4G technology software installed during the term of the agreement and the first batch of 5,000 sets had been purchased in June 2019. As further advised by the Company, 2,000 sets of POS Equipment have already been delivered and under trial running, and the remaining 3,000 sets are expected to be delivered in December 2019. Based on the correspondence between the Company and China Unicode, China Unicode intended that the remaining 95,000 sets of POS Equipment could be delivered by end of 2020. Assuming the indicated order is fully completed, the Company estimated that the order will bring in revenue of approximately RMB145.0 million (equivalent to approximately HK\$159.5 million) to the Group and hence it is expected that the financial performance of the Group would improve upon fulfilling the orders under the Strategic Cooperation Agreement, despite the gross profit margin for the purchase order was relatively thin at approximately 4.8%. In addition, as advised by the Company, as China Unicode require longer period for payment, the Group recorded cash outflow of approximately RMB3.2 million (equivalent to approximately HK\$3.5 million) for the production of the first batch 2,000 sets of POS Equipment, which were delivered in July 2019. The remaining 3,000 sets of POS Equipment of the first batch of order will be delivered to China Unicode in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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December 2019 and it is estimated that initial cash outflow of approximately RMB4.7 million (equivalent to approximately HK\$5.2 million) will be incurred for its production. Based on the tentative schedule of order communicated with China Unicode which is subject to the needs of the China T-Union project and market conditions, the Group is expected to deliver approximately 30,000 and 65,000 sets of POS Equipment to China Unicode in the first and second half of 2020, respectively. The Company expected that the Group would incur initial cash outflow of approximately RMB41.4 million (equivalent to approximately HK\$45.6 million) and RMB89.6 million (equivalent to approximately HK\$98.6 million) in the first and second half of 2020, respectively, for fulfilling the remaining intended purchase order of 95,000 sets of POS Equipment from China Unicode. Based on the Directors' estimate, the Group is expected to receive payment from China Unicode for its purchase at least six months after the delivery of the orders. Given the long settlement period of China Unicode and the tentative schedule of order, to maintain liquidity and to cater for the expected cashflow required for fulfilling the orders, the Company considered that new capital is required to meet the initial cash outflow for the orders.

The Directors have considered conducting a rights issue or open offer to allow all Shareholders to maintain their respective pro-rata shareholding in the Company and at the same time strengthening the capital base of the Company. However, taking into account the current challenging stock market sentiment, such fund raising exercises, in view of the fund raising size, would be relatively more time-consuming, administratively burdensome and cost-ineffective as compared with a subscription of new Shares by Mr. Li, which can provide a higher certainty of successful funding. The Company had previously approached two investment bankers to discuss the feasibility of different options of fund raising (including pre-emptive equity fund raising, such as rights issue and open offer). Based on such communications, the Directors agreed with the investment bankers that pre-emptive equity fund raising, such as rights issue and open offer, would be very difficult as the market demand for the Company's shares are minimal due to (i) the small capitalisation of the Company; (ii) the low trading volume and relatively thin illiquidity of the Shares; (iii) the loss-making financial position of the Group; and (iv) the cautious investors' sentiment under the recent volatile market environment. Given the negative response from the investment bankers, the Directors are therefore of the view that there is no certainty in finding underwriter for such pre-emptive equity fund raising exercises on terms acceptable to the Group, or at all. However, in order to ensure adequate funds could be raised to meet the Company's general working capital requirement as more particularly set out in the paragraph headed "Use of Proceeds" in the Letter from the Board, such pre-emptive fund raising exercises have to be underwritten. In this relation, we had also obtained from the Company the correspondences between the two investment banks and the Company and noted the above reasons for not conducting pre-emptive equity fund raising activities. We also noted from the correspondence that as the Group has no assets as collateral, the Group is expected to encounter difficulties in obtaining bank borrowings. Hence, we concur with the Directors that funding alternative for the Group is limited.

The Directors have also considered conducting pre-emptive fund raising exercises to be underwritten by the Subscriber, being a controlling shareholder. Under Rules 10.31(2) and 10.42(2) of the GEM Listing Rules, where any of the issuer's controlling shareholders acts as

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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an underwriter, the issuer is required to make compensatory arrangements to dispose of securities not subscribed for or applied for by offering the securities to independent places for the benefit of those shareholders. The Company had communicated with certain existing Shareholders, certain of the Group's existing and former business partners and certain investment bankers to understand their interests in participating in and/or taking up Shares in the event that the Company decides to conduct pre-emptive equity fund raising, and all of them expressed minimal interests in the Shares. Based on such communications, the Board is of the view that the issue price for pre-emptive fund raising would have to be of a substantial discount to the market price in order to be commercially attractive to existing Shareholders or other investors. Considering the general working capital requirement of the Group as set out in the above, the Company will have to issue more Shares than the Subscription Shares at a price lower than the Subscription Price in order to raise sufficient funds to satisfy its general working capital requirement. Therefore, in case where the Company decides to conduct pre-emptive equity fund raising to be underwritten by its controlling shareholders, given (i) the expected reluctance of the existing Shareholders to participate in such pre-emptive fund raising; and (ii) the difficulty to dispose of the Shares to independent places pursuant to the compensatory arrangements provided in the GEM Listing Rules due to the minimal interests in the Shares in the market, the existing Shareholders may face even greater dilution impact than the Subscription. Further, the Directors expected that additional costs and time would be involved in such pre-emptive fund raising exercises to be underwritten by controlling shareholders of the Company. The Directors thus considered that the Subscription, which will bring in funds with lower costs and higher certainty, is more favorable method compared to pre-emptive fund raising methods to be underwritten by the controlling shareholders.

As further advised by the Company, we were given to understand that the Directors have also considered debt financing to meet the Group's general working capital requirement. However, having considered the following factors, the Directors are of the view that the Subscription is more preferable over debt financing:

- the Group currently has no property that may be accepted by banks in Hong Kong or in the PRC as collaterals for bank loans. After communications with financial institutions, the Directors believe that given the lack of collaterals that can be offered by the Group and the loss-making financial position of the Group, (i) it is difficult for the Company to obtain bank borrowings on commercially justifiable terms, or at all, without reliance on collaterals provided by its controlling shareholders; (ii) the credit line, if obtained, would likely be limited to an amount that is inadequate to meet the Group's general working capital requirement in the coming future as explained in the above; and (iii) the Company would likely be required to maintain cash deposit with the bank as security which will restrict the Group's flexibility and capability to use cash;
- the Subscription can strengthen the capital base of the Company without burdening the Group with principal repayment, interests expenses and other potential stringent financing terms;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- debt financing requires the Group to retain a portion of Group's cash balance for principal and interests repayment. Given the existing cash position of the Group, loan repayment obligations may limit the Group's flexibility and capability to use cash for further business development and to timely capture business opportunities that may arise from time to time. Further, subsequent renewal of the debt will subject the Group to risk of increasing financing costs if the interest rate rises; and
- the Subscription and further debt financing are not mutually exclusive. The Group may have a better position to bargain for more favourable terms from debt financiers if the Group has a larger equity base after the completion of the Subscription.

The Directors thus consider that the uncertainty of obtaining any debt financing, the limited amount of credit line that may be provided by debt financiers and the relevant finance costs involved in debt financing outweigh the adverse impact of diluting Shareholders' interest by the Subscription which will bring in funds in such amount that is able to meet the Company's general working capital requirement with higher certainty. In addition, as the Subscription constitutes a connected transaction of the Company under the Listing Rules, it is subject to the Independent Shareholders' approval at the EGM and hence allows the Independent Shareholder to assess the potential dilution impact on them against the potential benefits to be brought about by the Subscription.

In light of the reasons set out above, particularly that (i) the tentative schedule of order communicated with China Unicode pursuant to the Strategic Cooperation Agreement and the estimated initial cash outflow for the orders; (ii) the long settlement period for China Unicode; (iii) the existing cash position of the Group; and (iv) the expected payment obligation of the Group pursuant to the promissory note issued for the Acquisition, the Directors are of the view that the Group would need additional funds to meet the cash needs for the orders under the Strategic Cooperation Agreement and the Subscription, which represents the most preferable fund raising method, is in the interests of the Company and the Shareholders as a whole.

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

On 28 August 2019, the Company and the Subscriber entered into the Subscription Agreement in respect of the subscription of the Subscription Shares.

#### **2.1 Subscription Price**

With reference to the Letter from the Board, the Subscription Price of HK\$0.0348 per Subscription Share was arrived at after arm's length negotiation between the Subscriber and the Company and after having considered the recent market price of the Shares with reference to the average closing price of the Shares for trading days in the month immediately preceding the Last Trading Day and the business prospects of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Subscription Price represents:

- (i) a discount of approximately 5.95% to the closing price of HK\$0.037 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 30.40% to the closing price of HK\$0.050 per Share as quoted on the Stock Exchange on 28 August 2019 (being the date of the Subscription Agreement);
- (iii) a discount of approximately 13.00% to the closing price of HK\$0.040 per Share as quoted on the Stock Exchange on 27 August 2019, the Last Trading Day;
- (iv) a discount of approximately 10.77% to the average closing price of HK\$0.039 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (v) a discount of approximately 2.25% to the average closing price of HK\$0.0356 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 1.70% to the average closing price of HK\$0.0354 per Share as quoted on the Stock Exchange for the last 15 trading days up to and including the Last Trading Day; and
- (vii) a discount of approximately 6.97% to the average closing price of HK\$0.0374 per Share as quoted on the Stock Exchange for the trading days in the month immediately preceding and including the Last Trading Day.

### *Analysis on the Subscription Price*

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

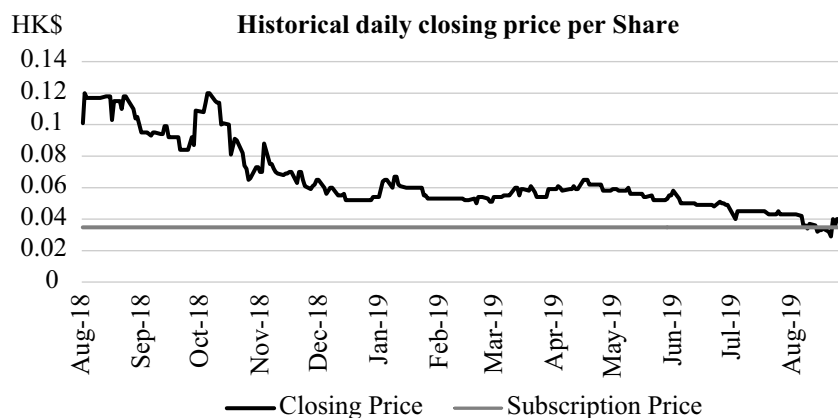
- (a) Historical performance of Share price

Set out below is a chart showing the movement of the closing prices of the Shares during the period commencing from 1 August 2018 to 28 August 2019, being the approximate one year period up to and including the date of Subscription Agreement (the “**Review Period**”) to illustrate the recent trading performance of the Shares. The comparison of closing price of the Shares during the Review Period and the Subscription Price are illustrated as follows:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

During the Review Period, the daily closing price of the Shares as quoted on the Stock Exchange ranged from HK\$0.029 to HK\$0.120, and demonstrated a general sliding trend. Based on the chart above, it is also noted that the Subscription Price lies below the range of the closing prices of the Shares for most of the Review Period.

(b) Trading volume and liquidity of the Shares

In assessing the fairness of the Subscription Price, we have further assessed the average daily trading volume of the Shares in each month below, and the respective percentages of the Shares' average trading volume as

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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compared to (i) the total number of issued Shares of the Company as at date of the Subscription Agreement and (ii) the total number of issued Shares held by the public are shown as below:

	Number of trading days	Average daily trading volume (the "Average Volume")	% of the Average Volume to total number of issued Shares held by the public as at the date of the Subscription Agreement <i>(Note 1)</i>	% of the Average Volume to total number of issued Shares as at the date of the Subscription Agreement <i>(Note 2)</i>
		<i>Shares</i>	<i>%</i>	<i>%</i>
<b>2018</b>				
August	23	4,398,040	0.02	0.01
September	19	3,022,520	0.02	0.01
October	21	7,252,696	0.04	0.02
November	22	8,199,933	0.04	0.02
December	19	4,487,878	0.02	0.01
<b>2019</b>				
January	22	2,859,944	0.01	0.01
February	17	1,397,593	0.01	0.00
March	21	3,192,846	0.02	0.01
April	19	9,602,000	0.05	0.02
May	21	3,965,483	0.02	0.01
June	19	4,373,844	0.02	0.01
July	22	709,054	0.00	0.00
August	20	15,304,692	0.08	0.04

*Source:* the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. Based on 960,456,094 Shares held by the public as at the date of the Subscription Agreement.
2. Based on 2,088,807,500 Shares in issue as at the date of the Subscription Agreement.

From the above table, we noted that trading in the Shares had been inactive during the Review Period. In particular, the Shares' monthly average daily trading volume had been below 0.1% of the total number of issued Shares held by the public as at the date of the Subscription Agreement during the entire Review Period.

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

(c) Comparable analysis

As part of our analysis, we also identified subscription of new shares under specific mandate for cash (the "**Comparables**") which were announced by listed companies in Hong Kong from 1 March 2019 up to 28 August 2019, being an approximate half-year period up to and including the date of the Subscription Agreement. The approximate half-year timeframe was adopted to demonstrate the recent market trends with sufficient and representative number of Comparables. To the best of our knowledge and as far as we are aware of, we found 15



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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transactions which met the said criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

Date of announcement	Company name	Stock code	Premium/(Discount) of the subscription price over/(to) closing price per share on the last trading day prior to announcement/the date of agreement in relation to the respective subscription of shares (%)	Premium/(Discount) of the subscription price over/(to) average closing price per share on the last ten trading day prior to announcement/the date of agreement in relation to the respective subscription of shares (%)
14 April 2019	NagaCorp Ltd.	3918	29.00	16.52
15 April 2019	Chong Kin Group Holdings Limited	1609	(8.00)	(10.81)
16 April 2019	Pearl Oriental Oil Limited	632	(83.61)	(81.13)
2 May 2019	ZH International Holdings Limited	185	11.76	7.80
6 May 2019	CSMall Group Limited	1815	76.47	61.64
23 May 2019	Alibaba Health Information Technology Limited	241	(2.34)	(7.19)
28 May 2019	Common Splendor International Health Industry Group Limited	286	(20.00)	(20.79)
5 June 2019	Royale Furniture Holdings Limited	1198	6.25	5.15
5 June 2019	China Singyes Solar Technologies Holdings Limited	750	(7.07)	(4.27)
20 June 2019	Shengjing Bank Co., Ltd.	2066	37.19	34.19
30 June 2019	FDG Electric Vehicles Limited	729	(10.00)	(11.48)
1 July 2019	Value Convergence Holdings Limited	821	(18.18)	(15.25)
10 July 2019	Glory Sun Financial Group Limited	1282	(16.67)	(28.57)
16 July 2019	DTXS Silk Road Investment Holdings Company Limited	620	(17.88)	(10.23)
19 July 2019	Colour Life Services Group Co., Ltd.	1778	(4.22)	(5.49)
Maximum			76.47	61.64
Minimum			(83.61)	(81.13)
Average			(1.82)	(4.66)
The Subscription		Last Trading Day: Date of Subscription Agreement:	(13.00) (30.40)	(2.25)

We noted from the above table that the subscription prices of the Comparables ranged from a discount of approximately 83.61% to a premium of approximately 76.47% to/over the respective closing prices of their shares on/ prior to the date of agreement in relation to the respective subscription of new shares under specific mandate (the “**Market Range I**”), with an average discount of approximately 1.82%. Moreover, out of the 15 Comparables, the subscription prices of 10 of them represent discounts to the respective closing prices of their shares with an average discount of approximately 18.80%. The Subscription Price of HK\$0.0348, which represents a discount of approximately 30.40% to the closing price of HK\$0.050 per Share on the date of the Subscription Agreement and a discount of approximately 13.00% to the closing price of HK\$0.040 per Share on the Last Trading Day, has a deeper discount than the average of that of the Comparables but still falls within the Market Range I and higher than the average discount rate of those Comparables. We noted that there are two very extreme cases out of the 15 Comparables, namely Pearl Oriental Oil Limited

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(stock code: 632) and CS Mall Group Limited (stock code: 1815) (the “**Outliners**”), with abnormally deep discount or high premium. By excluding such two Outliners from the above analysis, we maintain our view that the discounts of approximately 13.00% of Subscription still falls within the adjusted Market Range I after excluding the two Outliners. As further confirmed by the Company, the Company did not acknowledge events leading to the surge in the closing price of the Shares on the date of the Subscription Agreement as compared to the Last Trading Day and hence the Directors consider it is reasonable to adopt the closing price of the Shares on the Last Trading Day instead of the date of the Subscription Agreement for comparison purpose.

Furthermore, the subscription prices of the Comparables ranged from a discount of approximately 81.13% to a premium of approximately 61.64% over (the “**Market Range II**”) the respective average closing price per share on the last ten trading day prior to announcement/the date of agreement in relation to the respective subscription of shares under specific mandate with an average discount of approximately 4.66%. The Subscription Price of HK\$0.0348, which represents a discount of approximately 2.25% to the average closing price of HK\$0.0356 per Share for the last ten trading days up to and including the Last Trading Day, hence falls within the Market Range II and is generally in line with the average of the Comparables. After excluding the Outliners, the adjusted Market Range II ranged from a discount of approximately 28.57% to a premium of approximately 34.19% with an average of approximately 3.88%. We maintain our view that the discount of approximately 2.25% of Subscription still falls within the adjusted Market Range II and is generally in line with the average of the Comparables after excluding the two Outliners.

Having taken into account that (i) the Subscription Price falls with the Market Range I and Market Range II as detailed above; (ii) the Shares are rather illiquid in the open market; (iii) the financial performance of the Group as detailed in the paragraph headed “Information on the Group” above; and (iv) the funding needs of the Group as discussed in the paragraph headed “Reasons for and benefits of the Subscription and use of proceeds” above, we consider that the terms of the Subscription Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. Financial effects of the Subscription

#### (a) *Effect on net asset value*

As disclosed in the 2018/19 Annual Report, the consolidated net asset value of Company was approximately HK\$95.3 million as at 31 March 2019. As advised by the management of the Company, the Subscription is expected to result in an increase in cash by an amount of the net proceeds of approximately HK\$40.0 million received under the Subscription and an increase by the relevant amount in the issued capital and reserve of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company. Upon Completion and assuming there is no other change to the balance sheet items subsequent to 31 March 2019 save for the changes caused by the Subscription, the net asset value of the Group would increase.

**(b) Effect on earnings**

Upon Completion, the Company will receive net proceeds of approximately HK\$40.0 million. As discussed with the management of the Group, the Subscription would not have material adverse effect on the earnings of the Group immediately upon Completion.

**(c) Effect on working capital**

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

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

#### 4. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the Letter from the Board, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following Completion:

Name of the Shareholders	As at the Latest Practicable Date		Immediately after the Completion	
	Shares	% of shareholding	Shares	% of shareholding
The Subscriber	473,777,143	22.68	1,648,777,143	50.52
Ever Prosper International Limited (Note 1)	254,653,200	12.19	254,653,200	7.80
Ms. Kwok King Wa (Note 1)	387,493,563	18.55	387,493,563	11.87
<b>The Subscriber and parties acting in concert with him</b>	<b>1,115,923,906</b>	<b>53.42</b>	<b>2,290,923,906</b>	<b>70.19</b>
Mr. Ma Yuanguang	10,566,000	0.51	10,566,000	0.32
Mr. Wong Kin Wa	1,861,500	0.09	1,861,500	0.06
Jovial Elite Limited (Note 2)	111,690,000	5.35	111,690,000	3.42
Other public shareholders	848,766,094	40.63	848,766,094	26.01
<b>Total</b>	<b>2,088,807,500</b>	<b>100</b>	<b>3,263,807,500</b>	<b>100</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. Ms. Kwok King Wa is the spouse of Mr. Li. Ever Prosper International Limited is held as to 50.0% and 46.5% by Mr. Li and Ms. Kwok King Wa respectively. Accordingly, Mr. Li is deemed to be interested in his spouse's shareholding and his controlled corporation's shareholding under the SFO.
2. According to the notice filed by Jovial Elite Limited, Jovial Elite Limited is a wholly owned subsidiary of Hony Capital Fund 2008, L.P. Hony Capital Fund 2008, L.P. is 100% controlled by Hony Capital Fund 2008 GP, L.P. Hony Capital Fund 2008 GP, L.P. is 100% controlled by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is 80% controlled by Hony Managing Partners Limited. Hony Managing Partners Limited is 100% controlled by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49% controlled by Mr. Zhao John Huan.

As illustrated in the table above, the shareholding interests of the public Shareholders in the Company would be diluted by approximately 16.55 percentage point from approximately 45.98% as at the Latest Practicable Date to approximately 29.43% immediately after Completion. Although there will be dilution effect to the shareholding interest of the existing Shareholders as a result of the Subscription, having taken into account the aforementioned reasons of the Subscription and that the terms of the Subscription Agreement being fair and reasonable, we are of the view that the said level of dilution to the shareholding interests of the existing public Shareholders as a result of the Subscription is acceptable.

### RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that the Subscription and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Stanley Ng**  
*Managing Director*

*Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the accounting and investment banking industries.*

## 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 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 <sup>(1)</sup>
Ma Yuanguang	Company	Beneficial owner	10,556,000 Shares Long position	0.51%
Li Kin Shing <sup>(2)</sup>	Company	Beneficial owner	1,648,777,143 Shares Long position	78.93%
		Interest of corporation controlled by the director	254,653,200 Shares Long position	12.19%
		Interest of the spouse	387,493,563 Shares Long position	18.55%
Wong Kin Wa	Company	Beneficial owner	1,861,500 Shares Long position	0.09%

*Note:*

- (1) The percentages are calculated based on the total number of 2,088,807,500 issued Shares as at the Latest Practicable Date.

- (2) As Mr. Li has agreed to subscribe for 1,175,000,000 new Shares pursuant to the Subscription Agreement, he is deemed to be interested in such 1,175,000,000 Shares to be allotted and issued at Completion in addition to the 473,777,143 Shares currently directly held by him. Ms. Kwok King Wa is personally interested in 387,493,563 shares. Mr. Li is the spouse of Ms. Kwok King Wa. 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 King Wa respectively, is interested in 254,653,200 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 December 2018, 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, save for the Subscription Agreement and the transactions contemplated thereunder, 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	Capacity	Number and class of securities	Approximate percentage of shareholdings <sup>(1)</sup>
Kwok King Wa <sup>(2)</sup>	Beneficial owner	387,493,563 Shares Long position	18.55%
	Interest of the spouse	1,648,777,143 Shares Long position	78.93%
	Interest of corporation controlled by her	254,653,200 Shares Long position	12.19%
Ever Prosper International Limited <sup>(3)</sup>	Beneficial owner	254,653,200 Shares Long position	12.19%
Jovial Elite Limited <sup>(4)</sup>	Beneficial owner	111,690,000 Shares Long position	5.35%

*Notes:*

- (1) The percentages are calculated based on the total number of 2,088,807,500 issued Shares as at the Latest Practicable Date.
- (2) Ms. Kwok King Wa is personally interested in 387,493,563 shares. As Mr. Li has agreed to subscribe for 1,175,000,000 new Shares pursuant to the Subscription Agreement, he is deemed to be interested in such 1,175,000,000 Shares to be allotted and issued at Completion in addition to the 473,777,143 Shares currently directly held by him. Mr. Li is the spouse of Ms. Kwok King Wa. 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 King Wa respectively, is interested in 254,653,200 shares. Therefore, Ms. Kwok is also deemed to be interested in the shares held by Ever Prosper International Limited under the SFO.
- (3) The 254,653,200 shares are held by Ever Prosper International Limited, which is held as to 50% and 46.5% by Mr. Li and Ms. Kwok King Wa respectively. Mr. Li is the spouse of Ms. Kwok King Wa.

- (4) According to the notice filed by Jovial Elite Limited, Jovial Elite Limited is a wholly owned subsidiary of Hony Capital Fund 2008, L.P. Hony Capital Fund 2008, L.P. is 100% controlled by Hony Capital Fund 2008 GP, L.P. Hony Capital Fund 2008 GP, L.P. is 100% controlled by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is 80% controlled by Hony Managing Partners Limited. Hony Managing Partners Limited is 100% controlled by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49% controlled by Mr. Zhao John Huan.

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.

#### 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; and
- (ii) the conditional sale and purchase agreement dated 4 April 2019 entered into among the Company, Xiao Li and Connect Cool Technology Limited for the acquisition of 60% of the entire issued share capital of Connect Cool Technology Limited by the Company from Xiao Li.

#### 6. EXPERT'S QUALIFICATIONS AND CONSENT

The following is the qualification of the expert who has given opinions, letters or advice which are contained in this circular:

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



The above expert has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any asset which has been, since 31 December 2018, 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.

#### **7. MATERIAL ADVERSE CHANGE**

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at Room 3815, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong, from the date of this circular, up to and including the date of the EGM:

- (a) the articles of association of the Company;
- (b) the “Letter from the Board”, the text of which is set out on pages 5 to 16 of this circular;
- (c) the “Letter from the Independent Board Committee”, the text of which is set out on page 17 of this circular;
- (d) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 18 to 33 of this circular;
- (e) the material contracts referred to in the paragraph headed “Material Contract” of this appendix;
- (f) the written consent referred to in the paragraph headed “Expert and Consent” of this appendix;  
and
- (g) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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國聯通信控股有限公司

**GLOBAL LINK COMMUNICATIONS HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8060)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Global Link Communications Holdings Limited (the “**Company**”) will be held at 2:30 p.m. on Thursday, 24 October 2019 at Lily Room on 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

1. (a) the entering into of the subscription agreement (the “**Subscription Agreement**”, a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) dated 28 August 2019 by Mr. Li Kin Shing as subscriber and the Company as issuer in relation to the subscription by Mr. Li Kin Shing for the 1,175,000,000 new ordinary shares (the “**Subscription Shares**”) of the Company, and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;
- (b) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Subscription Shares, the directors (the “**Directors**” and each a “**Director**”) of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Subscription Shares, such Specific Mandate being in additional to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company; and
- (c) the Directors be and are hereby generally and unconditionally authorised to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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contemplated by the Subscription Agreement and the allotment and issue of the Subscription Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company.”

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

Hong Kong, 9 October 2019

*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

*Notes:*

- (1) The instrument appointing a proxy shall be in writing under the hand of appointer or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (2) A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint another person as his/her proxy to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company but must attend the EGM to represent the member.
- (3) In order to be valid, the form of proxy must be deposited with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
- (4) In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.
- (5) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (6) If tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 1:00 p.m. on Thursday, 24 October 2019, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.
- (7) References to time and dates in this notice are to Hong Kong time and dates.

*This announcement, for which the directors of 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 announcement 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 announcement misleading.*

*This announcement will remain on the GEM Website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at [www.glink.hk](http://www.glink.hk).*