Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8237)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

This announcement, for which the directors (the "Directors") of Link Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief 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 in this announcement misleading.

* *For identification purposes only*

Reference is made to the announcement of Link Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") dated 31 March 2020 in relation to the unaudited annual results for the year ended 31 December 2019 (the "Unaudited Annual Results Announcement"). Terms used herein shall have the same meanings as those defined in the Unaudited Annual Results Announcement unless the context requires otherwise.

AUDITED 2019 ANNUAL RESULTS

The Board is pleased to announce that the Company's auditor, BDO Limited, has completed its audit of the consolidated financial statements of the Company for the year ended 31 December 2019 (the "2019 Annual Results") in accordance with Hong Kong Standards on Auditing, and hereby announces the 2019 Annual Results, together with the comparative audited figures for the previous financial year ended 31 December 2018 ("FY2018") as set out below. This annual results announcement has been reviewed by the audit committee of the Company (the "Audit Committee").

Shareholders and potential investors should be aware that this announcement of audited results for FY2019 was made to replace the Unaudited Annual Results Announcement which has not been agreed with the auditor of the Company and was made pursuant to the joint statement issued by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited on 4 February 2020 in relation to results announcements in light of the outbreak of the coronavirus pandemic.

The Board would like to draw attention to the Shareholders and potential investors that save for the narratives of certain notes to the consolidated financial statements, the 2019 Annual Results is consistent with the unaudited annual results contained in the Unaudited Annual Results Announcement. Further, the section headed "Extract of the independent auditor's report" in this announcement hereby replaces the section headed "Possible qualified opinions in the auditor's report" in the Unaudited Annual Results Announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Year ended 31 December	
		2019	2018
	Notes	***HK$***	*HK$*
Revenue	*5*	**37,726,009**	60,628,594
Cost of sales		**(22,003,856)**	(15,513,071)
Gross profit		**15,722,153**	45,115,523
Other income		**1,431,880**	3,551,575
Other gains and losses	*6*	**(16,130,284)**	(138,863)
Selling expenses		**(1,837,137)**	(2,197,330)
Administrative expenses		**(46,401,182)**	(40,880,624)
Finance costs	*7*	**(11,512,364)**	(8,221,511)
Gain on changes in fair value of investment properties		**7,180,393**	5,393,060
Share of results of an associate	*13*	**(1,215,369)**	(510,484)
(Loss)/profit before income tax expense	*8*	**(52,761,910)**	2,111,346
Income tax expense	*9*	**(2,949,672)**	(5,164,118)
Loss for the year		**(55,711,582)**	(3,052,772)

	Notes	Year ended 31 December 2019 HK$	2018 HK$
Other comprehensive income/(expense) that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**3,128,096**	395,239
Tax expense related to gain on revaluation of properties		**(975,620)**	(67,191)
Share of other comprehensive (expense)/income of an associate		**(770,422)**	977,670
Other comprehensive income/(expense) that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**8,061,468**	(20,783,385)
Loss on cash flow hedges		**(440,554)**	(3,968,118)
Other comprehensive income/(expense) for the year, net of tax		**9,002,968**	(23,445,785)
Total comprehensive expense for the year		**(46,708,614)**	(26,498,557)
(Loss)/profit attributable to:			
Owners of the Company		**(55,624,724)**	(3,253,782)
Non-controlling interests		**(86,858)**	201,010
		(55,711,582)	(3,052,772)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(46,822,878)**	(26,363,031)
Non-controlling interests		**114,264**	(135,526)
		(46,708,614)	(26,498,557)
Losses per share	*10*		
– Basic (HK cents per share)		**(1.594)**	(0.093)
– Diluted (HK cents per share)		**(1.594)**	(0.093)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		At 31 December	
		2019	2018
	Notes	***HK$***	*HK$*
Non-current assets			
Property, plant and equipment	*12*	**468,348,847**	442,567,556
Right-of-use assets		**77,579,193**	–
Investment properties	*12*	**185,777,959**	172,166,917
Prepaid lease payments		**–**	76,395,966
Interest in an associate	*13*	**43,277,682**	46,066,984
Prepayments for construction		**713,393**	3,108,892
Deposits for acquisition of lands		**1,648,344**	1,418,751
Distressed debt assets classified as receivables	*14*	**–**	41,654,350
Deferred tax asset		**772,317**	–
Total non-current assets		**778,117,735**	783,379,416
Current assets			
Hotel inventories		**416,133**	167,975
Repossessed assets		**10,192,222**	–
Distressed debt assets classified as receivables	*14*	**67,882,280**	70,223,599
Trade and other receivables	*15*	**10,562,003**	8,049,478
Amount due from an associate	*13*	**64,260**	702,733
Cash and cash equivalents		**36,685,154**	165,255,807
Total current assets		**125,802,052**	244,399,592
Current liabilities			
Trade and other payables	*16*	**65,489,496**	76,434,943
Obligations under finance lease		**–**	171,159
Amount due to a non-controlling shareholder of subsidiaries		**8,758,913**	8,448,206
Amount due to a director		**59,609,880**	123,756,917
Interest-bearing bank borrowings		**189,469,650**	188,081,306
Lease liabilities		**1,199,213**	–
Provision for taxation		**3,294,084**	5,427,754
Derivative financial instruments		**2,545,661**	1,466,587
Convertible Bonds		**22,547,249**	–
Total current liabilities		**352,914,146**	403,786,872
Net current liabilities		**(227,112,094)**	(159,387,280)
Total assets less current liabilities		**551,005,641**	623,992,136

		At 31 December	
		2019	2018
	Notes	***HK$***	*HK$*
Non-current liabilities			
Other payables	*16*	**8,872,723**	8,132,163
Obligations under finance lease		**–**	308,219
Interest-bearing bank borrowings		**111,597,814**	120,797,387
Lease liabilities		**666,388**	–
Deferred tax liabilities		**25,055,722**	22,736,190
Derivative financial instruments		**1,848,980**	2,455,330
Convertible bonds		**–**	19,890,219
Total non-current liabilities		**148,041,627**	174,319,508
Net assets		**402,964,014**	449,672,628
Equity			
Share capital		**3,490,000**	3,490,000
Reserves		**393,848,487**	440,671,365
		397,338,487	444,161,365
Non-controlling interests		**5,625,527**	5,511,263
Total equity		**402,964,014**	449,672,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Link Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Cap 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Unit No. 3503, 35/F. of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The ordinary shares of the Company (the "Shares") are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The immediate and ultimate holding company is Vertic Holdings Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in hotel ownership, operation of hotel services, distressed debt assets management and property investment.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The consolidated financial statements have been prepared in accordance with IFRSs (as defined in Note 3(a) below). The accounting policies adopted for the year ended 31 December 2019 are consistent with those adopted in the audited consolidated financial statements for the year ended 31 December 2018, except for those that relate to new/revised standards or interpretations that are effective for the first time for accounting periods beginning on or after 1 January 2019.

The Group has adopted all of the new and revised IFRSs which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2019. A summary of the significant accounting policies adopted by the Group is set out in the Notes to the Consolidated Financial Statements (the "Notes") section of the 2019 annual report to be sent to the Shareholders in due course.

Except for IFRS 16 "Leases", the adoption of these new and revised IFRSs does not have significant impact on the accounting policies of the Group, and the amounts reported for the current year and prior years.

The Group has not early adopted the new and revised IFRSs that have been issued but are not yet effective. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as "IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The measurement basis used in preparation of the consolidated financial statement is the historical cost basis except for investment properties, hotel buildings and financial instruments, which are measured at fair values as explained in the accounting policies set out in the Notes.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in the Notes.

(c) Going concern assumption

The Group incurred a loss of HK$55,711,582 (2018: HK$3,052,772) for the year ended 31 December 2019 and as of that date, its current liabilities, totalling HK$352,914,146 (2018: HK$403,786,872), exceeded its current assets by HK$227,112,094 (2018: HK$159,387,280).

Subsequent to the reporting date, the operations of the Group has deteriorated due to the COVID-19 pandemic as the main operations of the Group is hotel operations in Singapore and Japan. The COVID-19 pandemic has brought additional uncertainties to the renewal of its secured interest-bearing bank borrowings of an amount of HK$179,378,400 which is subject to certain loan covenants related to the Group's financial performance and position (the "Covenants") and renewal intervals of 1, 3 or 6 months as decided by the lending bank; and uncertainties about the Group's ability to generate sufficient cash flows to meet its liquidity needs. These needs mainly include the settlement of (i) construction payable amounting to HK$52,052,895, (ii) an amount due to a director amounting to HK$59,609,880 which is repayable on demand and (iii) convertible bonds with an aggregate principal amount of HK$25,278,000.

These events and conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. For this purpose, management has prepared a forecast covering a period of 12 months from the date of approval of these consolidated financial statements. The forecast has incorporated the latest information obtained by management about the COVID-19 pandemic into the Group's operating cash flows estimation and different possible measures that are available to the Group, including extension of settlement of recognised liabilities and seeking of alternative sources of finance.

In this regard, management has communicated with the lending bank of the Group's secured interest-bearing bank borrowings and, having considered the latest renewal completed in March 2020 with the next renewal in June 2020, has made an assessment of the Group's ability to renew its interest-bearing bank borrowings. Management has performed a sensitivity analysis by considering the headroom available before the relevant Covenants would be triggered should the current operating environment continues for a considerable time in forecast period and considered that the Group would be able to meet the Covenants and complete the renewal. Apart from the anticipated renewal of the interest-bearing bank borrowings, the distressed debt asset management business is expected to generate positive net cash flows which further strengthen the Group's liquidity position.

In addition, the Group has communicated with the contractor to extend the repayment of the construction payable mentioned above for more than 12 months or otherwise revise the repayment schedule so as to reduce the liquidity pressure to the Group. Management has considered collateralising its investment properties with a fair value of HK$185,777,959 and the freehold lands with hotel property located in Japan with a net book value of HK$48,154,660 as at 31 December 2019, taking account of the nature of the properties when estimating the loan-to valuation ratio as considered reasonable by management and the Covenvants, to obtain further source of funds.

After taking into consideration of the above-mentioned assessments in the forecast, the directors are of the opinion that the Group will have sufficient working capital over the forecast period. Accordingly, the directors of the Group considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Whether the Group will be able to continue as a going concern are subject to the following assumptions:

(i) The COVID-19 pandemic would not be getting worse and the operating environment would gradually improve from the fourth quarter of 2020 and the Group's hotel operations performance would be in line with this trend, but with some time lag;

(ii) The bank making the interest-bearing borrowings would renew the revolving loans based on management's expectation that, at the time of renewal, the Group would be able to meet the loan covenants based on the sensitivity analysis;

(iii) Successfully negotiated with the contractor to extend the settlement of construction payable amounting to HK$52,052,895 for more than 12 months or otherwise revise the repayment schedule so as to reduce the liquidity pressure to the Group; and

(iv) Seeking other financing resources by collateralising its investment properties amounting to HK$185,777,959 and the freehold lands with hotel property located in Japan with a net book value of HK$48,154,660 as at 31 December 2019, taking account of the nature of the properties when estimating the loan-to-valuation ratio as considered reasonable by management and the Covenants.

Should the Group fail to achieve the intended effects resulting from above assumptions, it might not be able to continue as a going concern, and adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. OPERATING SEGMENT INFORMATION

Management determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the basis of the geographical locations. The Group is currently organised into four reportable segments. The following summary describes the operations in each of the Group's reportable and operating segments:

– Operation of hotel business in Singapore, Indonesia and Japan

– Distressed debt asset management in PRC

(a) Reportable segments

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenues, incomes and gains, costs and expenditures directly attributable to each operating segment. Corporate income, central administrative cost and finance cost and share of results of an associate are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-maker for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment for the year:

Segment revenue and results

	Operation of hotel business			Distressed debt asset management	
	Singapore *HK$*	**Indonesia** *HK$*	**Japan** *HK$*	**The PRC** *HK$*	**Total** *HK$*
For the year ended 31 December 2019					
External revenue/(loss)	**52,072,444**	**–**	**3,162,988**	**(17,509,423)**	**37,726,009**
Segment profit/(loss)	**1,378,132**	**730,288**	**(12,055,155)**	**(33,130,489)**	**(43,077,224)**
Corporate income – Others					**37,598**
Central administrative cost and finance cost					**(8,506,915)**
Share of results of an associate					**(1,215,369)**
Loss before income tax expense					**(52,761,910)**

	Operation of hotel business			Distressed debt asset management	
	Singapore *HK$*	Indonesia *HK$*	Japan *HK$*	The PRC *HK$*	Total *HK$*
For the year ended 31 December 2018					
External revenue	50,675,055	–	–	9,953,539	60,628,594
Segment profit	3,135,689	3,925,982	1,720,736	3,553,202	12,335,609
Corporate income					
– Others					26,701
Central administrative cost					(9,740,480)
Share of results of an associate					(510,484)
Profit before income tax expense					2,111,346

Segment results represents the profit/(loss) earned/(charged) by each segment without allocation of corporate income (which includes other income), corporate finance cost, share of results of an associate and central administrative cost. Central administrative cost mainly included legal and professional fees and corporate staff costs. This is the information reported to the chief operating decision-maker for the purpose of resource allocation and performance assessment.

(b) Disaggregation of revenue

	Hotel business		Distressed debt asset management		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Primary geographical markets						
Singapore	**52,072,444**	50,675,055	**–**	–	**52,072,444**	50,675,055
Japan	**3,162,988**	–	**–**	–	**3,162,988**	–
PRC	**–**	–	**(17,509,423)**	9,953,539	**(17,509,423)**	9,953,539
Total	**55,235,432**	50,675,055	**(17,509,423)**	9,953,539	**37,726,009**	60,628,594
Major services and timing of revenue recognition						
At a point of time						
Sales of food and beverage	**6,784,405**	3,337,927	**–**	–	**6,784,405**	3,337,927
Others	**52,917**	56,497	**–**	–	**52,917**	56,497
Transferred over time						
Hotel room services	**41,438,815**	39,820,959	**–**	–	**41,438,815**	39,820,959
Others	**1,184,234**	1,377,369	**–**	–	**1,184,234**	1,377,369
Rental income from hotel properties *(note)*	**5,775,061**	6,082,303	**–**	–	**5,775,061**	6,082,303
Income from distressed debt assets classified as receivables *(note)*	**–**	–	**(17,509,423)**	9,953,539	**(17,509,423)**	9,953,539
	55,235,432	50,675,055	**(17,509,423)**	9,953,539	**37,726,009**	60,628,594

Note: Rental income from hotel properties and income from distressed debt assets classified as receivables are not within the scope of IFRS 15. Accordingly, income from these businesses is shown separately from the disaggregation of revenue from contracts with customers recognised at a point in time or transferred over time.

(c) Information about major customers

The Group did not have any single customer that contributed more than 10% of the Group's revenue during the year.

5. REVENUE

An analysis of the Group's revenue mainly represents the aggregate amount of income from hotel operations and distressed debt assets. An analysis of revenue is as follows:

	Year ended 31 December	
	2019	2018
	HK$	*HK$*
Income from distressed debt assets classified as receivables	**22,638,016**	33,336,005
Less: modification loss *(note a)*	**(40,147,439)**	(23,382,466)
	(17,509,423)	9,953,539
Hotel room	**41,438,815**	39,820,959
Food and beverage	**6,784,405**	3,337,927
Rental income from hotel properties	**5,775,061**	6,082,303
Others *(note b)*	**1,237,151**	1,433,866
	37,726,009	60,628,594

Notes:

a. The amount arising from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow.

b. The amount mainly represents laundry and car park services from hotel operations.

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2019	2018
	HK$	*HK$*
Gain on disposal of property, plant and equipment	**121,131**	156,915
Loss allowance for expected credit losses ("ECLs") of distressed debt assets	**(11,000,000)**	–
Write off of property, plant and equipment	**(5,251,415)**	(295,778)
	(16,130,284)	(138,863)

7. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	HK$	*HK$*
Interest on bank borrowings *(note a)*	**10,510,455**	10,808,958
Bank overdraft interest	**2,848**	22,937
Interest on lease liabilities *(note b)*	**127,750**	–
Finance lease interest	**–**	30,840
Convertible bonds	**2,659,548**	2,346,717
Total interest expense on financial liabilities not at fair value through profit or loss	**13,300,601**	13,209,452
Less: amount capitalised *(note c)*	**(2,940,703)**	(4,987,941)
	10,359,898	8,221,511
Interest rate swap: cash flow hedges	**1,152,466**	–
	11,512,364	8,221,511

Notes:

a. This analysis shows the finance costs of bank borrowings, including term loans which contain scheduled repayment date and repayment on demand clause.

b. The Group has initially applied IFRS 16 as at 1 January 2019 using the cumulative effect approach. Under this approach, comparative information is not restated.

c. Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.84%(2018: 3.41%) to expenditure on qualifying assets.

8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

The Group's (loss)/profit before income tax expense is arrived at after charging:

	Year ended 31 December	
	2019	2018
	HK$	*HK$*
Staff costs (excluding directors' remuneration)	**21,583,583**	20,976,864
Depreciation of property, plant and equipment (included in administrative expenses)		
– Owned	**11,881,936**	10,513,797
– Held under finance leases	**–**	296,285
– Right-of-use assets *(note)*	**2,487,544**	–
	14,369,480	10,810,082
Amortisation of prepaid lease payments *(note)* (included in administrative expenses)	**–**	1,589,774
Auditor's remuneration	**1,100,000**	1,080,000
Bad debt written off	**25,695**	203,231
Legal and professional fees	**4,039,197**	5,027,048
Minimum lease payments under operating leases		
– Buildings (under IAS 17) *(note)*	**–**	1,081,743
– Short-term lease expenses (under IFRS 16)	**578,760**	–
Property taxes	**2,435,742**	2,049,774

Note: The Group has initially applied IFRS 16 using the cumulative effect approach. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses and amortisation of prepaid lease payments incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: nil).

Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2018: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profit as determined in accordance with the relevant Indonesia income tax rules and regulations (2018: 25%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC (2018: 25%).

Subsidiary operating in Japan is subject to national corporate income tax, inhabitant tax, and enterprise tax (hereinafter collectively referred to as "Japan Profits Tax") in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 33.59% for the year based on the existing legislation, interpretations and practices in respect thereof (2018: 23%). No provision for Japan Profits Tax has been provided as the Group had no estimated assessable profit arising in Japan for the year ended 31 December 2019.

Taxes on profits assessable in elsewhere have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

The amount of taxation in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2019	2018
	HK$	*HK$*
Current – Singapore Corporate Income Tax		
– Tax for the year	**(3,270,185)**	(2,765,254)
– Over/(under) provision in respect of prior years	**457,937**	(355,988)
	(2,812,248)	(3,121,242)
Deferred tax		
– Current year	**(137,424)**	(2,042,876)
Total income tax expense	**(2,949,672)**	(5,164,118)

10. LOSSES PER SHARE

The calculation of the basic and diluted losses per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$	*HK$*
Losses		
Losses for the purposes of basic losses per share	**(55,624,724)**	(3,253,782)
Interest expenses on convertible bonds	**–**	–
Loses for the purposes of diluted losses per share	**(55,624,724)**	(3,253,782)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic losses per share	**3,490,000,000**	3,490,000,000
Effect of dilutive potential ordinary shares on convertible bonds	**N/A**	N/A
Weighted average number of ordinary shares for the purposes of diluted losses per share	**3,490,000,000**	3,490,000,000

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the year ended 31 December 2019 (2018: 3,490,000,000 ordinary shares).

For the years ended 31 December 2019 and 2018, diluted losses per share are the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share.

11. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The Group's property, plant and equipment comprise, among others, construction in progress and hotel buildings.

As at 31 December 2019, construction in progress includes all costs related to the construction of the resorts and amenities. The accumulated costs will be transferred to the appropriate property, plant and equipment upon completion.

The Group's hotel buildings in Singapore and Japan were valued on 31 December 2019 by AVISTA Valuation Advisory Limited ("Avista"), an independent qualified professional valuer.

The investment properties of the Group comprised land parcels located in Bintan Islands, Indonesia which are held under medium-term lease and currently at undetermined future use. The valuations of such land parcels were carried out by Avista as at 31 December 2019 and 31 December 2018.

13. INTEREST IN AN ASSOCIATE

	At 31 December	
	2019	2018
	HK$	*HK$*
Share of net assets of an associate	**39,307,620**	41,430,587
Goodwill	**3,970,062**	4,636,397
	43,277,682	46,066,984
Amount due from an associate *(note)*	**64,260**	702,733

Note: Amount due from an associate is unsecured, interest-free and repayable on demand.

Due to matters related to the worldwide COVID-19 pandemic, the travel restrictions prevented the Kang Ming De's staff to maintain daily operation and prepare the financial information. As the result, the associate was unable to provide the financial information to the Group and the management was unable to account for the interest in associate in accordance with the equity method under International Accounting Standard 28 "Investments in Associates and Joint Ventures". The reconciliation of financial information from sharing of the net assets of an associate and the breakdown of the Group's share of results and other comprehensive expense of associate for the year ended 31 December 2019 in accordance with IFRSs as disclosed are representing the interim figures of the associate.

Please also refer to the section headed "Extract of the independent auditor's report" below for further details.

14. DISTRESSED DEBT ASSETS CLASSIFIED AS RECEIVABLES

	At 31 December	
	2019	2018
	HK$	*HK$*
Current	**67,882,280**	70,223,599
Non-current	**–**	41,654,350
	67,882,280	111,877,949

For distressed debt assets classified as receivables, it represented the receivables from the obligors of non-performing loans. The borrowers are obliged to settle the amount according to the terms set out in the relevant loans. These distressed debt assets classified as receivables are measured at amortised cost using the effective interest method in accordance with IFRS 9 "Financial Instruments". The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the distressed debt assets.

The Directors assessed that the fair value of collateral over the distressed debt are less than the carrying amount of distressed debt assets classified as receivables, and a loss allowance for ECLs of HK$11,000,000 is recognised as at 31 December 2019 (2018: nil).

15. TRADE AND OTHER RECEIVABLES

As at 31 December 2019, trade and other receivables comprised trade receivables of HK$4,224,434 (2018: HK$2,589,275).

Trade receivables, which generally have credit terms of 30 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

The aged analysis as at the end of reporting period, based on the invoice date, is as follows:

	At 31 December	
	2019	2018
	HK$	*HK$*
Current to 30 days	**3,811,033**	2,210,652
31 to 60 days	**325,990**	295,139
61 to 90 days	**30,227**	25,498
Over 90 days	**57,184**	57,986
	4,224,434	2,589,275

16. TRADE AND OTHER PAYABLES

As at 31 December 2019, trade and other payables comprised trade payables of HK$1,291,087 (2018: HK$800,292).

The Group normally obtains credit terms of up to 30 days from its suppliers. Trade payables are interest-free. The aged analysis of trade payables as at the end of reporting period, based on the invoice dates, is as follows:

	At 31 December	
	2019	2018
	HK$	*HK$*
Current to 30 days	**1,104,400**	517,326
31 to 60 days	**–**	28,577
Over 90 days	**186,687**	254,389
	1,291,087	800,292

As at 31 December 2019, other payables comprised construction payables with current portion of HK$52,052,895 (2018: HK$67,029,044) and non-current portion of HK$8,872,723 (2018: HK$8,132,163).

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

Since January 2020, the PRC has reported certain confirmed cases of Novel Coronavirus ("**COVID-19**") which became pandemic and affected the global business environment. The outbreak of COVID-19 has led to a slow-down in travelling to Singapore and Japan and has been severely affecting the hospitality business of the Group. The Group's hotels have seen substantial room cancellations as a result of government travel restrictions, quarantines and lockdowns, thus reducing the revenue in the first quarter of 2020. The Group has been focusing on all possible operational cost containment options, as well as deferring capital spend where possible. Based on the information currently available, the management estimates that the Group will sustain an operation loss in the first quarter of 2020, despite measures to contain costs. The Group will keep continuous attention on the situation of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2019 which included a disclaimer of opinion:

"We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Appropriateness of going concern assumption

As set out in note 3(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$55,711,582 during the year ended 31 December 2019 and, as of that date, the Group's current liabilities, totalling HK$352,914,146, exceeded its current assets by HK$227,112,094.

Subsequent to the reporting date, the operations of the Group has deteriorated due to the COVID-19 pandemic as the main operations of the Group is hotel operations in Singapore and Japan. The COVID-19 pandemic has brought additional uncertainties to the renewal of its secured interest-bearing bank borrowings of an amount of HK$179,378,400 which is subject to certain loan covenants related to the Group's financial performance and position and renewal intervals of 1, 3 or 6 months as decided by the lending bank; and uncertainties about the Group's ability to generate sufficient cash flows to meet its liquidity needs. These needs mainly include the settlement of (i) construction payable amounting to HK$52,052,895, (ii) an amount due to a director amounting to HK$59,609,880 which is repayable on demand and (iii) convertible bonds with an aggregate principal amount of HK$25,278,000.

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors have prepared a forecast which takes into account of certain assumptions as set out in note 3(c) to the consolidated financial statements. Based on the directors' assessment, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether those assumptions underlying the going concern assessment performed by the directors are reasonable and supported. However, in respect of the assumption that the Group will successfully negotiated with contractors to extend the settlement of construction payable amounting to HK$52,052,895 as at 31 December 2019 for more than 12 months or otherwise revise the repayment schedule so as to reduce the liquidity pressure to the Group, the directors have not provided us with information regarding the constructor's consent or intent to granting such extension or revision of repayment schedule or the basis for the directors' assumption in this regard. There are no alternative audit procedures to obtain sufficient appropriate audit evidence to support the assumption is reasonable. As a result, we were unable to conclude whether it is appropriate for the Company to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to continue as a going concern, adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

Scope limitation on interest in an associate

As disclosed in note 13 in this annual results announcement, the Group had 42.3% equity interest in its associate, Zhuhai Shi Kang Ming De Enterprise Management Service Limited ("Kang Ming De"). The Group's interest in Kang Ming De amounted HK$43,277,682 as at 31 December 2019 and its share of loss and share of other comprehensive expense of Kang Ming De for the year then ended were HK$1,215,369 and HK$770,422 respectively. Due to travel restrictions implemented by government authority in COVID-19 pandemic, Kang Ming De's staff were unable to attend the business premises to perform daily operation and therefore we were unable to carry out certain of our audit procedures on the site. Accordingly, we were unable to perform audit procedures on the Group's interest in and share of results of, Kang Ming De as at and for the year ended 31 December 2019.

Any adjustments found necessary would affect the Group's interest in an associate, its share of profit or loss and other comprehensive income of an associate for the year, and the elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and disclosures in the notes to the consolidated financial statements.

Disagreement in respect of accounting for interest in an associate

In addition to the limitation of scope of our work on the Group's interests in Kang Ming De as mentioned above, due to travel restrictions implemented by government authority in COVID-19 pandemic, Kang Ming De's staff were unable to prepare the financial information of Kang Ming De for the year ended 31 December 2019. As a result, the financial information based on which the Group applied the equity method to account for its interest in Kang Ming De did not cover a full year ended 31 December 2019. Therefore the Group's share of results and share of other comprehensive income of an associate for the year ended 31 December 2019 and its interest in an associate as of 31 December 2019 were not prepared in accordance with International Accounting Standard 28 ("IAS 28") "Investments in Associates and Joint Ventures".

Had the financial information of Kang Ming De used for applying equity method been prepared covering a full year ended 31 December 2019, the Group's share of results and share of other comprehensive income of an associate, interest in an associate and the elements making up the consolidated statement of changes in equity and the consolidated statement of cash flows would have to be adjusted. However, it is impracticable for us to quantify the effects of this non-compliance.

Other matter

Had we not disclaimed our opinion in respect of the appropriateness to prepare the consolidated financial statements on a going concern basis and limitation of scope of work on interest in an associate, we would have issued a qualified opinion due to a material misstatement in respect of the accounting for the Group's interest in an associate and its share of profit or loss and other comprehensive income of an associate."

THE COMPANY'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF OPINION IN THE INDEPENDENT AUDITOR'S REPORT

(1) Appropriateness of going concern assumption

In view of the tight working capital of the Group and the multiple uncertainties relating to going concern, as well as the relevant scope limitation as addressed in the independent auditor's report, apart from continuing stay focused in the Group's hotel operation and negotiation with its bank and other creditors for extension, renewal and/or revision of loan facilities and debt repayment schedules, as the case may be, the Company will take its endeavor to seek coronavirus-related loan scheme financing or subsidies from local governments where the Group's subsidiaries operate, as well as other debt or equity financing alternatives in order to ensure the Group to have adequate financial resources to operate as a going concern. The Directors believe the Group is able to continue as a going concern in the coming twelve months.

(2) (i) Scope limitation on interest in an associate; and (ii) disagreement in respect of accounting for interest in an associate

Due to the travel restrictions implemented by government authority in COVID-19 pandemic, the management of the associate was unable to provide financial information for the year ended 31 December 2019 to the Group to account for its interest in an associate using the equity method in accordance with IAS 28. As such, the Company used the unaudited financial information of the associate made up to 30 June 2019 as the basis to account for the carrying amount of interest in an associate as at 31 December 2019, the share of results of an associate for the year ended 31 December 2019, and the share of other comprehensive income of an associate for the year ended 31 December 2019 in the Company's consolidated financial statements for the year ended 31 December 2019, which represented a relevant disagreement in respect of accounting for interest in an associate from the perspective of the auditor.

Based on the Company's various communications with the management of the associate from February to April 2020, the staff of the associate were unable to attend the business premises to perform daily operation, therefore they were unable to commit a feasible time schedule to facilitate the audit or provide the necessary financial information of the associate to assist the auditor to carry out audit procedures on the site unless the coronavirus pandemic is lift, thus resulting in the relevant scope limitation on interest in an associate from the perspective of the auditor.

The Company will keep monitoring the development of the coronavirus pandemic and the travel restrictions of the staff of the associate from their home counties back to their workplace to prepare the necessary information, with a view to remove the modified opinion in this regard in the auditor's report for the next financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group commenced its hotel business in Singapore with the opening of Link Hotel in 2007, and commenced its distressed debt assets management business in 2017. The Group also opened a new spa hotel, namely Hanatsubaki Spa Hotel in Japan in September 2019.

For the Year, the Group continued to stay focused on the operation of its hotel business, and the construction of the resort hotel situated in Bintan, Indonesia pursuant to the master plan of the development of the Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the "**Prospectus**")). Save as disclosed in this announcement, there is no material change in the Group's businesses during the Year. The operation of Link Hotel in Singapore continued to generate the main source of income for the Group during the Year.

FINANCIAL REVIEW

For the Year, the Group recorded a total revenue of approximately HK$37.7 million (2018: HK$60.6 million), accounting for a decrease of approximately HK$22.9 million or 37.8% as compared to FY2018, which was mainly due to the record of negative income from distressed debt assets.

For the Year, loss attributable to owners of the Company was approximately HK$55.6 million (2018: loss of approximately HK$3.3 million), representing a substantial increase in loss by approximately HK$52.4 million or 16.1 times. Such deterioration of the Group's financial performance was mainly due to (i) the recognition of negative income from the Group's distressed debt assets (i.e. income from distressed debt assets classified as receivables less modification loss) of approximately HK$17.5 million for the Year as compared to the positive income of approximately HK$10.0 million recorded for the last year; (ii) the record of loss allowance for expected credit losses on the Group's distressed debt assets (which were located in the People's Republic of China (the "**PRC**")) of approximately HK$11.0 million (2018: nil) in view of the slow recoverability during the Year and the anticipated decrease in value realisable underlying the current downtrend of the PRC economy; (iii) write off of construction in progress of approximately HK$5.3 million (2018: nil) due to the slowdown of the construction of the resort hotel in Bintan, Indonesia in light of the Group's tight financial resources during the Year; and (iv) the increase in pre-operating loss by approximately HK$6.0 million in respect of the Group's newly opened spa hotel in Japan and the incurring of operating loss of approximately HK$5.1 million since its commencement of operation in September 2019.

Basic losses per share for the Year was approximately HK cents 1.594 (2018: basic losses per share of approximately HK cents 0.093).

Hotel operation

For the Year, room revenue amounted to approximately HK$41.4 million (2018: approximately HK$39.8 million), accounting for approximately 75.0% (2018: approximately 78.6%) of the Group's total revenue from hotel operation. Room revenue mainly represents revenue generated from hotel accommodation in Link Hotel, which accounted for approximately 96.3% of total room revenue for the Year (2018: 100%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Year also included a small contribution from the Group's spa hotel in Japan since its commencement of operation in September 2019.

The following table sets out the total available room nights, occupancy rate, average room rate and Revenue per Available Room ("RevPAR") of Link Hotel for the years indicated:

	Year ended 31 December	
	2019	2018
Total available room nights	**100,010**	100,010
Occupancy rate	**65.0%**	62.61%
Average room rate *(HK$)*	**555.5**	577.7
RevPAR *(HK$)*	**362.5**	361.5

For the Year, food and beverage ("F&B") revenue was approximately HK$6.8 million (2018: approximately HK$3.3 million), representing approximately 12.3% (2018: approximately 6.6%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group's hotels.

The Group leased shop units in its hotels and received rental income from hotel tenants. For the Year, rental income from hotel tenants was approximately HK$5.8 million (2018: approximately HK$6.1 million) representing approximately 10.5% (2018: approximately 12.0%) of the total revenue from hotel business.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company's announcement dated 29 September 2016). During 2017, the construction plan has been amended to be more fitting to the latest theme of the resort. During the Year, due to the tight financial resources, the construction progress was slowed down. Based on the assessment of the Group's financial resources available, the Group made certain design changes in order to accommodate for a reduced budget of the overall construction cost. The Group also continued working on the improvements of various construction works during the Year. In view of the above and that the recent coronavirus pandemic affected the supply chains of various sectors worldwide, it is currently expected that the construction of the resort hotel will be completed in the first half of 2021.

Distressed debt assets management business

During the Year, the the Group recorded negative income from distressed debts assets (net of modification loss) of approximately HK$17.5 million (2018: positive income of approximately HK$10.0 million). Besides, due to the slow recoverability of the distressed debts during the Year and the anticipated decrease in value realisable underlying the current downtrend of the PRC economy, the Group recorded a loss allowance for expected credit losses on distressed debt assets of approximately HK$11.0 million for the Year (2018: nil).

Liquidity, financial resources and capital structure

During the Year, the Group mainly financed its operations with its own working capital and bank loans. As at 31 December 2019, the Group had net current liabilities of approximately HK$227.1 million (2018: net current liabilities of approximately HK$159.4 million), including cash and cash equivalents of approximately HK$36.7 million (2018: approximately HK$165.3 million) and short-term interest-bearing bank borrowings of approximately HK$189.5 million (2018: approximately HK$188.1 million). As at 31 December 2019, the Group also had non-current interest-bearing bank borrowings of approximately HK$111.6 million (2018: approximately HK$120.8 million).

The Directors have been closely monitoring its working capital and considered appropriate funding such as internal operating fund, unutilised banking facilities and seeking new external funding. The Directors will manage the capital of the Group and ensure that the Group will have sufficient financial resources to finance its working capital requirements.

The gearing ratio calculated based on the Group's total debts (being interest-bearing bank borrowings and convertible bonds) divided by the Group's total equity and multiplied by 100% as at 31 December 2019 was approximately 80.3% (2018: approximately 73.1%).

There is no cancellation, conversion or redemption of the convertible bonds during the Year. As such, the outstanding principal amount of the convertible bonds remained approximately HK$25.3 million as at 31 December 2019 (2018: approximately HK$25.3 million) with a maturity date on 30 November 2020.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2018: nil).

Material acquisitions and disposals

During the Year, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Contingent liabilities

As at 31 December 2019, the Group did not have any contingent liabilities (2018: nil).

Employees and remuneration policies

As at 31 December 2019, the Group engaged a total of approximately 90 employees (2018: approximately 60). Total staff costs excluding Directors' remuneration for the Year amounted to approximately HK$21.6 million (2018: approximately HK$21.0 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

The Group provides retirement benefits in accordance with the relevant laws and regulations in the place where the staff is employed.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. As at 31 December 2019, no options had been granted under the share option scheme.

Foreign currency exposure

Substantially all the transactions of the Group's subsidiaries in Singapore, Indonesia, Japan and the PRC are carried out in Singapore dollar, Indonesia Rupiah, Japanese Yen and Renminbi respectively, which are the functional currencies of the subsidiaries. Therefore, foreign currency risk for the respective currencies above are minimal. However, the translation of functional currencies for respective subsidiaries above to presentation currency in Hong Kong dollar might be exposed to foreign currency risk. During the Year, the Group had not used any financial instruments for foreign currency risk hedging purposes. For the analysis of the Group's foreign currency risk, please refer to the Notes to the Consolidated Financial Statements included in the 2019 annual report to be published in due course.

Charges on group assets

As at 31 December 2019, certain property, plant and equipment of the Group with net carrying amount of approximately HK$168.9 million (2018: approximately HK$175.8 million) were pledged to secure for the banking facilities.

Dividends

The Directors do not recommend the payment of final dividend for the Year (2018: nil).

OUTLOOK

The Group adopts an optimistic attitude in the future growth of its businesses. Apart from attracting new valuable guests to Link Hotel in Singapore and the newly opened Hanatsubaki Spa Hotel in Japan, the Group will continue to focus on the development of the Bintan Land (as defined in the Prospectus) to contribute income to the Group and increase return of the assets and enterprise value, with an aim to be a leader of the vacation and resort industry in Asia with international competitiveness. To broaden the Group's income stream, the Group will take the opportunity of "One Belt, One Road" and continuously seek potential acquisition opportunities in the PRC.

Although the Group is facing challenges arising from the outbreak of the coronavirus pandemic since January 2020 which has led to the travel restrictions of tourists from Hong Kong, China and certain countries, and affected the Group's hotel business in Asia, the Directors consider such unfavorable environment is short-term and will not affect the Group's hotel business in the medium to long run. The Group will continue to explore potential projects for expanding its business horizon to the Greater China region and other Asian countries in order to capture the opportunities arising from the growth in the tourism industry in the PRC and other areas in Asia. Nevertheless, the Group will take a cautious approach when seeking potential acquisition opportunities to maximise shareholders' value.

EVENT AFTER THE REPORTING DATE OF 31 DECEMBER 2019

Save for the impact to the Group's business and operations as a result of the coronavirus pandemic as disclosed above, which may affect the financial results of the Group, the Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this announcement. For details, please refer to Note 17 to the consolidated financial statements in this annual results announcement.

OTHER INFORMATION

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Tuesday, 23 June 2020 at 4:00 p.m. The AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Thursday, 18 June 2020 to Tuesday, 23 June 2020 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17 June 2020.

AUDIT COMMITTEE

The Audit Committee is responsible for, among others, reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls systems, and providing advice to the Board. The Audit Committee comprises the three independent non-executive Directors. Mr. Chan So Kuen is the chairman of the Audit Committee.

The Audit Committee has met with the external auditor of the Group to review the accounting principles and policies adopted by the Group, and discussed auditing, internal control, risk management and financial reporting matters including the review of this announcement and the consolidated financial statements of the Group for the Year.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRSs. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this annual results announcement.

COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to and including the date of this announcement.

CORPORATE GOVERNANCE CODE

During the Year, save that Ms. Ngan Iek Peng, Mr. Luo Guorong, Ms. Zhang Shuo and Mr. Thng Bock Cheng John, due to their respective other important engagements at the relevant time, did not attend the annual general meeting of the Company held on 24 May 2019, which deviated from code provision A.6.7 of the Corporate Governance Code, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

By Order of the Board
Link Holdings Limited
Ngan Iek
Chairman and Executive Director

Hong Kong, 6 May 2020

As at the date of this announcement, the executive Directors are Mr. Ngan Iek and Datuk Siew Pek Tho; the non-executive Directors are Mr. Lin Jianguo, Mr. Zhao Guoming and Ms. Zhang Shuo; and the independent non-executive Directors are Mr. Thng Bock Cheng John, Mr. Chan So Kuen, and Mr. Lai Yang Chau, Eugene.

This announcement will remain on the "Latest Company Announcements" page of the GEM Website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.linkholdingslimited.com.