2021 Annual Report

Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8237

** For identification purposes only*

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 report, 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 report 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 report misleading.

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho

Non-executive Directors

Mr. Lin Jianguo
Ms. Zhang Shuo
Mr. Zhao Guoming

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)
Mr. Simon Luk (appointed on 12 November 2021)

COMPANY SECRETARY

Mr. Tong Hing Wah, HKICPA, ACCA

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

Mr. Chan So Kuen *(Chairman)*
Mr. Thng Bock Cheng John
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)
Mr. Simon Luk (appointed on 12 November 2021)

REMUNERATION COMMITTEE

Mr. Simon Luk *(Chairman)* (appointed on 12 November 2021)
Mr. Lai Yang Chau, Eugene *(former Chairman)*
(deceased on 21 October 2021)
Mr. Ngan Iek
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Thng Bock Cheng John

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)
Mr. Thng Bock Cheng John
Mr. Simon Luk (appointed on 12 November 2021)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3503, 35/F
West Tower of
Shun Tak Centre
No.168-200 Connaught Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

DBS Bank Limited
12 Marina Boulevard
43-03 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore
018982

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

STOCK CODE

8237

COMPANY'S WEBSITE

www.irasia.com/listco/hk/linkholdings

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Link Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the results of the Company for the year ended 31 December 2021 (the "Year").

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in operation of hotel services and properties investment.

For the Year, the Group recorded a total revenue from hotel operation of approximately HK$49.7 million, representing a decrease of approximately 13.7% as compared with the last financial year. Such decrease was mainly due to the adverse effect on the Group's hotel business in Japan caused by the subsisting COVID-19 pandemic throughout the Year, and the business was worsened by the snowstorm in Japan in early 2021 which resulted in the substantial decline of revenue of the Group's spa hotel in Japan. Nevertheless, the income from the Group's Link Hotel in Singapore arising from government contracts for using the hotel as quarantine accommodation provided stable revenue for the Group during the Year. For the Year, loss attributable to owners of the Company was approximately HK$113.1 million, which was mainly due to (i) the unsatisfactory performance of the Group's hotel business amid the COVID-19 pandemic during the Year; (ii) the loss from the Group's distressed debt assets; (iii) the impairment loss on certain property, plant and equipment in respect of the Group's spa hotel in Japan due to its poor performance amid the COVID-19 pandemic and the expectation of difficult operating situation in the near future; and (iv) the impairment loss on the Group's resort construction in progress in Bintan, Indonesia due to the suspension of construction works since the outbreak of the COVID-19 pandemic.

As regard the development of the resort project in Bintan, Indonesia, given the Group's limited financial resources currently available, certain design changes have been made to accommodate for a reduced budget of overall construction costs. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic has affected the supply chains of various sectors worldwide, including the supply of construction materials. At the same time, as the tourism industry worldwide shall take time to recover and normalise, aiming at providing a newly furnished resort for tourists' enjoyment shortly after the COVID-19 pandemic, the Board expects that, on the basis of having adequate funding, the completion of the construction of the resort project shall be further postponed to late 2023.

PROSPECTS

Although the Group is facing challenges arising from the subsisting and uncertain development of the coronavirus pandemic since January 2020 which has led to the travel restrictions of tourists in many countries and regions, and affected the Group's hotel business in Asia, we consider such unfavorable market conditions could be progressively relieved upon the widespread vaccination worldwide, and will not affect the Group's hotel business in the medium to long run. Looking forward, the Company will endeavour to maximise the Group's overall return on assets and its corporate value. The Group adopts an optimistic attitude to cope with any challenges and capture opportunities in a positive way, and remains optimistic in its future growth.

APPRECIATIONS

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere appreciation to the management and staff of the Group for their dedication, commitment and professionalism in striving to achieve our goals. Our sincere gratitude also goes to all of our shareholders, investors, business partners and stakeholders of the Group for their continued and strong support to the Group. I deeply thank them for their recognition of our vision and strategies towards future development.

Ngan Iek
Chairman and Executive Director

12 May 2022

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 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 in Singapore and Japan. Nevertheless, the development 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")) has been suspended since the outbreak of the COVID-19 pandemic in early 2020. Save as disclosed in this annual report, 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.

The Link Hotel in Singapore had been used as COVID-19 quarantine accommodation since the second quarter of 2020 under the service agreements and supplemental agreements (the "Service Agreements") entered into with the Singapore government authority, which were subject to periodic renewal by the government authority. However, in view of the recent local situation of the COVID-19 pandemic and the corresponding changes in border measures in Singapore, the government authority ceased the engagement of the hotel for quarantine accommodation usage with effect from 14 December 2021. Thereafter, the hotel suspended business for about three months for cleaning, disinfection and the related government checking, upgrading certain facilities to standards stipulated by the government for epidemic prevention purpose, as well as refurbishment of certain furniture and fixtures. The hotel has resumed normal business in April 2022.

In respect of the Group's spa hotel in Japan, in view of the expected difficult operating situation in the near future, and given the tight financial resources of the Group that it is financially infeasible to support the hotel's operating costs under its non-profitable situation so far, the Company temporarily closed the hotel in May 2022 until there is an optimistic anticipation on the profitability of the spa hotel business in Japan. While the hotel is closed, the Company will also seek potential buyers for the hotel if the offer price is considered acceptable, taking into account the imminence of the cash flow requirements and the interest of the Group as a whole.

FINANCIAL REVIEW

For the Year, the Group recorded a total revenue from hotel operation of approximately HK$49.7 million (2020: approximately HK$57.6 million), representing a decrease of approximately 13.7% as compared to FY2020, which was mainly due to that (i) the Group's hotel business in Japan was adversely affected by the subsisting COVID-19 pandemic throughout the Year, and was worsened by the snowstorm in Japan in early 2021 which resulted in the substantial decline of revenue of the Group's spa hotel in Japan; and (ii) the average room rate offered by the Singapore government authority for engaging Link Hotel as COVID-19 quarantine accommodation was reduced during the Year, and such engagement has been terminated with effect from 14 December 2021 as aforementioned, and as such, the revenue from Link Hotel also decreased as compared with last year.

For the Year, loss attributable to owners of the Company was approximately HK$113.1 million (2020: loss of approximately HK$48.2 million), representing an increase in loss by approximately HK$64.9 million or 134.5%. The loss for the Year was mainly due to, among others, (i) the loss from the Group's distressed debt assets (i.e. income from distressed debt assets at amortised cost less modification loss) of approximately HK$4.7 million (2020: loss of approximately HK$14.6 million) and the related expected credit losses of approximately HK$1.3 million (2020: approximately HK$1.9 million); (ii) operating loss of approximately HK$8.5 million (2020: loss of approximately HK$8.5 million) in respect of the Group's spa hotel in Japan amid the COVID-19 pandemic; (iii) the impairment loss of approximately HK$43.8 million on certain property, plant and equipment in respect of the Group's spa hotel in Japan due to its poor performance amid the COVID-19 pandemic and the expectation of difficult operating situation in the near future; and (iv) the impairment loss of approximately HK$33.0 million on the Group's resort construction in progress in Bintan, Indonesia due to the suspension of construction works since the outbreak of the COVID-19 pandemic, despite the operating profit from Link Hotel which was inadequate to cover the Group's corporate administrative expenses and finance costs.

Basic losses per share for the Year was approximately HK cents 3.240 (2020: basic losses per share of approximately HK cents 1.381).

Hotel operation

For the Year, room revenue amounted to approximately HK$35.5 million (2020: approximately HK$39.7 million), accounting for approximately 71.5% (2020: approximately 68.9%) 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 88.1% of total room revenue for the Year (2020: approximately 85.6%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Year also included a minor contribution from the Group's spa hotel in Japan which commenced operation in September 2019.

During the Year, although the normal business of Link Hotel in Singapore was adversely affected by worldwide travel restrictions and lockdown measures due to the COVID-19 pandemic, the hotel has been used as quarantine accommodation for local residents since the second quarter of 2020. As such, the adverse effect was mitigated and the hotel was able to sustain its operation. Nevertheless, the use of Link Hotel as quarantine accommodation was subject to periodic renewal of the relevant contracts with the Singapore government authority, and such engagement has been terminated in mid-December 2021 as explained above. Therefore, the hotel had temporarily suspended business and was pending resumption of normal business as at the end of the Year.

The following table sets out the total available room nights, occupancy rate, average room rate and Revenue per Available Room ("RevPAR") of the Group's principal hotel, i.e. Link Hotel for the years indicated:

	Year ended 31 December	
	2021	2020
Total available room nights	**100,010**	100,284
Occupancy rate	**92.7%**	75.4%
Average room rate *(HK$)*	**307.1**	404.0
RevPAR *(HK$)*	**284.7**	304.5

For the Year, food and beverage ("F&B") revenue was approximately HK$8.7 million (2020: approximately HK$13.5 million), representing approximately 17.6% (2020: approximately 23.5%) 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 leases shop units in its hotels and received rental income from hotel tenants. For the Year, rental income from hotel tenants was approximately HK$4.3 million (2020: approximately HK$2.9 million), representing approximately 8.7% (2020: approximately 5.0%) of the total revenue from hotel business.

The decreases in the Group's room revenue and F&B revenue as detailed above were mainly due to the poor performance of the Group's spa hotel in Japan amid the COVID-19 pandemic. In view of the expected difficult operating situation in the near future, an impairment loss of approximately HK$43.8 million has been made for the Year.

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 2020 and the Year, due to the tight financial resources and the COVID-19 pandemic, the construction progress was substantially suspended. 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. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic has affected the supply chains of various sectors worldwide, including the supply of construction materials. At the same time, as the tourism industry worldwide shall take time to recover and normalise, aiming at providing a newly furnished resort for tourists' enjoyment shortly after the COVID-19 pandemic, the Company expects that, on the basis of having adequate funding, the completion of the construction of the resort project shall be further postponed to late 2023. For the year, an impairment loss of approximately HK$33.0 million on the resort construction in progress has been made due to the suspension of construction works since the outbreak of the COVID-19 pandemic.

Distressed debt assets management business

During the Year, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK$4.7 million (2020: loss of approximately HK$14.6 million). Due to the outbreak of the COVID-19 pandemic and the consequent economic downturn and decrease in investment sentiments in the PRC, the execution plan on recovering the distressed debts was adversely affected during the Year. Besides, due to the poor recoverability of the distressed debts during the Year and the anticipated decrease in value realisable under the current downtrend of the PRC economy, the Group recorded a loss allowance for expected credit losses on distressed debt assets of approximately HK$1.3 million for the Year (2020: approximately HK$1.9 million).

Liquidity, financial resources and capital structure

During the Year, the Group mainly financed its operations with its own working capital and bank and other loans. As at 31 December 2021, the Group had net current liabilities of approximately HK$232.2 million (2020: net current liabilities of approximately HK$207.3 million), including cash and cash equivalents of approximately HK$26.4 million (2020: approximately HK$39.5 million) and short-term interest-bearing bank and other borrowings of approximately HK$189.0 million (2020: approximately HK$190.1 million). As at 31 December 2021, the Group also had non-current interest-bearing bank and other borrowings of approximately HK$99.1 million (2020: approximately HK$109.6 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 net debt to equity ratio calculated based on the Group's total debts (being amounts due to a non-controlling shareholder of subsidiaries and a Director, lease liabilities, interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents) divided by the Group's total equity and multiplied by 100% as at 31 December 2021 was approximately 149% (2020: approximately 101%).

Apart from the convertible bonds due in November 2020 (the "CB (due 2020)"), the Company issued another convertible bonds in July 2020 (the "CB (due 2025)"), with principal amount of approximately HK$25.1 million (please refer to the paragraph headed "Issue of securities and change in use of proceeds" below for further details).

During the Year, there was no cancellation or conversion of the CB (due 2020) which matured and was due for redemption on 30 November 2020. Nevertheless, the Company has yet to redeem the CB (due 2020) as at 31 December 2021. Due to the default in repayment, according to the terms of the CB (due 2020), the outstanding principal amount was accreted by 30% and became approximately HK$32.9 million as at 31 December 2021 (2020: approximately HK$32.9 million). Besides, accumulated penalty interest payable under the CB (due 2020) was approximately HK$10.5 million as at 31 December 2021 (2020: approximately HK$0.7 million). As at the date of this annual report, the Company was under negotiation with the holder of the CB (due 2020) for an amicable repayable schedule.

For the CB (due 2025), there was no cancellation, conversion or redemption during the Year, and the outstanding principal amount remained at approximately HK$25.1 million as at 31 December 2021 (2020: approximately HK$25.1 million), with maturity date on 17 July 2025.

Issue of securities and change in use of proceeds

On 21 June 2020, the Company and Mr. Ng Meng Chit (the "Subscriber") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which, the Subscriber agreed to subscribe for and the Company agreed to issue the CB (due 2025) in the principal amount of HK$25,128,000 at the initial conversion price (the "Conversion Price") of HK$0.036 per conversion share (the "Conversion Shares(s)"). Based on the initial Conversion Price of HK$0.036 per Conversion Share, a total of 698,000,000 Conversion Shares (with aggregate nominal value of HK$698,000) will be allotted and issued upon exercise of the conversion rights attaching to the CB (due 2025) in full. The subscription and issue of the CB (due 2025) were completed on 17 July 2020. The gross proceeds from the issue of the CB (due 2025) was HK$25,128,000. The net proceeds was approximately HK$24,889,000.

The Group suffered a net loss of approximately HK$67.6 million (restated after prior year adjustments) for the year ended 31 December 2019, and the Group's current liabilities, totalling approximately HK$352.9 million (including the CB (due 2020)), exceeded its current assets by approximately HK$227.1 million as at 31 December 2019. In addition, the Group's hotel business has been adversely affected by the COVID-19 pandemic. Accordingly, the Group has been undertaking a number of measures, including seeking fund raising opportunities, to improve its liquidity and financial position. Hence, taking into account that the net proceeds will mainly be applied for the redemption of the CB (due 2020) and as general working capital of the Group, the Directors considered that the issue of the convertible bonds will help reduce the Group's liabilities and improve its liquidity position. Please refer to the Company's announcement dated 21 June 2020 for further details.

However, due to other imminent needs, the Company changed the use of the net proceeds, of which, (i) approximately HK$20.0 million was used for partial repayment of advance from a Director; and (ii) approximately HK$4.9 million was used for the general working capital of the Group. The net proceeds has been fully utilized as at 31 December 2021. Please refer to the Company's announcement dated 12 April 2021 for further details of the reasons for change in use of proceeds.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2020: 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 2021, the management of the Group was not aware of any material claim which was threatened against the Group.

Employees and remuneration policies

As at 31 December 2021, the Group engaged a total of approximately 56 employees (2020: approximately 77). Total staff costs excluding Directors' remuneration for the Year amounted to approximately HK$18.1 million (2020: approximately HK$24.3 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 2021, no options had been granted under the share option scheme.

Trainings are provided to the employees to equip them with practical knowledge and skills.

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 ("RMB") 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.

Charges on group assets

As at 31 December 2021, certain property, plant and equipment of the Group with net carrying amount of approximately HK$133.2 million (2020: approximately HK$140.9 million) were pledged to secure for the banking facilities.

Dividends

The Directors do not recommend the payment of final dividend for the Year (2020: nil).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has in place compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing obligation to monitor adherence to and compliance with all significant legal and regulatory requirements by the Group.

To the best knowledge of the Board, save as disclosed below, the Group has complied with the relevant laws and regulations applicable to its business and industry in those jurisdictions in which the Group operates, in all material respects during the Year.

(a) As detailed in the paragraph headed "Issue of securities and change in use of proceeds", the Company had changed the use of proceeds (the "Change in Use of Proceeds") from the issue of CB (due 2025) since its announcement dated 21 June 2020. However, due to mistaken belief, no board meeting was convened to approve the Change in Use of Proceeds at the material time, and accordingly, the Company failed to make an announcement for the Change in Use of Proceeds in a timely manner. The Company has subsequently made an announcement dated 12 April 2021 pursuant to rule 17.21 of the GEM Listing Rules.

(b) Following the passing away of the Company's former independent non-executive Director, Mr. Lai Yang Chau, Eugene on 21 October 2021 but before the appointment of Mr. Simon Luk on 12 November 2021 to fill the vacancy, (i) the Board comprised seven members, including two executive Directors, three non-executive Directors and two independent non-executive Directors, with the number of independent non-executive Directors on the Board falling below the minimum number of three and one-third of the Board, as respectively required under Rules 5.05(1) and 5.05A of the GEM Listing Rules; (ii) the number of members of the audit committee of the Company (the "Audit Committee") decreased from three to two, below the minimum number required under Rule 5.28 of the GEM Listing Rules; and (iii) there was a vacancy in the position of chairman of the the remuneration committee of the Company (the "Remuneration Committee") and the number of independent non-executive Directors of the Remuneration Committee fell below the composition requirement under Rule 5.34 of the GEM Listing Rules. Nevertheless, the Company promptly identified a suitable candidate, Mr. Simon Luk to fill the vacancy with effect from 12 November 2021, and as such, the Company has been able to re-comply with the relevant GEM Listing Rules as mentioned above since then.

ENVIRONMENTAL POLICIES

During the Year, the Group has complied with all applicable laws and regulations in relation to environmental protections in all material respects. Details of the Group's environmental, social and governance performance for the Year can be found in in the section headed "Environmental, Social and Governance Report" of this annual report.

KEY RISKS AND UNCERTAINTIES

The Group has implemented certain risk management practices to mitigate the risks that are present in our operations and financial position.

Risk Name	Description	Control Measures
Strategic and Business Risk		
Competitor	Newly opened hotels, competitors' renovation/facilities upgrade or promotional campaign of competitors might decrease the attractiveness of our hotel business.	1. Continuously monitor pricing, renovation or promotional campaign of our competitors and take necessary actions to reduce the impact on our performance; 2. Collect guest satisfactory rating to understand the needs of our guests; and 3. Reinvestments into our hotel to ensure competitiveness.
Macroeconomic and business environment	Economic downturn and the adverse effect of travel restrictions due to the outbreak of the COVID-19 pandemic which has led to a decrease in the number of tourists, corporate travelling budget and their sentiment on consumption could impact the occupancy rate, the competitions among the hotels and the profitability.	1. Keep updated with the macroeconomic and business environment, adjust business activities promptly to adapt to changes; and 2. Closely monitor operating costs and budget.
Brand Name	Any negative impact on the Group's brand name might affect the Group's market share, ability to maintain profitable room rate and occupancy rate.	1. Provide clear procedural guidelines to staff to ensure the service level is maintained; 2. Revenue team will closely monitor responses from hotel guests on social media; and 3. Provide code of conduct and training to all staff to increase their awareness of the Company's requirements.
Political and Regulatory	Adverse changes in government policy or regulatory requirement to the hotel industry might affect the Group's business model, incur extra operating cost or affect the Group's competitiveness.	1. Continuously monitor the macroeconomic, political and regulatory landscape in the Group's key markets to anticipate issues for possible adjustment of any business activities promptly; and 2. Closely monitor operating costs and savings measures when required.

Risk Name	Description	Control Measures
Operational risk		
Service Quality	Poor service delivered to guests might cause complaint which might lead to a bad rating and negative impact to our brand name, image and market share.	1. Provide clear procedural guidelines to staff to ensure the service level is maintained; 2. Provide sufficient trainings to staff to ensure high-quality service can be provided; and 3. Local knowledge and cases are shared to enhance staff skill levels to ensure guest satisfaction.
Human Resources	The hotel industry is a people-intensive business. Insufficient competent staff could affect the ability to deliver quality service to the guests and achieve the Group's strategies.	1. Maintain a competitive remuneration package to attract competent employees; 2. Provide comprehensive training to staff, especially new staff, to maintain their knowledge and skill; and 3. Share local knowledge and case to enhance staff skill levels to ensure guest satisfaction.
Natural Disaster/ Terrorist Attacks	Continued terrorist incidents around the globe bring tragic damages to people and negative impacts on travellers. Terrorist attacks could occur at our business location, which could bring fatalities and injuries to our guests and employees, as well as damages to our properties. Major disasters, such as fire, extreme weather conditions, contagious diseases, etc., could bring damage to our assets, adversely impact the Group's business operations and earnings and affect the health and safety of the Group's guests and employees.	1. Conduct ongoing risk surveys by external risk engineering consultant on selected properties focusing on insurable risks; 2. Organise security threat awareness training sessions in particular to the Group's hotels and the locations in which the Group's operate; and 3. Establish emergency plans.

Financial Risk

An analysis of the Group's financial risk management (including foreign currency risk, credit risk, interest rate risk and liquidity risk) are set out in note 44 of the notes to the consolidated financial statements.

DISCLAIMER OF OPINION

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2021 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 the Hong Kong Companies Ordinance.

Appropriateness of going concern assumptions

As set out in note 3(c) to the consolidated financial statements, the Novel Coronavirus ("COVID-19") pandemic which began in early 2020 has adversely affected the Group's operations for the year ended 31 December 2021 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group's operations. The Group incurred a loss of HK$115,769,344 during the year ended 31 December 2021 and, as of that date, had net current liabilities of HK$232,192,448. As of 31 December 2021, the Group had an interest-bearing bank borrowing of HK$286,827,636 from a bank which is subject to renewal and refinancing in January 2023 (Note 29). In addition, as at 31 December 2021, the Group had other financial liabilities of HK$109,705,709 in total which are repayable on demand, but only had cash and cash equivalents of HK$26,360,451.

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 the Group 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 plans and measures 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 plans and measures can be successfully implemented as scheduled. However, in respect of (1) the assumption that the settlement of construction payables of HK$47,527,422 is expected to be after the first half of 2023, the Company has not provided us with information regarding its communications with the contractor to enable us to evaluate the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain a financial support of not more than RMB80,000,000 (equivalent to approximately HK$94,600,000) from a controlling shareholders' family member, we are unable to verify the financial position of the controlling shareholders' family member and to assess whether such family member has sufficient financial capacity to provide the aforesaid financial support to the Company. There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support such plans and measures can be successfully implemented as scheduled. As a result, we were unable to conclude whether it is appropriate for the directors 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 have not been reflected in these consolidated financial statements.

We disclaimed our opinion on the Company's consolidated financial statements for the year ended 31 December 2020 ("2020 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2020 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2021. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2021 also for the possible effect of the disclaimer of audit opinion on 2020 Consolidated Financial Statements on the comparability of 2021 figures and 2020 figures in consolidated financial statements for the year ended 31 December 2021."

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The Audit Committee had critically reviewed the disclaimer of opinion (the "2021 Audit Qualifications") of the auditor of the Company (the "Auditor") and also the management's position and action plan of the Group to address the 2021 Audit Qualifications. The Audit Committee is in agreement with the management with respect to the 2021 Audit Qualifications and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group. The Audit Committee's views are based on (i) a critical review of the action plan to address the 2021 Audit Qualifications (and the assumption of successful and continued implementation), (ii) discussions between the Audit Committee, the auditors and the management regarding the 2021 Audit Qualifications; and (iii) the latest development of the COVID-19 pandemic. The Audit Committee is also of the view that the management should continue its efforts in implementing the actions and measures with the intention of mitigating the Group's liquidity pressure, and removing the 2021 Audit Qualifications in the next financial year.

THE COMPANY'S VIEW AND MEASURES TO ADDRESS THE AUDIT QUALIFICATIONS

In respect of the audit qualifications (the "2020 Audit Qualifications") as disclosed in the independent auditor's report for the year ended 31 December 2020, relating to the appropriateness of the assumption regarding the Company's ability to continue as a going concern, the Group has been undertaking a number of measures to improve its liquidity and financial position, including but not limited to: (a) the negotiation with the Group's principal lending bank in Singapore for postponement of certain principal repayment of its credit facilities in the forthcoming year; (b) the continued renewal of contracts with Singapore government for engaging Link Hotel as quarantine accommodation as far as possible in order to secure a stable income for the Group; (c) minimizing the workforce and other operating costs of the Group's hotels; and (d) continuing the negotiation with the holder of the Company's convertible bonds, which matured in November 2020, for an amicable repayment schedule.

The issues leading to the 2020 Audit Qualifications relating to the Company's ability to continue as a going concern remained unresolved during the audit of the Group's consolidated financial statements for the year ended 31 December 2021. Hence, the Auditor issued disclaimer of opinion on the consolidated financial statements of the Company for the Year, on the basis as set out in the section headed "Basis of disclaimer of opinion" in the independent auditor's report.

In view of the 2021 Audit Qualifications, the Group has discussed with the Auditor prior to the publication of this annual report.

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the 2021 Audit Qualifications in the next financial year, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

(1) the Group cooperated with the review by its principal lending bank (the "Lending Bank") on its loans, and passed the annual credit assessment conducted by the Lending Bank in March 2022, and the next credit assessment will be conducted before the refinancing of the existing master facility which will expire in January 2023;

(2) the Group has been negotiating with the Lending Bank for an amicable schedule for partial principal repayment of its revolving loans in 2022;

(3) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Further details will be discussed with the contractor upon completion of the on-site assessment of the bill of quantities of the construction works by the overseas construction team of the contractor after the relief of travel restrictions under the COVID-19 pandemic, which is currently expected to be in the first half of 2023;

(4) the Group will seek potential purchasers regarding the disposal of its spa hotel in Japan (which has been temporarily closed in May 2022 until further assessment of the profitability as and when appropriate) and realisation of its distressed debt assets, in order to generate working capital and strengthen the Group's liquidity position;

(5) the Company will continue its negotiation with the convertible bond holder of the CB (due 2020) for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020; and

(6) the Company will seek external debt financing in order to avoid a cash deficit position for at least 12 months from 1 January 2022.

Taking into account the successful and continued implementation of such measures, the management and also the Directors are satisfied that the Group will have sufficient working capital for a period of not less than 12 months from 1 January 2022 to 31 December 2022, and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

IMPACT OF THE 2021 AUDIT QUALIFICATIONS ON THE COMPANY'S FINANCIAL POSITION

Should the Group fail to achieve the intended effects resulting from above measures, 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.

OUTLOOK

The Group adopts an optimistic attitude in the future growth of its businesses. Apart from attracting new valuable guests to its hotels, 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 COVID-19 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 market conditions could be progressively relieved upon the widespread vaccination worldwide, 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 2021

Save for the impact to the Group's business and operations as a result of the outbreak and subsisting of the COVID-19 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 2021 and up to the date of this annual report. For details, please refer to Note 47 to the consolidated financial statements of the Group.

Corporate Governance Report

The Group is committed to high standards of corporate governance in the interest of its shareholders. It has continued and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

CORPORATE GOVERNANCE CODE

Save as disclosed in the section headed "Board of Directors" in the Corporate Governance Report, during the Year, the Company has complied with the code provisions set out in the Corporate Governance Code then in force (the "CG Code") contained in the Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions in securities of the Company by the Directors. Having made specified enquiry with the Directors, all the Directors confirmed that they had complied with the required standard of dealings during the Year.

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management of the Company is responsible for the day-to-day operations of the Company. As at 31 December 2021, the Board comprised eight Directors, including two executive Directors, three non-executive Directors ("NEDs") and three independent non-executive Directors ("INEDs").

During the period from 1 January 2021 up to the date of this report, there have been changes in the composition of the Board. As at the date of this report, the Board comprised eight Directors, including two executive Directors, three NEDs and three INEDs. The list of all Directors and the aforesaid changes are set out below:

Executive Directors

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho

Non-executive Directors

Mr. Lin Jianguo
Mr. Zhao Guoming
Ms. Zhang Shuo

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)
Mr. Simon Luk (appointed on 12 November 2021)

Each of the INEDs, namely Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021), Mr. Thng Bock Cheng John and Mr. Simon Luk has appropriate professional qualifications, or accounting or legal or related financial management expertise.

In determining the independence of INEDs, the Board has followed the requirements set out in the GEM Listing Rules. The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the INEDs have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

Pursuant to the articles of association of the Company (the "Articles"), at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. A circular which includes the biographical details of the retiring Directors who stand for re-election together with the notice of annual general meeting of the Company will be despatched to the shareholders of the Company in due course.

The Board meets regularly, and at least four times a year of approximately quarterly intervals. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

During the Year, the Board held five meetings, including four regular board meetings. The attendance records of these meetings are set out below:

	Attendance (for general meetings)	Attendance (for Board meetings)
Executive Directors		
Mr. Ngan Iek	0/1	1/5
Datuk Siew Pek Tho	1/1	5/5
Non-executive Directors		
Mr. Lin Jianguo	0/1	5/5
Mr. Zhao Guoming	0/1	5/5
Ms. Zhang Shuo	0/1	2/5
Independent non-executive Directors		
Mr. Chan So Kuen	0/1	4/5
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)	0/1	2/3
Mr. Thng Bock Cheng John	0/1	5/5
Mr. Simon Luk (appointed on 12 November 2021)	N/A	N/A

The annual general meeting of the Company was held on 23 June 2021. Except for Datuk Siew Pek Tho, the other Directors, due to their respective other important engagements, did not attend the annual general meeting of the Company held on 23 June 2021.

Following the passing away of the Company's former INED, Mr. Lai Yang Chau, Eugene on 21 October 2021 but before the appointment of Mr. Simon Luk on 12 November 2021 to fill the vacancy, (i) the Board comprised seven members, including two executive Directors, three non-executive Directors and two independent non-executive Directors, with the number of independent non-executive Directors on the Board falling below the minimum number of three and one-third of the Board, as respectively required under Rules 5.05(1) and 5.05A of the GEM Listing Rules; (ii) the number of Audit Committee members decreased from three to two, below the minimum number required under Rule 5.28 of the GEM Listing Rules; and (iii) there was a vacancy in the position of chairman of the Remuneration Committee and the number of independent non-executive Directors of the Remuneration Committee fell below the composition requirement under Rule 5.34 of the GEM Listing Rules. Nevertheless, the Company promptly identified a suitable candidate, Mr. Simon Luk to fill the vacancy with effect from 12 November 2021, and as such, the Company has been able to re-comply with the relevant GEM Listing Rules as mentioned above since then.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors" on pages 48 to 50. Mr. Ngan Iek, the chairman and executive Director of the Company, is the brother-in-law of Datuk Siew Pek Tho, an executive Director. Save as disclosed above, there are no family or other material relationships among members of the Board.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Company is headed by the Board which is responsible for the leadership, control and promotion of success of the Group in the interest of the Shareholders by formulating overall strategies of the Group, setting management targets, and supervising management performance.

DELEGATION BY THE BOARD

The overall management and control of the Company's business are vested in its Board, which assumes responsibility for its leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

Management is responsible for the day-to-day management of the Group's businesses and the implementation of the strategies and policies as determined by the Board. Where the Board delegates aspects of its management and administrative functions to the management, it gives clear directions as to the powers of management and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the role of the chairman and chief executive officer should be separated and should not be performed by the same individual. The posts of chairman and chief executive officer are separated to ensure a clear division between the chairman's responsibility to manage the Board and the chief executive officer's responsibility to manage the company's business. The separation ensures a balance of power and authority so that power is not concentrated.

Mr. Ngan Iek as a chairman of the Group, plays a leading role and is responsible for formulating development strategies and overseeing the overall business of the Group. During the Year, the Company did not have an officer with the title of chief executive officer. The duties of the chief executive officer have been undertaken by the members of the Board. The Board considers that this structure will not impair the balance of power and authority of the Board. The Board currently comprises two executive Directors, three NEDs and three INEDs.

Save as disclosed above and elsewhere in the Corporate Governance Report, the Company has complied with the code provisions as set out in the CG Code contained in Appendix 15 of the GEM Listing Rules throughout the Year.

BOARD DIVERSITY POLICY

The Board had adopted a board diversity policy (the "Board Diversity Policy") in December 2018, which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, integrity, management experience, technical skills, industry or professional knowledge and experience. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

NOMINATION POLICY

The Board had adopted a nomination policy (the "Nomination Policy") in December 2018, which sets out the approach to determine the nomination of Directors, the procedure, process and criteria to be adopted for the purposes of selecting and recommending candidates for directorship, and shall make recommendations to the Board on the appointment or re-appointment of Directors.

The Company considered that, in assessing the suitability of a proposed candidate, the nomination committee of the Board may make reference to certain criteria, including but not limited to experience in the Company's principal business and/or the industry in which the Company operates, balance of skills, knowledge and experience on the Board, and various aspects set out in the Board Diversity Policy.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure their contribution to the board remains informed and relevant.

The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the director.

During the Year and up to the date of this report, the Company has arranged an in-house seminar for all Directors on the topic relating to updates of the GEM listing rules and the CG Code. Directors are also encouraged to keep up-to-date their knowledge of directors' duties and responsibilities by reading relevant materials or attending relevant training courses.

AUDIT COMMITTEE

The Company has established the Audit Committee on 20 June 2014 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three INEDs, namely, Mr. Chan So Kuen, Mr. Thng Bock Cheng John and Mr. Simon Luk. Mr. Chan So Kuen is the chairman of the Audit Committee. The Audit Committee has met the external auditor of the Group to review the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of this report and financial statements of the Group for the Year. During the Year, the Audit Committee held five meetings. The attendance record of the Audit Committee meetings during the Year are set out below:

	Attendance
Mr. Chan So Kuen *(Chairman)*	5/5
Mr. Thng Bock Cheng John	5/5
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)	3/4
Mr. Simon Luk (appointed on 12 November 2021)	N/A

During the Year, the Audit Committee reviewed with the management or the auditors of the Company (i) the audit findings; (ii) the accounting principles and practices adopted by the Company; (iii) financial reporting matters (including quarterly, half-yearly and annual results); and recommended to the Board the re-appointment of the external auditor at the 2021 annual general meeting (the "2021 AGM"). The audited consolidated results of the Group for the Year have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 20 June 2014 in compliance with Rule 5.34 of the GEM Listing Rules. The primary duties of the Remuneration Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee consists of five members, namely, Mr. Ngan Iek, Datuk Siew Pek Tho, Mr. Simon Luk, Mr. Chan So Kuen and Mr. Thng Bock Cheng John, being two executive Directors and three INEDs. Mr. Simon Luk is the chairman of the Remuneration Committee and majority of the members are INEDs.

During the Year, the Remuneration Committee held two meetings. Details of the attendance of the Remuneration Committee meetings during the Year are set out below:

	Attendance
Mr. Simon Luk *(Chairman)* (appointed on 12 November 2021)	N/A
Mr. Lai Yang Chau, Eugene *(former Chairman)* (deceased on 21 October 2021)	1/1
Mr. Ngan Iek	2/2
Datuk Siew Pek Tho	2/2
Mr. Thng Bock Cheng John	2/2
Mr. Chan So Kuen	2/2

During the Year, the Remuneration Committee has considered and reviewed the existing terms of appointment of the Directors and the remuneration package of a newly appointed INED, which were considered fair and reasonable. The Remuneration Committee has also determined, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Company established a nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") on 20 June 2014. The primary duties of the Nomination and Corporate Governance Committee are set out in its terms of reference which are posted on the websites of the Company and the Stock Exchange.

The Nomination and Corporate Governance Committee consists of five members, namely, Mr. Ngan Iek, Datuk Siew Pek Tho, Mr. Chan So Kuen, Mr. Simon Luk and Mr. Thng Bock Cheng John, being two executive Directors and three INEDs. Mr. Ngan Iek is the chairman of the Nomination and Corporate Governance Committee. During the Year, the Nomination and Corporate Governance Committee held two meetings. Details of the attendance of the Nomination and Corporate Governance Committee meetings are set out below:

	Attendance
Mr. Ngan Iek *(Chairman)*	2/2
Datuk Siew Pek Tho	2/2
Mr. Chan So Kuen	2/2
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)	1/1
Mr. Thng Bock Cheng John	2/2
Mr. Simon Luk (appointed on 12 November 2021)	N/A

During the Year, the Nomination and Corporate Governance Committee has (i) considered and reviewed the Nomination Policy, the Board Diversity Policy, the Company's policies and practices on corporate governance, the process and criteria to select and recommend candidates for directorship; (ii) approved the nomination for appointment of a new INED; and (iii) recommended the Board to approve the proposed sequence for re-election of retiring Directors in the 2021 AGM. The Nomination and Corporate Governance Committee considers that the Nomination Policy, the Board Diversity Policy and the existing polices and practices of corporate governance of the Company are suitable. A brief summary of the Board Diversity can be found in the paragraph headed "Board Diversity Policy" of this report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with the statutory requirement and applicable accounting standards. The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the section headed "Independent auditor's report" of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible to maintain a sound and effective risk management and internal control system, in order to protect the interest of the Company and its shareholders. The risk management and internal control systems are designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives, and can only provide reasonable, but not absolute assurance against material misstatements or losses.

The Company has established an Enterprise Risk Management Framework (the "ERM Framework") in order to implement risk management effectively. Our ERM Framework comprises two key elements: risk management structure and risk management process.

Risk Management Structure

Board of Directors

The Board has a duty to ensure the effectiveness of the risk management and internal control systems of the Group (the "ERM system"). The Board oversees the ERM system, assesses and evaluates the Group's business strategies and risk tolerance. The Board monitors the ERM system in an on-going manner, and with assistance from the Audit Committee, reviews at least annually the effectiveness of the ERM system.

Audit Committee

The Audit Committee has the second highest responsibility to risk management and internal control. The Audit Committee assists the Board in overseeing the Group's ERM system by providing support and advice, including on-going monitoring of the execution of risk management processes, reviewing the Group's risk register, reviewing and approving the internal control review plan and results.

Management

The management, comprising the Board and senior managers, (the "Management") is responsible for identifying and monitoring the risks relevant to daily operations of the Group. The Management reports to the Board and the Audit Committee on the risks identified including strategic, operational, financial, reporting and compliance risks and its changes during the Year. The Management is also responsible to develop appropriate internal control measures to mitigate the risk, identify and resolve material internal control defects.

Independent internal control consultant and auditors

To ensure the independence of the internal control review, the Group has outsourced the internal audit function to an independent internal control consultant (the "IC consultant") whose scope of work includes reviewing the effectiveness of the Group's risk management and internal control systems. The scope of the internal control review is risk-based and is reviewed by the Audit Committee, and the IC consultant is able to communicate with the Audit Committee directly regarding the results of their review. The Auditor is also able to communicate the internal control issues they noticed during their audit to Audit Committee directly.

Risk Management Process

Our ERM Framework defined the procedures for identifying, assessing, responding and monitoring risks and their changes. Through regular discussion with each operating functions, the Group can strengthen the understanding of risk management such that all employees will understand and report various risks identified to the Management in a timely manner. It enhanced the Group's ability to identify and manage risks.

To identify and prioritize material risks throughout the Group, Management will communicate with each operating functions, collect significant risk factors that affect the Group from bottom to top, including strategic, operational, financial, reporting and compliance risks. After identifying all relevant risks, Management will assess the potential impact and possibilities of the risks and prioritize the risks. Appropriate internal control measures are then developed to mitigate the risks identified and the changes of risks in an on-going manner.

Main features of our risk management and internal control systems

Maintain an effective internal control system (operational level)

- Establish clear internal control policies and procedures, clearly define the responsibilities, authorities and accountabilities of each key positions;
- Establish code of conduct, explain the Group's requirements on integrity and ethical value to all staffs;
- Establish whistle blowing mechanism, encourage employees to report incidents of misconduct or fraud;
- Establish appropriate level of information technology access rights, avoid leakage of price sensitive information;
- Establish insider information disclosure policy, including reporting channel and responsible person of disclosure, unified response to external enquiries and obtain advice from professionals or the Stock Exchange, if necessary.

During the Year, the Board has reviewed the effectiveness of internal control policies and procedures, including those related to financial reporting and GEM Listing Rules compliance. The Board has considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions during the evaluation of the effectiveness of risk management and internal control systems.

On-going risk monitoring (risk management level)

Based on the ERM Framework and risk management policies established by the Board, the Management communicates with each operating functions, collects significant risk factors that affect the Group from bottom to top. The Group has established a risk register to record the risks identified, and the Management assesses the potential impact and possibilities of the risks and develop appropriate internal control measures to mitigate the risks identified.

During the Year, the Management conducted evaluation of risk management structure and procedures and submitted a risk assessment report to the Board and the Audit Committee, including a 3-year internal control review plan, to enable the Board and Audit Committee to effectively monitor and mitigate the major risks of the Group.

Independent review

The Group has appointed the IC consultant to conduct the annual internal control review[1] and the scope of review has covered the period from 1 January 2021 to 31 December 2021. An internal control review report has been provided to the Audit Committee.

The Management has established a remediation and improvement plan for internal control weaknesses identified. Nothing has come to the Audit Committee's or the Board's attention that causes them to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

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 report.

EXTERNAL AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group's financial statements for the Year is set out in the section headed "Independent Auditor's Report" in this annual report. The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The fees charged by the external auditor of the Company in respect of audit services and non-auditing services for the Year amounted to approximately HK$1.55 million (2020: approximately HK$1.3 million) and nil (2020: nil) respectively.

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary. The company secretary reports to the chairman on board governance matters, and is responsible for ensuring that the Board and Board committees procedures are followed, and for facilitating communications among Directors, senior management as well as with shareholders of the Company.

Our company secretary, Mr. Tong Hing Wah undertook over 15 hours of professional training to update his skills and knowledge for the Year.

1 The internal control review performed by the IC consultant does not constitute an assurance engagement made 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

APPROPRIATENESS OF GOING CONCERN ASSUMPTION

The Novel Coronavirus ("COVID-19") pandemic which began in early 2020 has adversely affected the Group's operations for the year ended 31 December 2021 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group's operations. The Group incurred a loss of HK$115,769,344 for the year ended 31 December 2021 and, as of that date, had net current liabilities of HK$232,192,448. As of 31 December 2021, the Group had a total interest-bearing bank borrowing of HK$286,827,636 from a bank which is subject to renewal and refinance in January 2023. In addition, as at 31 December 2021, the Group had other financial liabilities of HK$109,705,709 in total which are repayable on demand, but only had cash and cash equivalents of HK$26,360,451.

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.

The Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

(1) the Group cooperated with the review by its principal lending bank (the "Lending Bank") on its loans, and passed the annual credit assessment conducted by the Lending Bank in March 2022, and the next credit assessment will be conducted before the refinancing of the existing master facility which will expire in January 2023;

(2) the Group has been negotiating with the Lending Bank for an amicable schedule for partial principal repayment of its revolving loans in 2022;

(3) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Further details will be discussed with the contractor upon completion of the on-site assessment of the bill of quantities of the construction works by the overseas construction team of the contractor after the relief of travel restrictions under the COVID-19 pandemic, which is currently expected to be in the first half of 2023;

(4) the Group will seek potential purchasers regarding the disposal of its spa hotel in Japan (which has been temporarily closed in May 2022 until further assessment of the profitability as and when appropriate) and realisation of its distressed debt assets, in order to generate working capital and strengthen the Group's liquidity position;

(5) the Company will continue its negotiation with the convertible bond holder for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020; and

(6) the Company will seek external debt financing in order to avoid a cash deficit position for at least 12 months from 1 January 2022.

Taken into account of these measures and that the operating environment would gradually improve upon the COVID-19 widespread vaccination worldwide and the performance of hotel operations would be in line with this trend (though with some time lag) with the expectation of gradual relaxation of travel restrictions both locally and worldwide, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the intended effects resulting from above measures, 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.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the Articles, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. In the event that any shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company would like to call for an extraordinary general meeting, please make a written requisition to the principal office of the Company in Hong Kong from time to time, making attention to "The Board of Directors and the company secretary".

There are no provisions allowing shareholders to put forward proposals at the general meetings under the memorandum and articles of association. If shareholders wish to do so, they may request to convene an extraordinary general meeting as stipulated above and specify the proposals in such written requisition. For any enquiries, shareholders are welcome to contact the Company by post to the principal office of the Company in Hong Kong, by phone at (852) 3521 1706 or by fax at (852) 2180 7460.

INVESTOR RELATIONS

All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's corporate website (www.irasia.com/listco/hk/linkholdings) as soon as practicable after their release. The Company's constitutional documents are also available on both websites. During the Year, there were no significant changes to the Company's constitutional documents.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Link Holdings Limited ("Link" or the "Company") together with its subsidiaries (the "Group" or "We") is pleased to present the Environmental, Social and Governance ("ESG") Report for the year ended 31 December 2021 (the "Report") which outlines our approaches, strategies and performances of sustainability development.

REPORTING PERIOD AND SCOPE

The Report covers the period from 1 January 2021 to 31 December 2021 (the "Reporting Period"). Unless otherwise specified, the Report will focus on our principal business, the operation of Link Hotel in Singapore, which contributed the major source of revenue to the Group during the Reporting Period.

REPORTING STANDARDS

The Report was prepared in accordance with the latest applicable disclosure requirements of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). As for details of our corporate governance, please refer to the Corporate Governance Report section of our Annual Report.

REPORTING PRINCIPLES

This Report has followed the reporting principles of materiality, quantitative, balance and consistency. The Group's application of these four principles are illustrated as follows:

Reporting Principles	The Group's Application
Materiality	Material ESG issues are identified and prioritised through stakeholder engagement and materiality assessment. For more details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".
Quantitative	Quantitative information, including the key performance indicators ("KPI"), has been disclosed in the Report, where appropriate.
Balance	Both accomplishments and challenges in respect of the Group's ESG issues have been disclosed in an objective manner.
Consistency	The reporting and calculation methodologies are consistent to those in previous years to allow a meaningful comparison over time.

ACCESS TO THE REPORT

The Report is available in both Chinese and English on the Group's official website. The English version shall always prevail for any inconsistency or ambiguity between the two versions.

YOUR FEEDBACK

The Group acknowledges the importance of our stakeholders' feedbacks. Should you have any suggestions or comments on the content of the Report or our overall performance in sustainable development, please do not hesitate to contact us at general@linkholdingslimited.com.

ABOUT LINK HOTEL

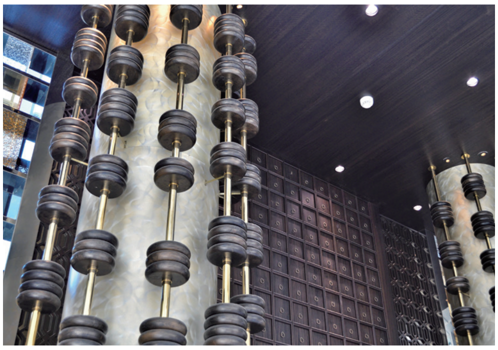
The Cultural Heritage of Singapore

Our operation of the award-winning heritage boutique hotel, Link Hotel, located at the heart of the oldest housing estate in Singapore, has been the first and only hotel to be converted from conserved art deco apartment blocks built by the Singapore Housing Development Board in the 1950s and 1960s. It has 274 guest rooms with different room categories located at two separate buildings, the Lotus Block and the Orchid Block, serving the need of business, leisure or family travellers.

Our Employees

The Link Hotel

Our mission is to deliver a "Home Away from Home" experience to all guests. We are determined to become a cultural ambassador of the region and promote the history of the area. With a classic red-brick facade, a design of the British public housing, we have incorporated bird cages, representing the signature leisure activity among the community and traditional abacus into the design concept of the lobby. We strive to create a culturally inspired and comfortable experience for our guests in the old town of Singapore.



The Interior of the Link Hotel

The Interior of the Link Hotel

Environmental, Social and Governance Report

We are committed to drawing visitors to the district where we operate and enabling them to explore in depth the cultural heritage of Singapore. We see ourselves as a cultural ambassador by turning ourselves into a tourist attraction. The attractions in our neighbourhood and facilities at our hotel property come in great varieties, including

- Tiong Bahru Heritage Trail, an exploration trip for the visitors to immerse themselves in the architecture of Art Deco buildings in the area;
- Tiong Bahru Market, a landmark since its renovation in 2006, not only selling groceries for locals but offering a spacious and clean indoor dining area with a great selection of Singaporean cuisines;
- Qi Tian Gong Temple, worshipping more than ten monkey god statues where visitors can pray for good fortune;
- Tasty Loong restaurant at Link Hotel, featuring an award-winning celebrity chef who serves Chinese cuisines with a touch of modern creations creating plenty of delicious fusion dishes; and
- Nanyang Old Coffee at Link Hotel, which has been a signature back in the 1940s for making traditional coffees with classic kaya toasts.


Tiong Bahru Market


Qi Tian Gong Temple

Tasty Loong

Nanyang Old Coffee

Award and Recognition

In recognition of our brand presence, we were awarded the honour of the "Singapore Prestige Brand Award 2020/21 – Established Brands" by the Association of Small & Medium Enterprises ("ASME") and Lianhe Zaobao in Singapore during the Reporting Period. We will continue to build the best brand and reputation to meet and exceed stakeholders' evolving expectations.

The "Singapore Prestige Brand Award 2020/21 – Established Brands" Award

Impacts of the COVID-19 Pandemic

We experience the pandemic of COVID-19 impacting our operations and worldwide hospitality industry as travellers have become less mobile and restricted from travelling frequently across countries. In the midst of the pandemic, we were appointed by the Government of Singapore as a hotel for quarantine purposes starting from mid-April 2020 and up to mid-December 2021. Thereafter, the hotel has temporarily suspended its accommodation business, which is expected to be about three months, for cleaning, disinfection and the related government checking, upgrading certain facilities to standards stipulated by the government for epidemic prevention purpose, as well as refurbishment of certain furniture and fixtures, before resumption of normal business of the hotel. Singaporeans, dormitory workers, students, or domestic helpers who were required to be in quarantine for 14 days were eligible for staying at Link. We ensure that the facilities and accommodations provided are properly cleaned and sanitized before making them available to our guests. We offered health and safety training to all the employees and fully equipped them with sufficient personal protective equipment in order to fulfil the expectations of our guests. The Group endeavours to fight against COVID-19 in the hospitality industry together with the local government. The Group is optimistic that our hotel business will resume in the near future upon the proposed relaxed travel restriction of the Government of Singapore and the improved vaccination rates so that we will be able to accommodate guests from all over the world once again in Link with our warm and genuine service.

OUR SUSTAINABILITY APPROACH

It is our belief that historic buildings and cultural heritage of Singapore could be passed down from one generation to the next through our business, as it is our commitment to be a responsible corporate citizen to create long-term value for the society. We are devoted to integrating environmental, social and governance considerations into the way we manage our business with an aim to create positive social and environmental impacts to our society. In particular, we are addressing the climate change impacts by setting green targets and more details of it can be found on the section headed "The Link with Our Environment".

Sustainability Governance

The Board of Directors (the "Board") is responsible for overseeing the Group's ESG-related issues to continuously improve our ESG performance. Our senior management has been delegated by the Board to manage all aspects of the implementation of ESG management approach and strategy. Our senior management will discuss and advise the Board on the ESG-related matters including the below on a regular basis:

- Formulating and reviewing the Group's ESG strategies, priorities, goals and targets (including but not limited to the green targets);
- Identifying, reviewing and managing the material ESG-related risks and opportunities (including but not limited to climate-related risks and supply chain risks);
- Planning, reviewing and monitoring the implementation of ESG-related policies and initiatives;
- Keeping track of and reviewing the Group's ESG performance and progress made against the goals and targets;
- Reviewing and monitoring the Group's stakeholder engagement channels to ensure ongoing dialogues to understand the expectations of the key stakeholders; and
- Preparing an annual ESG report for the Board's approval.

The Board has the overall responsibility in the oversight of the Group's ESG risk management. Material ESG-related risks are identified, evaluated, prioritised and managed by our senior management. ESG-related control measures are formulated and implemented to mitigate the ESG risks identified. Our senior management submits an ESG risk assessment report periodically for the Board's review and approval to ensure the Board is well informed of the ESG risk management activities of the Group. For more details of our corporate governance and risks management approach, please refer to the section headed "Corporate Governance Report" in our Annual Report.

Sustainability Strategy

We believe that sustainability encompasses not only cultural preservation, but also underpins our environmental performance, contribution to the wider community, manifestation of our core business practices and our relationships with stakeholders. Our sustainability strategy is guided by various standards and policies. We centre our sustainability efforts on four sustainability values.

Sustainably strategy	Goal
The Link with Our Guests	To enhance guest experience through outstanding accommodating services
The Link with Our People	To sustain a harmonious, hazard-free and nurturing working environment for our employees
The Link with Our Community	To create positive impacts to the local communities and act in line with their needs
The Link with Our Environment	To reduce our environmental footprint and combat climate change for a greener future

Stakeholder Engagement

Stakeholder engagement is a key component of our strategy to anticipate, shape and adapt to changes in the business environment. We regularly engage with a range of stakeholders in our daily operations. Engaging with our stakeholders allows us to better shape our business strategy to respond to their needs, and build business intelligence to make informed decisions, anticipate risks and strengthen key relationships.

Our key stakeholders are those that are significantly influenced by, or have the ability to influence our business, which include our guests, employees, investors and shareholders, government, suppliers and business partners as well as the local community. The chart below shows the channels used to engage various key stakeholder groups and the material sustainability issues of concern to each group.

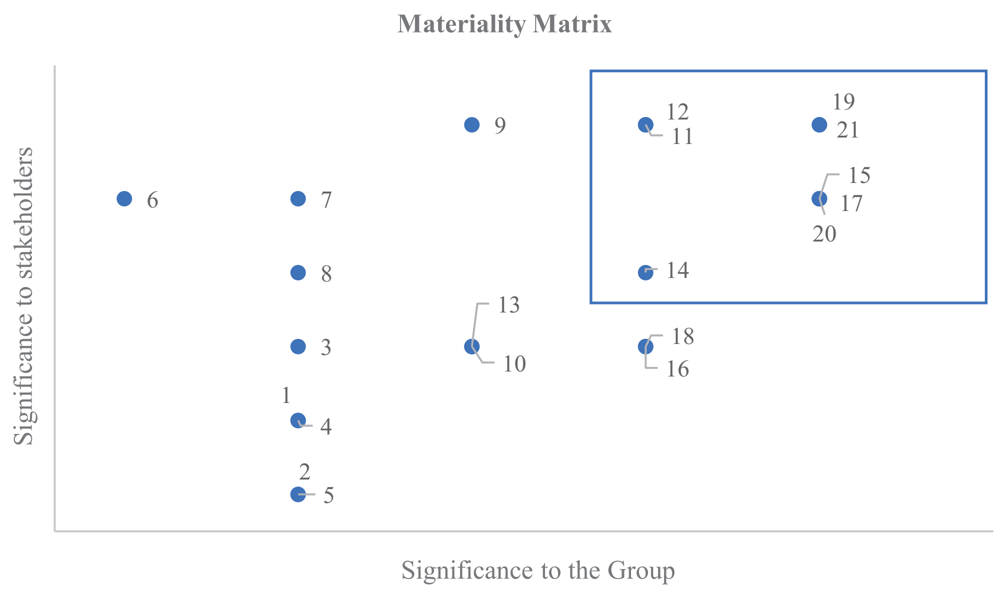
Stakeholder Group	Communication Channels	Matters of Interest
Guests	➢ Feedback cards ➢ E-mails ➢ Interactions with hotel employees during the visit	➢ Overall value of the cost ➢ Customer service quality ➢ Providing a "Home Away from Home" experience during the hotel stay ➢ Price attractiveness ➢ Proximity to tourist attractions
Employees	➢ Briefings and meetings ➢ Internal e-mails ➢ Notice board for employees ➢ Employee events	➢ Workplace health and safety ➢ Benefits and remunerations ➢ Employee trainings ➢ Career opportunities ➢ Team cohesiveness
Investors & Shareholders	➢ Annual reports ➢ General meetings ➢ Official website	➢ Financial performance ➢ Market positioning ➢ Peer competitions
Government	➢ Meetings ➢ Site visits	➢ Heritage and cultural conservation ➢ Benefits to Singapore's tourism
Suppliers and Business Partners (including tenants and booking agents)	➢ E-mails ➢ Consultations and meetings ➢ Phone calls ➢ Site visits and meetings	➢ Financial performance ➢ Relationship management ➢ Business volume
Local Community	➢ E-mails ➢ Service hotline	➢ Economic growth and job opportunities ➢ Impacts on environment (e.g. noise, water, light pollution etc.) ➢ Impacts on the neighbourhood (e.g. increase of tourists, traffic etc.)

Materiality Assessment

Materiality assessment is conducted to determine the ESG issues that are the most relevant to our business and our stakeholders, by adopting the three-step process as set out below:

- A list of 21 relevant ESG topics were identified based on the business knowledge, industry trend and stakeholder feedback;
- The Group's management and major stakeholder groups were invited to participate in an online questionnaire and rank the 21 relevant ESG topics based on the degree of materiality. A materiality matrix was formulated to illustrate the rating based on the importance to the Group and stakeholders; and
- The prioritised list of material ESG topics were presented to the Group's management for review and validation.

Based on the results of the online questionnaire, the most material ESG topics are listed at the top right quadrant of the materiality matrix and will be addressed in further details in this Report, while less material ESG topics are found at the bottom left of the materiality matrix.



List of ESG topics:

1. Air emissions
2. Waste
3. Carbon emission and energy
4. Water consumption
5. Packaging material consumption
6. Climate change risk
7. Green procurement
8. Environmental risks in supply chain
9. Staff welfare
10. Equal opportunity, diversity and anti-discrimination
11. Occupational health and safety
12. Staff development and training
13. Employment compliance
14. Ethically responsible sourcing
15. Customer service
16. Marketing and advertising
17. Anti-corruption
18. Community investment
19. Data protection and cybersecurity
20. Economic performance
21. Business growth

THE LINK WITH OUR GUESTS

Comfortable and Safe Accommodation

Quality Assurance

Link constantly discovers new services which can entertain our guests. Apart from the current services we equipped with such as the Rooftop Gym, the Reading Corner, free Wi-Fi, in-room minibar service, a great selection of restaurants, complimentary hotel shuttle service on selected routes, currency exchange service, concierge services, rental of portable power banks and 24-hour self-service laundry facilities, Link believes that getting hotel guests involved in local events is the most remarkable method in promoting Link as a heritage hotel and a cultural ambassador.

Apart from the effort maintained by our back of house operations, we ensure that our employees, especially for those who belong to the front of house area, are well-trained and ready to deliver professional services to our guests in a proactive manner. The first step to achieve this is to establish a grooming standard for the employees to follow. Grooming includes the personal hygiene and appearance of an individual, together with their expression of greetings which can influence Link's reputation. Therefore, it is crucial for Link to provide sufficient trainings with clear guidance stated in the Employee's Handbook.

Our Housekeeping Department remains a significant part in assuring the room quality meets our standard at all times. Housekeeping supervisors will conduct inspections regularly with a checklist to guarantee that the presentation and cleanliness of the room is satisfactory. They will contact the Maintenance Department for repair work if necessary. Sales representatives will also check on the rooms prior to guests' arrivals and contact respective departments for further enhancements when required. The Sales and Marketing Department will have follow-up actions if feedbacks are received from the guests after their stay. By conducting layers of inspections, we hope to present our hotel rooms at their best qualities which can build up positive reputation for the Link Hotel.

As an awarding-winning hotel when the travel industry was in a bloom, it has always been our commitment to strive to offer outstanding services at all times, even amid the unprecedented global challenges with uncertainties and difficulties. Being one of the quarantine hotels in Singapore, we are devoted to making concerted efforts to fight the virus and provide accommodation to guests seeking for a hotel offering a "Home Away from Home" experience during their quarantine period.

Feedback from our guests contribute a significant portion for Link to seek for continuous improvement. In each hotel room, we have placed the "We Care" card for our guests to submit compliments or suggestions for Link. Guests are also welcome to approach our employees to express their opinions.

During the Reporting Period, we did not receive any products and service related complaints.

Guest Safety

Guest safety is always of the utmost importance. We perform at our best in guaranteeing the safety of our guests. Apart from having clear indications of exit signs and emergency exit plans visibly posted behind each hotel room's door, the Link Hotel has full set of fire safety devices and systems in place, such as smoke detectors, automatic sprinkler system and fire extinguishers, in rigorous compliance with the Fire Safety Act of Singapore. Our Maintenance Department will perform regular checks on these safety facilities for example, conducting annual fire alarm testing to ensure that they are ready to use in case of any emergencies. In addition, our employees are well-trained to assist in escorting our guests. There are scheduled fire evacuation drills for our employees as required from the Singapore Civil Defence Force.

COVID-19 Prevention Measures

Our employees, especially the housekeeping team underwent proper training to ensure that they are well-prepared to maintain a safe, clean, hygienic and secure environment for our guests under quarantine. We have implemented the following measures to protect the health of our guests:

- Temperature checks are performed for all guests before entering the premises;
- Visitors and hotel guests are required to fill in health declaration forms upon arrival or during the check-in process;
- A notice is posted to inform guests that medical masks are available at the front desk area when necessary and remind them to contact the Front Desk Department in case of feeling unwell;
- Appropriate personal protective equipment such as medical masks and face shields are worn by employees throughout the hotel; and
- Designated employees are responsible for using the disinfectant sprayer machine to sanitize areas such as the hotel lobby, elevators, guest rooms, hallways and back of house areas regularly.

Privacy Protection

The Group is committed to protecting the privacy of our guests. By following the Personal Data Protection Act of Singapore, we ensure that guest information collected is stored in enclosed cabinets and data inputted in the check-in system can only be accessed by authorized personnel. The use of USB drives to save details of hotel guests is strictly prohibited. Any printed documents related to guests' privacy will also be handled and disposed of in a cautious manner. In light of this, we have raised the awareness of our employees by providing relevant training on handling guests' information as it is part of their responsibilities to safeguard interests of our guests.

Advertising

As a responsible corporate citizen, we uphold a high standard of ethics and integrity in advertising. In stringent compliance with the Singapore Code of Advertising Practice, we strive to ensure the information on our advertising and marketing materials are accurate, honest and legal. Due to our business nature, product labelling was irrelevant to the Group.

During the Reporting Period, the Group was not aware of any violation of any relevant laws and regulations that have a significant impact on the Group in relation to health and safety, advertising and privacy matters.

Supply Chain Management

A healthy supply chain can benefit the Group in building up sustainable business growth. The conduct and performance of our suppliers can have a significant impact on the quality of our offerings to guests and our reputation. It is the reason for us to proactively engage with our suppliers and to uphold our commitment to the Group's corporate social responsibility throughout Link's value chain. We promote environmentally preferable products and services by prioritising local suppliers to reduce carbon footprint of transportation, and engaged 3 major suppliers of which all are from Singapore during the Reporting Period. During the Reporting Period, we implemented the practices relating to engaging suppliers with the 3 major suppliers. We also encourage suppliers to opt for products with less packaging to reduce unnecessary waste and prioritise the use of energy-efficient equipment such as LED when selecting suppliers. When we cooperate with our suppliers, the suppliers are expected to follow the Supplier Code of Conduct before signing on contracts. In the Supplier Code of Conduct, we have stated our expectations and requirements in different ESG aspects covering labour standards, human rights, health and environmental impacts. The Group also schedules evaluation in reviewing suppliers' performances in aligning with the Supplier Code of Conduct. Furthermore, as we place great attention in the area of environmental impact created by the suppliers, we have also set up a Sustainable Procurement Policy for the Sales and Marketing Team in their selection of suppliers. Some of the factors for consideration include price, after-sale services and support, maintenance requirements and packaging materials. Suppliers who have more outstanding performances in sustainability management will become the Group's preferred suppliers.

An ESG-related risk assessment was conducted to identify the potential environmental and social risks along the supply chain of our major suppliers during the Reporting Period. The supply chain risks and control measures are carefully monitored, evaluated and managed by the Board and senior management on a regular basis. We will continue to identify related opportunities for improving ESG performance along the supply chain.

THE LINK WITH OUR PEOPLE

Equal Employer

To demonstrate that the Group values our employees, we have stringently complied with the Employment Act of Singapore to ensure equal opportunities are given to our employees. We are committed to creating a harmonious working environment for everyone. Link does not tolerate any kind of discrimination including sex, sexual orientation, race, colour, religion, national origin, age or disability. We have our own set of policies and operational standards for our employees to follow. Our employees' handout has clearly set out our policy concerning recruitment, employment, training, compensation, benefits, promotions and dismissals. As of 31 December 2021, we have a total of 19 full-time employees who work in Singapore at the Link Hotel. Below shows the diversity in our workforce:

	2021	2020	Unit
Total employees	19	32	Number
By gender			
Male	11	14	Number
Female	8	18	Number
By employee category			
General and Technical Staff	8	19	Number
Middle Management	8	9	Number
Senior Management	3	4	Number
By age group			
At or below 20	0	0	Number
Between 21-30	4	8	Number
Between 31-40	4	8	Number
Between 41-50	5	8	Number
At or above 51	6	8	Number
By geographical location			
Singapore	19	32	Number

Our equitable employee packages offer benefits along with fair remuneration according to the requirements of The Employment Act. To maintain our package at a competitive level, regular review and adjustments would be made to keep up with the industry standard. Below shows the turnover in our workforce as of 31 December 2021, including the layoff of certain manpower in order to minimize our operational costs during the COVID-19 pandemic:

	2021	Unit
Turnover (by gender)		
Male	45	%
Female	88	%
Turnover (by age group)		
At or below 20	0	%
Between 21-30	50	%
Between 31-40	125	%
Between 41-50	60	%
At or above 51	33	%
Turnover (by geographical location)		
Singapore	63	%

During the Reporting Period, the Group was not aware of any material non-compliance with the Employment Act of Singapore and other applicable local laws in relation to employment.

Note: We started to disclose more social KPIs during the Reporting Period, and some of the figures are provided with relevant comparative figures to provide a better picture of the Group's social performance.

Training and Development

It is important to continuously provide training to our employees to ensure their services and knowledge align with the Group's standard. For the hospitality industry being a competitive and dynamic market, solid trainings are necessary for further enhancement in daily operations.

Due to the impact of the COVID-19, we were unable to provide a lot of training courses during the Reporting Period. Prior to the outbreak of COVID-19, we would offer continuous, all-round and job-related trainings for employees, covering topics on service attitude, teamwork, operational-related skills, food hygiene, grooming and deportment, telephone skills and supervisory skills, to improve their efficiency and capability at work.

	2021	2020	Unit
Total training hours for employees	13	1,337	Hours

When new employees are recruited, the Group provides comprehensive orientations for them to get familiar with Link's operations and understand the standard procedures for performing their tasks. Training on anti-corruption is also provided as part of the orientation courses to build capability and knowledge of new recruits. On-the-job trainings will also be provided with a briefing session led by the Head of Department and attachments to senior colleagues for guidance. If necessary, additional courses related to the safety use of equipment, housekeeping standards will be conducted. During the Reporting Period, we held a fire safety training to strengthen our employees' capabilities in safeguarding the wellbeing of the hotel guests and themselves. Whereas in regular operational period, Link provides cross-departmental trainings to eligible employees so that they can attach to another department to learn new skills. The complexity of the job might also affect the span of the training from three months to one year. Employees who have successfully completed these trainings will have the priority in transferring to relevant departments once there are vacancies. It also serves as a way for employees to learn about the operations of different departments. By doing so, effective communication can be enhanced among departments with a better understanding of the diversity of job responsibilities.

	2021	2020	Unit
Percentage of staff trained (by gender)			
Male	62	47	%
Female	38	53	%
Percentage of staff trained (by employee category)			
General and Technical Staff	54	63	%
Middle Management	31	30	%
Senior Management	15	7	%
Average training hours (by gender)			
Male	0.50	31.28	Hours
Female	0.33	19.82	Hours
Average training hours (by employee category)			
General and Technical Staff	0.39	16.97	Hours
Middle Management	0.44	42.64	Hours
Senior Management	0.50	32.60	Hours

Note: The calculation of the training ratio and average training hours completed per employee during the Reporting Period included the relevant training data on those who left in the Group's principal business during the Reporting Period, to present an accurate reflection of the training resources invested by the Group during the Reporting Period.

The Human Resources Department is responsible for conducting the performance appraisal system regularly for at least once a year. A performance appraisal form will be filled in by the employee's supervisor or manager in evaluating the employee's job performance and personal feedbacks on further improvements or encouragements. The appraisal form will also act as a medium for the employee to decide on career advancement.

Promotion policies are clearly stated in the Employee's Handbook. Length of service with Link is not a major factor in deciding a successful promotion. Instead, the Human Resources Manager will consider the effectiveness of the individual's job performance, arising from their skills and abilities, efficiency, qualifications, past disciplinary records, attendance, safety record and attitude at work. This helps to ensure the promotion assessments are processed in a fair and unbiased manner.

We have developed code of conducts for employees which sets out the standards for employees to comply with. Any misconduct will lead to appropriate disciplinary actions according to the guidelines stated in the Employee's Handbook.

In the occurrence of dismissal or termination of employment contracts, notice periods should have been clearly stated on their contracts or otherwise, two weeks for probationary employees or one-month notice for full time employees. Link ensures that the procedure is consistently, appropriately and legally handled in order to protect the interests of the employee and the Group.

Occupational Health and Safety

The Group regards the health, safety and security of our employees and guests as our utmost priority. We ensure that Link strictly complies with the Workplace Safety and Health Act in Singapore. With effective systems and policies in place, we are committed to promoting a hazard-free working environment for our people.

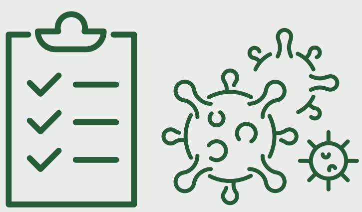
Prevention is a crucial procedure to avoid accidents from happening. Link has conducted regular risk assessments to evaluate potential hazards at work, such as the safety of office equipment and operations of the housekeeping department. The personnel who is responsible for the evaluation will identify different areas of risks whereas department managers will discuss with frontline employees to understand their concerns. Once evaluation results are collected, follow-up actions will be taken. Preventive measures will be taken to mitigate the risk or problem. For example, personal protective equipment will be provided for engineering employees to perform property maintenance tasks. Employees are encouraged to propose constructive and effective solutions to minimize their health and safety risks at work. We hope that this will also help Link build up better communications with the team members and raise their awareness of workplace hazards.

The Outbreak of COVID-19

Our strong legacy, resilience and exceptional heritage enables us to overcome adversity and emerge stronger. As we begin to emerge from the current crisis, the safety, health and wellbeing of our guests and our employees remains our highest priority. To safeguard the wellbeing of our employees, we have followed the guidelines provided by the Ministry of Health ("MOT") of Singapore and the Singaporean Tourism Board ("STB"). We have carried out a range of measures to protect our staff and reduce the potential risk of infection, including but not limited to the following items:

- Body temperature screening of all employees entering the hotel

- Flexible working arrangement for back-of-the-house employees and shortened work week for all employees



- Notices to offer advice on social distancing, travelling and hygiene at office and staff elevators

- Provision of sanitizers, face shields and masks to employees on duty

During the Reporting Period, the Group was not aware of any material non-compliance with the Workplace Safety and Health Act or relevant laws and regulations in Singapore which caused any significant impact on the Group and did not have any lost days due to injury. There were no work-related fatalities occurred in each of the past three years including the reporting year.

Work-life Balance

Employees are part of our significant assets. Therefore, the Group pays great attention to both the mental and physical health of our employees. We take great pride in and value their contributions in assisting the development of our business and services. We are devoted to maintaining the well-being of and create a work-life balance for our people.

Due to the nature of our hotel operation, a certain amount of workforce is required to work on shift. In spite of the shift pattern, the standard working hours remain 44 hours with one rest day per week, which are set according to the Employment Act of Singapore. We do not encourage overtime work. However, when it is necessary, especially during peak seasons with high occupancy rate, overtime is allowed with the permission of the head of the department prior to the shift. Compensation will also be offered according to the Employment Act of Singapore. For example, monthly meal and transportation allowances to employees working on midnight shifts.

Our employees are also entitled to a variety of leaves including, statutory leave, paid annual leave, child care leave, compassionate leave, maternity leave, matrimonial leave, paternity leave and public holidays. In addition, Link also offers medical insurance to employees to ensure that their health conditions are well-covered.

Unlike in previous years, we organised fewer company activities for our employees due to the COVID-19 pandemic during the Reporting Period and will resume staff activities when the pandemic subsides.

Labour Standards

The Group strictly prohibits child labour and forced labour. With reference to the Employment Act of Singapore, the Group applies a standard procedure in protecting the rights of our employees and complies with the Act's requirement. Our Human Resources Department is responsible for verifying applicants' identities during the recruitment process. Moreover, regular inspection will also be conducted to ensure that no child or forced labour are employed. After careful identity verification, the candidates below legal working age or with false documents would not be considered or hired. Therefore, no child labour would be employed. Employee roster would be checked monthly by human resource department to review their working hours. Employee who works overtime would be offered an adequate rest period to compensate for their overtime work. If any child or forced labour is found, the Group will promptly follow through with the necessary investigation and remediate the issue accordingly.

During the Reporting Period, the Group was not aware of any material non-compliance with the Employment Act of Singapore or laws and regulations related to child labour and forced labour.

Anti-corruption

The Group regards integrity, honesty and fair competition as our core values which should be upheld by our employees. The Management is responsible to protect the property and interest of Link. To help our employees to better understand the meaning of topics related to anti-corruption, bribery, extortion, fraud and money laundering, the Group has outlined the measures and controls together with a matrix stated in Link's Employee's Handbook. We have clearly stated disciplinary procedures to be taken if any suspicious cases have to be investigated. Moreover, regular reviews and updates over the polices will also be conducted to guarantee the equality and compliance with the Prevention of Corruption Act in Singapore.

Training on anti-corruption is provided to our employees including directors with an access to our internal anti-corruption policy. We have also included the anti-corruption in induction training for new staff to let them be familiarised with our anti-corruption practices.

During the Reporting Period, the Group was not aware of any concluded legal cases regarding corrupt practices brought against the Group or its employees nor any material non-compliance with the laws and regulations pertaining to the prevention of corruption, bribery, extortion, fraud and money laundering in the Prevention of Corruption Act of Singapore.

THE LINK WITH OUR COMMUNITY

The Group is dedicated to promote social awareness on environmental protection and climate change throughout local communities. We strongly encourage our employees to participate in volunteer activities and be actively engaged in social welfare activities to give back to the community. We believe that this will also build up the awareness of the individual employee and maintain a great reputation for the Group.

As a socially responsible enterprise we consider it as an honour to be appointed as a quarantine hotel as this is an opportunity for us to give back to our community during these unprecedented challenging times and to show support to society that we overcome this pandemic together. At Link, this means caring for each other, taking responsible actions to stop the spread of COVID-19, protecting our guests who stay with us and creating a safe workplace for our staff members.

THE LINK WITH OUR ENVIRONMENT

The Group constantly strives to maintain and improve the environmental friendliness of the Link Hotel. To achieve this, the Group has formulated the environmental policy which covers topics on energy conservation, waste reduction, water management and environmental protection. The policy is also regulated in accordance with relevant environmental laws and regulations such as the National Environmental Agency Act (Cap. 195) and Environmental Protection and Management Act (Cap. 94A). We actively review Link's operations and optimise resources usage by taking references from the practices implemented by peers in the hospitality industry. We believe that this will help to ensure Link Hotel operates in a sustainable manner.

Climate Change

Climate change is an imminent significant global challenge. We pave the path towards a more resilient future by adopting various climate mitigation and adaptation measures. During the Reporting Period, we have conducted an ESG-related risk assessment which covers climate-related risks to understand better the material climate risk of the Group and the corresponding impacts, including the potential consequences of risks if we fail to address the risks. Worsening extreme weather events such as floods, droughts, and heat waves would potentially disrupt our business operations and cause damages to our facilities. The Group is dedicated to addressing climate change by implementing the following measures:

➢ Identifying potential climate-related risks and implementing control measures to manage and mitigate the risks through ESG-related risk assessment	➢ Frequently monitoring local weather conditions
➢ Arranging rest period for staff with outdoor job duties and reminding them of avoiding working outdoor and drinking more water to prevent heatstroke under extreme hot days	➢ Informing staff through internal communication channel in case of adverse weather conditions
➢ Regular inspection and maintenance when necessary, to ensure the building structure and hotel facilities are resilient to adverse weather conditions	➢ Observing government's policies on climate change and updating the internal policies to meet relevant requirements, when necessary

Green Targets to Combat Climate Challenges

As an effort to respond to climate change, the Group has set the following green targets and will enhance climate resilience to combat the challenge.

- Emissions: to reduce emissions and greenhouse gas emissions in our operation;
- Waste: to minimise waste generation and avoid unnecessary consumption;
- Energy: to promote efficient use of energy we consume and increase energy efficiency; and
- Water: to utilise water in a responsible manner and enhance water efficiency in our operation.

Air and Greenhouse Gas Emissions

As the Link Hotel operates around the clock, during the Reporting Period, the main driver of energy consumption, which indirectly generated greenhouse gas emissions was purchased electricity for the operations of the Hotel, such as lighting, air-conditioning and the purpose of general usage. Another key contributor which led to air and greenhouse gas emissions was our shuttle van transportation service which uses unleaded petrol. Although the emission emitted was not material in creating an impact to the environment, Link will continue to revise our current practices at the workplace, periodically update and enhance the Environmental Policy. We always strive to be more attentive and discover better solutions to reduce our environmental impact.

Air Emissions[1]	2021	2020	Unit
Nitrogen Oxides (NO_x)	0.06	0.53	kg
Sulphur Oxides (SO_x)	0.00	0.02	kg
Particular Matter (PM)	0.00	0.04	kg

	2021	2020	Unit
Total Greenhouse Gas Emission (Scope 1 & Scope 2)	863.62	931.45	tonnes CO_2e

Waste Management

During the Reporting Period, we did not generate any hazardous waste. However, it is inevitable for the Group to generate non-hazardous waste due to our business nature, our major source of waste was general refuse and office papers generated from daily operations. We have assigned a qualified recycling agency to handle recyclable wastes. In addition, to comply with the requirements from the Environmental Public Health Act of Singapore, our employees are required to dispose of the refuse into the bin and ensure that the bin is covered with a lid at all times.

	2021	2020	Unit
Total Non-hazardous Wastes Produced	95.13	102.16	tonnes

Water Management

Water is important in providing hospitality services to our guests. We did not encounter any issues in sourcing water that was fit for purpose. As a responsible corporation, we actively promote sustainable water management throughout our operation. By following the Environmental Protection and Management Act of Singapore, we hope to optimise the efficiency of water usage and reduce the environmental impact in the long run.

	2021	2020	Unit
Total Water Consumption	14,761.47	14,663.80	m^3

[1] Emissions for SOx and PM were insignificant during the Reporting Period.

Resources Conservation

The Group aims to consume resources in a more responsible manner. During the Reporting Period, the Group did not produce any packaging materials nor had the need to utilize raw materials. The Group aims to utilize our valuable resources such as water and electricity by implementing methods of recycling and waste reduction. We hope to conserve resources through the following measures:

➢ Temperatures of air-conditioners are set to be between 25°C and 27°C.	➢ Encourage employees to use recycled paper for printing and copying.
➢ Implementation of the remote energy-saving tuning service to reduce energy spent.	➢ Offer e-confirmation for hotel reservations.
➢ We have placed green cards to offer options for our guests to make up their hotel rooms upon requests. This would lessen the usage of laundry services and amenities and help conserve water.	➢ Reminders such as "go paperless" messages are attached in e-mails to remind employees to refrain from printing if possible.
➢ The usage of sensor lighting for ceilings.	➢ Reminders to employees in switching off all air-conditioning, lights and electrical appliances for any unoccupied rooms and non-office hours.
➢ Make full use of electronic communications and the Office Administration System.	➢ Preference in selecting brands and models of electrical appliances who offer energy efficiency labels.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations in Singapore, including but not limited to the Environmental Protection and Management Act, the Sewerage and Drainage Act of Singapore and the Environmental Public Health Act in relation to the environment.

ENVIRONMENTAL KPI SUMMARY[2]

	2021	2020	Unit
Air Emissions			
Nitrogen Oxides (NO_x)	0.06	0.53	kg
Sulphur Oxides (SO_x)	0.00	0.02	kg
Particulate Matter (PM)	0.00	0.04	kg
Greenhouse Gas Emissions			
Total GHG Emissions	863.62	931.45	tonnes of CO_2e
Direct (Scope 1)	0.31	2.69	tonnes of CO_2e
Indirect (Scope 2)	863.31	928.76	tonnes of CO_2e
Total GHG Emission Intensity (Scope 1 & Scope 2)	0.08	0.09	tonnes of CO_2e/m^2
Energy			
Total Energy Consumption	2,117.03	2,225.77	MWh
Purchased Electricity	2,115.96	2,215.55	MWh
Unleaded Petrol	1.07	0.00	MWh
Diesel Oil	0.00	10.22	MWh
Energy Consumption Intensity	0.21	0.22	MWh/m^2
Water			
Total Water Consumption	14,761.47	14,663.80	m^3
Water Consumption Intensity	1.45	1.44	m^3/m^2
Waste[3]			
Total Non-hazardous Waste Generated	95.13	102.16	tonnes
Total Non-hazardous Waste Disposed	90.39	99.17	tonnes
Total Non-hazardous Waste Recycled	4.74	2.99	tonnes
Total Non-hazardous Waste Generated Intensity	0.01	0.01	$tonnes/m^2$

2 Figures are rounded to two decimal places in this chapter.

3 Due to our business nature, we were not aware of any significant generation of hazardous waste and packaging materials during the Reporting Period.

ESG REPORTING GUIDE CONTENT INDEX

A.Environmental		Chapter/Disclosure	Page
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		The Link with Our Environment	39-42
KPI A1.1	The types of emissions and respective emissions data.	Environmental KPI Summary	42
KPI A1.2	Direct and energy indirect greenhouse gas emissions and intensity.	Environmental KPI Summary	42
KPI A1.3	Total hazardous waste produced and intensity.	The Group does not generate hazardous waste.	N/A
KPI A1.4	Total non-hazardous waste produced and intensity.	Environmental KPI Summary	42
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change Air and Greenhouse Gas Emissions	39 40
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Climate Change Waste Management	39 40
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		The Link with Our Environment	39-42
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental KPI Summary	42
KPI A2.2	Water consumption in total and intensity.	Environmental KPI Summary	42
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change Resources Conservation	39 41
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Climate Change Resources Conservation	39 41

KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	Due to business nature, the Group does not generate packaging materials	N/A
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Resources Conservation	41
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resources Conservation	41
Aspect A4: Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate Change	39
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	39
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		The Link with Our People	34-38

KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Equal Employer	34
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Employer	35
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to providing a safe working environment and protecting employees from occupational hazards.		Occupational Health and Safety	37
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No work-related fatalities occurred in each of the past three years including the reporting year	N/A
KPI B2.2	Lost days due to work injury.	No lost day due to work injury during the Reporting Period	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	37
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		Training and Development	35-36
KPI B3.1	The percentage of employees trained by gender and employee category.	Training and Development	36
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development	36
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Labour Standards	38

KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	38
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	38
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply Chain Management	33
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	33
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	33
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	33
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	33
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		The Link with Our Guests	31-32
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to our business nature, this KPI was immaterial to the Group and therefore not disclosed.	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality Assurance	31

KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Due to our business nature, this KPI was immaterial to the Group and therefore not disclosed.	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Assurance	31
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy Protection	32
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption	38
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	38
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	38
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		About Link Hotel The Link with Our Community	25-27 38
KPI B8.1	Focus areas of contribution.	The Link with Our Community	38
KPI B8.2	Resources contributed to the focus area.	The Link with Our Community	38

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ngan Iek (顏奕先生) ("Mr. Ngan"), aged 49, was appointed as a Director on 15 May 2012. He was subsequently redesignated as a non-executive Director and was appointed as the chairman of our Company on 24 February 2014. Further on 2 March 2016, he was redesignated as an executive Director. He is one of the founders of the Group. He is responsible for formulating development strategies and overseeing the overall business of the Group. He is also a member of the Remuneration Committee and the chairman of the Nomination and Corporate Governance Committee. He obtained a Bachelor of Business degree from University of New England in Australia in March 1997.

Mr. Ngan obtained a Master of Business in Accounting and Finance from the University of Technology, Sydney in Australia in May 1998 and a Doctor of Business Administration from the Macau University of Science and Technology in October 2010. Mr. Ngan obtained a registered accountant licence from the Financial Services of the Government of Macau in June 2000. He became a member of the ninth session of the committee of All-China Youth Federation (中華全國青年聯合會) in January 2004. Mr. Ngan is also a member of the eleventh Fujian Province Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆福建省委員會會員). Mr. Ngan is a director of Vertic Holdings Limited ("Vertic"), the controlling shareholder of the Company, which was ordered to be wound-up pursuant to a Hong Kong court order dated 9 December 2019.

Mr. Ngan is (i) the elder brother of Ms. Ngan Iek Chan, the spouse of Datuk Siew Pek Tho, an executive Director; and (ii) the brother-in-law of Datuk Siew Pek Tho.

Datuk Siew Pek Tho (拿督蕭柏濤) ("Datuk Siew"), aged 49, was appointed as an executive Director on 24 February 2014. Datuk Siew is also the compliance officer and one of the authorised representatives of our Company. He is responsible for overseeing financial management and managing investment projects of the Group. Datuk Siew obtained a Bachelor of Business and a Master of Business in Accounting from the University of Technology, Sydney in Australia in September 1995 and May 1998 respectively. He obtained the certificate of membership from The Institute of Chartered Accountants in Australia in January 1998. Datuk Siew is the brother-in-law of Mr. Ngan Iek, the chairman and executive Director.

NON-EXECUTIVE DIRECTORS

Mr. Lin Jianguo (林建國先生) ("Mr. Lin"), aged 60, was appointed as a non-executive Director on 3 April 2020. He obtained his bachelor degree in economics (accounting profession) from Xiamen University in the PRC in 1983. Mr. Lin has over 30 years of experience in accounting, financial management and investment management. Mr. Lin has been working for Hang Huo Enterprise Group Limited (恒和企業集團有限公司) ("HHEGL"), a company incorporated in the Macau Special Administrative Region of the PRC, since 2001 and is currently the vice president of general affairs mainly responsible for financial management. HHEGL is owned by the family members of Mr. Ngan Iek, the chairman, an executive director and a controlling shareholder of the Company. Prior to joining HHEGL, Mr. Lin held various senior management positions in several PRC enterprises from 1983 to 2000.

Mr. Zhao Guoming (趙國明先生) ("Mr. Zhao"), aged 36, was appointed as a non-executive Director on 15 November 2019. He obtained his bachelor degree in economics from Nanjing University in the PRC in 2005 and a master degree in business administration from Peking University in the PRC in 2012. Mr. Zhao is currently the director of investment department of 中民投亞洲資產管理有限公司 (transliterated as China Minsheng Asia Asset Management Company Limited), which is the holding company of CMI Financial Holding Company Limited, a substantial shareholder of the Company. Prior to his current position, he worked in Shanghai Sailing Capital Management Company Limited (上海賽領資本管理有限公司), SDIC Fund Management Company Limited (國投創新投資管理有限公司) and Deloitte Touche Tohmatsu Certified Public Accountants (德勤華永會計師事務所).

Ms. Zhang Shuo (張碩女士) ("Ms. Zhang"), aged 35, was appointed as a non-executive Director on 8 January 2019. She obtained her Bachelor of Laws degree from the East China Normal University (華東師範大學) in the PRC in 2009 and a Master of Laws degree from the Xiamen University (廈門大學) in the PRC in 2012. Ms. Zhang is currently a senior counsel of CMI Asia. Prior to joining CMI Asia in 2007, Ms. Zhang was a solicitor in JunHe LLP and she possesses extensive legal and compliance experience in corporate investment and financing, asset restructure, cross-border mergers and acquisitions, foreign investment, fund establishment and operation. From February 2019 to June 2021, Ms. Zhang was an executive director of New Universe Environmental Group Limited (stock code: 436), a company whose shares are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Thng Bock Cheng John (湯木清先生) ("Mr. Thng"), aged 70, was appointed as an independent non-executive Director on 20 June 2014. Mr. Thng worked for Hotel New Otani in Singapore from March 1984 to September 2004. His last position with Hotel New Otani was a general manager where he was responsible for (i) formulating, communicating and administering effective standards of internal control procedures to ensure best practices within the hotel; (ii) implementing policies for an effective operational overview of the hotel; and (iii) implementing divisional performance measurements as an effective management tool in the allocation of the resources of the hotel. From October 2004 to November 2010, he was employed by Rendezvous Hospitality Group Pte. Ltd., a subsidiary of Straits Trading Company in Singapore as the director of development for Southeast Asia. From August 2011 to present, Mr. Thng was employed by Singa Hospitality Pte. Ltd. as a hotel opening consultant.

Mr. Chan So Kuen (陳素權先生) ("Mr. Chan"), aged 42, was appointed as an independent non-executive Director on 16 October 2014. He obtained his Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in 2001. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 14 years of experience in accounting, auditing, corporate governance and capital market in Hong Kong and the PRC. Since February 2014, Mr. Chan has been the chief financial officer of Huazhang Technology Holding Limited (Stock Code: 1673), a company listed on the main board of the Stock Exchange. Since January 2015, Mr. Chan has been an independent non-executive director of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (stock code: 1915), a joint stock limited liability company established in the PRC whose H shares are currently listed on the Main Board of the Stock Exchange.

Mr. Simon Luk (陸東全先生) ("Mr. Luk"), aged 56, was appointed as an independent non-executive Director on 12 November 2021. He obtained his bachelor degree in Arts major in Economics from the University of Alberta in 1990. Mr. Luk has been a responsible officer for the regulated activities of asset management (Type 9) under the Securities and Futures Ordinance (the "SFO") since 2003. He has over 15 years' experience in asset management and investment advising. Mr. Luk worked in various investment advising companies and has extensive experience in managing various funds and private equity portfolios. Since September 2020, Mr. Luk has been the responsible officer for Type 9 (asset management) regulated activity under the SFO of EAI Securities Limited. Mr. Luk has been an independent non-executive director of Infinity Chemical Holdings Company Limited (stock code: 640) and China Investment and Finance Group Limited (stock code: 1226), the shares of the two companies are listed on the Main Board of the Stock Exchange, since November 2013 and July 2014 respectively.

COMPANY SECRETARY

Mr. Tong Hing Wah (湯慶華先生) ("Mr. Tong"), aged 51, was appointed as the company secretary of the Company on 30 July 2019. He obtained his bachelor degree in accountancy from the Hong Kong Polytechnic University in 1993. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over 25 years of experience in regulatory compliance, financial reporting, auditing, financial management and corporate finance, including over 15 years of experience as the company secretary of Hong Kong listed companies.

The Directors are pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 31 December 2021 are set out in the consolidated financial statements on pages 63 to 65.

The Board does not recommend the payment of a final dividend for the Year.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion & Analysis" on pages 3 and 4 to 13 of this annual report respectively.

The Group recognises the importance of and is committed to environmental conservation. During the Year, the Group has ensured compliance with applicable environmental laws and regulations, as well as the effective implementation of various policies, initiatives and practices. For details on the environmental policies and performance of the Group and further discussion on other environmental, social and governance aspects of its operation, please refer to the section headed "Environmental, Social and Governance Report" on pages 24 to 47 of this annual report.

RESERVES

Movements in the reserves for the Year are set out in the consolidated statement of changes in equity on pages 66 to 67 of this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2021 calculated under the Companies Act (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$191.0 million.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year is set out in note 34 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the movement in convertible bonds of the Company during the Year is set out in note 33 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Details of the movements in property, plant and equipment and right-of-use assets during the Year are set out in notes 16 and 17 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

The Group has revalued its investment properties as at 31 December 2021. Details of movements during the Year are set out in note 18 to the consolidated financial statements.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of the borrowings as at 31 December 2021 are set out in note 29 to the consolidated financial statements.

CHARITABLE CONTRIBUTIONS

During the Year, the Group did not make any charitable contributions.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 152 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the Group's revenue from the largest customer and the five largest customers combined accounted for approximately 81% and 89% of the Group's total revenue (not including income/loss from distressed debt assets at amortised cost) respectively. For the Year, the Group's purchases from the largest supplier and the five largest suppliers combined accounted for approximately 11% and 34% of the Group's total purchases respectively.

None of the Directors or any of their associates or any shareholders of the Company (the "Shareholders") (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho

Non-executive Directors

Mr. Lin Jianguo
Mr. Zhao Guoming
Ms. Zhang Shuo

Independent Non-executive Directors

Mr. Thng bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene (deceased on 21 October 2021)
Mr. Simon Luk (appointed on 12 November 2021)

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company with a term of three years which shall be terminated by either party by serving no less than three months' notice in writing subject to the terms and conditions of such service contract.

Each of the non-executive Directors, including the INEDs, has signed an appointment letter with a fixed appointment term of three years.

The emoluments of the Directors are determined with reference to their duties, responsibilities and the prevailing market conditions. Details of the emoluments of each Director are set out in note 12 to the consolidated financial statements.

CONTRACTS, TRANSACTIONS AND ARRANGEMENTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract, transaction or arrangement of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

No contract of significance had been entered into between the Company, or any of its subsidiaries, and the controlling shareholders of the Company or any of its subsidiaries during the Year.

Save as disclosed above, no Director proposed for re-election at the 2021 AGM has an unexpired service contract with the Group which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of Directors are set out on pages 48 to 50 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the Year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Charter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, is as follows:

Long positions in shares of the Company

Name	Capacity	Total number of shares held	Percentage of shareholding
Mr. Ngan Iek	Interest in controlled corporation *(Note)*	1,900,000,000	54.44%

Note:

These shares are registered in the name of Vertic, a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in the shares of the Company held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

Long positions in Vertic, an associated corporation of the Company

Name of Directors	Nature of interest	Number of shares held in the associated corporation	Position	Approximate percentage of shareholding in the associated corporation
Mr. Ngan Iek	Beneficial owner	500	Long	50%
Ms. Ngan Iek Peng	Beneficial owner	250	Long	25%
Datuk Siew Pek Tho	Interest of spouse *(Note 1)*	250	Long	25%

Notes:

1. Datuk Siew Pek Tho is the spouse of Ms. Ngan Iek Chan who is the owner of 25% shareholdings in Vertic. Datuk Siew Pek Tho is deemed to be interested in the 25% shareholdings in Vertic held by Ms. Ngan Iek Chan under Part XV of the SFO.

2. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

Save as those disclosed above, as at 31 December 2021, none of the Directors had any interests or short positions in the shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.45 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Vertic	Beneficial owner	1,900,000,000 *(Note 1)*	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 *(Note 2)*	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 *(Note 3)*	19.77%
China Minsheng Asia Asset Management Company Limited (Formerly known as Minsheng (Shanghai) Asset Management Company Limited#) 中民投亞洲資產管理有限公司 (前稱民生（上海）資產管理有限公司) ("CMI Asia")	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%
China Minsheng Investment Group Corporation Limited# (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial owner	310,000,000 *(Note 4)*	8.88%

Notes:

1. Vertic is a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.

3. Such Shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the Shares held by CMI Hong Kong under Part XV of the SFO.

4. Pursuant to the disclosure of interest form filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

Long position in and the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(Note 1)*
CMI Hong Kong *(Note 2)*	Beneficial owner	HK$25,278,000	76,600,000	2.19%
CMI Asia *(Note 2)*	Interest of controlled corporation	HK$25,278,000	76,600,000	2.19%
China Minsheng Investment *(Note 2)*	Interest of controlled corporation	HK$25,278,000	76,600,000	2.19%
Ng Meng Chit	Beneficial owner	HK$25,128,000	698,000,000	20.00%

Notes:

1. As at 31 December 2021, the Company has a total number of 3,490,000,000 shares in issue.

2. Such underlying shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under section 336 of the SFO.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, as at 31 December 2021, so far as the Directors are aware, no person or company (not being a director or chief executive of the Company) had any interests and/or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTEREST

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 report.

SHARE OPTION SCHEME

The principal terms of the share option scheme adopted by the Company on 20 June 2014 (the "Share Option Scheme") are set out as follows:

Purpose

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest ("Invested Entity").

Participants

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

(1) any employee (whether full-time or part-time) of our Company, any of our subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of our Group or any Invested Entity;

(4) any customer of our Group or any Invested Entity; and

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity.

Total number of Shares available for issue

(1) The maximum number of shares of the Company (the "Shares") which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 10% of the total number of Shares in issue, without prior approval from the Company's shareholders (the "Shareholders").

As at 31 December 2021, the outstanding number of options available for grant under the Share Option Scheme is 280,000,000 options to subscribe for Shares, representing 10% of the number of Shares (as sub-divided) in issue as at the date of adoption of the Share Option Scheme.

Maximum entitlement of each participants

The total number of Shares issued and to be issued upon exercise of the options granted and may be granted to any participants in any 12-month period must not exceed 1% of the Shares in issue (as for connected persons, not exceed 0.1% of the Shares in issue or the value of HK$5 million), unless prior approval is obtained from the Shareholders.

Time of acceptance and exercise of an option

Any offer made to a participant for an option must be taken up within 21 days from the date (the "Offer Date") as specified in the offer letter issued by our Company, upon payment of HK$1. Option may be exercised in whole or in part at any time before the expiry of the period to be determined and notified by the Board, which shall not be longer than 10 years from the Offer Date.

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before an option can be exercised.

The subscription price

The subscription price for any Share under the Share Option Scheme is determined by the Board, and shall be at least the highest of: (i) the closing price of a Share on the Offer Date; (ii) the average closing price of a Share for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme on 20 June 2014.

During the Year, no option has been granted and there has been no movement of any options granted (if any) under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Year or at the end of the Year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in note 36 to the consolidated financial statements. None of these related party transactions constitute a discloseable connected transaction as defined under the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

According to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the directors and officers of the Company and its subsidiaries.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed elsewhere in the Corporate Government Report, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules for the Year. The Corporate Governance Report is set out on pages 14 to 23 of this report.

AUDITOR

The financial statements for the Year have been audited by BDO Limited which retires, and being eligible, offers itself for re-appointment at the 2021 AGM. A resolution to re-appoint BDO Limited and to authorise the Directors to fix its remuneration will be proposed at the 2021 AGM.

On behalf of the Board

Ngan Iek
Chairman and Executive Director
Hong Kong, 12 May 2022

In this report, translated English names of Chinese entities for which no official English translation exist are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF LINK HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Link Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 150 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Appropriateness of going concern assumptions

As set out in note 3(c) to the consolidated financial statements, the Novel Coronavirus ("COVID-19") pandemic which began in early 2020 has adversely affected the Group's operations for the year ended 31 December 2021 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group's operations. The Group incurred a loss of HK$115,769,344 during the year ended 31 December 2021 and, as of that date, had net current liabilities of HK$232,192,448. As of 31 December 2021, the Group had an interest-bearing bank borrowing of HK$286,827,636 from a bank which is subject to renewal and refinancing in January 2023 (Note 29). In addition, as at 31 December 2021, the Group had other financial liabilities of HK$109,705,709 in total which are repayable on demand, but only had cash and cash equivalents of HK$26,360,451.

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 the Group 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 plans and measures 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 plans and measures can be successfully implemented as scheduled. However, in respect of (1) the assumption that the settlement of construction payables of HK$47,527,422 is expected to be after the first half of 2023, the Company has not provided us with information regarding its communications with the contractor to enable us to evaluate the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain a financial support of not more than RMB80,000,000 (equivalent to approximately HK$94,600,000) from a controlling shareholders' family member, we are unable to verify the financial position of the controlling shareholders' family member and to assess whether such family member has sufficient financial capacity to provide the aforesaid financial support to the Company. There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support such plans and measures can be successfully implemented as scheduled. As a result, we were unable to conclude whether it is appropriate for the directors 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 have not been reflected in these consolidated financial statements.

We disclaimed our opinion on the Company's consolidated financial statements for the year ended 31 December 2020 ("2020 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2020 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2021. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2021 also for the possible effect of the disclaimer of audit opinion on 2020 Consolidated Financial Statements on the comparability of 2021 figures and 2020 figures in consolidated financial statements for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

BDO Limited
Certified Public Accountants
Lam Tsz Ka
Practising Certificate Number P06838

Hong Kong, 12 May 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 HK$	2020 HK$
Revenue	7	**49,718,776**	57,615,424
Cost of sales		**(22,832,351)**	(27,374,663)
Gross profit		**26,886,425**	30,240,761
Loss from distressed debt assets at amortised cost	7	**(4,664,622)**	(14,581,039)
Other income	8	**7,092,661**	6,408,404
Other gains and losses	9	**(409,546)**	7,580,756
Selling expenses		**(898,825)**	(1,783,181)
Administrative expenses		**(41,456,130)**	(43,049,004)
Finance costs	10	**(23,207,828)**	(17,011,424)
Gain on changes in fair value of investment properties	18	**543,211**	1,250,511
Impairment loss on non-current assets		**(76,782,689)**	–
Share of results of an associate	19	**–**	(13,730,964)
Loss before income tax expense	11	**(112,897,343)**	(44,675,180)
Income tax expense	13	**(2,872,001)**	(3,627,696)
Loss for the year		**(115,769,344)**	(48,302,876)
Other comprehensive income that will not be reclassified to profit or loss:			
Loss on revaluation of properties		**(18,070,167)**	(21,930,777)
Tax credit related to loss on revaluation of properties		**205,384**	3,830,929
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(8,860,653)**	3,587,656
Gain on cash flow hedges		**1,691,679**	136,892
Impairment loss on hotel properties recycled to loss for the year		**18,868,773**	–
Other comprehensive income for the year, net of tax		**(6,164,984)**	(14,375,300)
Total comprehensive income for the year		**(121,934,328)**	(62,678,176)
Loss attributable to:			
Owners of the Company		**(113,066,303)**	(48,207,538)
Non-controlling interests		**(2,703,041)**	(95,338)
		(115,769,344)	(48,302,876)
Total comprehensive income attributable to:			
Owners of the Company		**(119,119,570)**	(62,527,690)
Non-controlling interests		**(2,814,758)**	(150,486)
		(121,934,328)	(62,678,176)
Losses per share	14		
– Basic (HK cents per share)		**(3.240)**	(1.381)
– Diluted (HK cents per share)		**(3.240)**	(1.381)

Consolidated Statement of Financial Position

As at 31 December 2021

		At 31 December	
		2021	2020
	Notes	**HK$**	HK$
Non-current assets			
Property, plant and equipment	*16*	**336,961,840**	437,816,015
Right-of-use assets	*17*	**74,374,361**	76,535,027
Investment properties	*18*	**182,918,780**	185,419,039
Prepayments for construction	*20*	**858,960**	873,315
Deposit for acquisition of land	*21*	**1,617,118**	1,664,347
Total non-current assets		**596,731,059**	702,307,743
Current assets			
Hotel inventories	*22*	**576,388**	436,395
Distressed debt assets at amortised cost	*24*	**40,879,592**	54,695,537
Trade and other receivables	*25*	**6,876,966**	21,292,146
Cash and cash equivalents	*26*	**26,360,451**	39,521,013
		74,693,397	115,945,091
Assets classified as held for sale	*23*	**11,179,211**	10,823,641
Total current assets		**85,872,608**	126,768,732
Current liabilities			
Trade and other payables	*27*	**69,128,610**	62,986,971
Amount due to a non-controlling shareholder of subsidiaries	*28*	**8,537,621**	8,680,300
Amount due to a director	*28*	**10,251,007**	30,850,065
Interest-bearing bank and other borrowings	*29*	**189,036,220**	190,062,483
Lease liabilities	*30*	**1,086,484**	599,560
Provision for taxation		**5,004,361**	3,714,754
Derivative financial instruments	*32*	**2,159,353**	4,311,676
Convertible bonds	*33*	**32,861,400**	32,861,400
Total current liabilities		**318,065,056**	334,067,209
Net current liabilities		**(232,192,448)**	(207,298,477)
Total assets less current liabilities		**364,538,611**	495,009,266

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	At 31 December 2021 HK$	2020 HK$
Non-current liabilities			
Other payables	*27*	**8,648,557**	8,793,090
Interest-bearing bank and other borrowings	*29*	**99,076,951**	109,582,513
Lease liabilities	*30*	**849,791**	624,023
Deferred tax liabilities	*31*	**21,228,066**	21,912,030
Derivative financial instruments	*32*	**398,603**	–
Convertible bonds	*33*	**13,635,121**	11,461,760
Total non-current liabilities		**143,837,089**	152,373,416
Net assets		**220,701,522**	342,635,850
Equity			
Share capital	*34*	**3,490,000**	3,490,000
Reserves		**214,551,239**	333,670,809
Equity attributable to owners of the Company		**218,041,239**	337,160,809
Non-controlling interests		**2,660,283**	5,475,041
Total equity		**220,701,522**	342,635,850

On behalf of the Board

Ngan Iek

Datuk Siew Pek Tho

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company										
	Share capital HK$	Share premium HK$ *(Note a)*	Hotel properties revaluation reserve HK$ *(Note b)*	Other reserve HK$ *(Note c)*	Translation reserve HK$ *(Note d)*	Convertible bonds reserve HK$ *(Note e)*	Hedging reserve HK$ *(Note f)*	Retained earnings/ (accumulated losses) HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
At 1 January 2020	3,490,000	333,122,249	69,096,998	2,014,251	(29,765,427)	10,698,249	(4,394,641)	1,084,331	385,346,010	5,625,527	390,971,537
Loss for the year	–	–	–	–	–	–	–	(48,207,538)	(48,207,538)	(95,338)	(48,302,876)
Other comprehensive income											
– Loss on revaluation of properties	–	–	(21,930,777)	–	–	–	–	–	(21,930,777)	–	(21,930,777)
– Tax credit/(expense) related to gain on revaluation of properties	–	–	3,830,929	–	–	–	–	–	3,830,929	–	3,830,929
– Exchange differences arising on translation of foreign operations	–	–	–	–	3,588,877	–	53,927	–	3,642,804	(55,148)	3,587,656
– Gain on cash flow hedges	–	–	–	–	–	–	136,892	–	136,892	–	136,892
Total comprehensive income for the year	–	–	(18,099,848)	–	3,588,877	–	190,819	(48,207,538)	(62,527,690)	(150,486)	(62,678,176)
Issue of convertible bonds *(note 33(b))*	–	–	–	–	–	14,342,489	–	–	14,342,489	–	14,342,489
Release of hotel properties revaluation reserve upon disposal of an associate *(note 19)*	–	–	(1,308,384)	–	–	–	–	1,308,384	–	–	–
At 31 December 2020 and 1 January 2021	**3,490,000**	**333,122,249**	**49,688,766**	**2,014,251**	**(26,176,550)**	**25,040,738**	**(4,203,822)**	**(45,814,823)**	**337,160,809**	**5,475,041**	**342,635,850**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(113,066,303)**	**(113,066,303)**	**(2,703,041)**	**(115,769,344)**
Other comprehensive income											
– Loss on revaluation of properties	**–**	**–**	**(18,070,167)**	**–**	**–**	**–**	**–**	**–**	**(18,070,167)**	**–**	**(18,070,167)**
– Tax credit/(expense) related to gain on revaluation of properties	**–**	**–**	**205,384**	**–**	**–**	**–**	**–**	**–**	**205,384**	**–**	**205,384**
– Impairment loss on hotel properties recycled to loss for the year	**–**	**–**	**18,868,773**	**–**	**–**	**–**	**–**	**–**	**18,868,773**	**–**	**18,868,773**
– Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(8,810,977)**	**–**	**62,041**	**–**	**(8,748,936)**	**(111,717)**	**(8,860,653)**
– Gain on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**–**	**1,691,679**	**–**	**1,691,679**	**–**	**1,691,679**
Total comprehensive income for the year	**–**	**–**	**1,003,990**	**–**	**(8,810,977)**	**–**	**1,753,720**	**(113,066,303)**	**(119,119,570)**	**(2,814,758)**	**(121,934,328)**
At 31 December 2021	**3,490,000**	**333,122,249**	**50,692,756**	**2,014,251**	**(34,987,527)**	**25,040,738**	**(2,450,102)**	**(158,880,104)**	**218,041,239**	**2,660,283**	**220,701,522**

Notes:

a. The share premium account of the Group represents the premium arising from the issuance of shares at premium.

b. The hotel properties revaluation reserve represents the gains arising on the revaluation of hotel buildings of the Group and the associate (other than investment properties).

c. The other reserve of the Group represents the difference between the nominal value of the shares issued by the Company and the aggregate nominal value of the issued share capital of subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014. The other reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the consideration and the carrying amount of the net assets attributable to the additional interest in the subsidiary acquired.

d. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).

f. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$	2020 HK$
Cash flows from operating activities			
Loss before income tax expense		**(112,897,343)**	(44,675,180)
Adjustments for:			
Loss from distressed debt assets at amortised cost	*7*	**4,664,622**	14,581,039
Interest income	*8*	**(1,109)**	(1,552)
Gain on disposal of an associate	*9*	**–**	(10,909,956)
Gain on disposal of property, plant and equipment	*9*	**(29,892)**	–
Gain on disposal of right-of-use assets	*9*	**–**	(50,750)
Penalty on default repayment of convertible bonds	*9*	**–**	7,583,400
Loss allowance for ECLs of distressed debt assets	*9*	**1,282,838**	1,886,504
Modification gain on bank borrowings	*9*	**(843,400)**	(6,155,897)
Write off of property, plant and equipment	*9*	**–**	65,941
Finance cost	*10*	**23,207,828**	17,011,424
Depreciation of property, plant and equipment	*11*	**16,287,295**	16,855,479
Impairment on non-current assets	*11*	**76,782,689**	–
Bad debt written off	*11*	**451,707**	64,083
Gain on changes in fair value of investment properties	*18*	**(543,211)**	(1,250,511)
Share of results of an associate	*19*	**–**	13,730,964
Operating profit before working capital changes		**8,362,024**	8,734,988
Increase in hotel inventories		**(176,440)**	(9,207)
Proceeds from disposal of distressed debt assets		**9,396,647**	–
Decrease in trade and other receivables		**14,794,299**	3,804,917
Decrease/(increase) in trade and other payables		**(2,576,465)**	1,721,299
Cash generated from operations		**29,800,065**	14,251,997
Income taxes paid		**(1,389,726)**	(2,178,029)
Net cash flows generated from operating activities		**28,410,339**	12,073,968
Cash flows from investing activities			
Interest received		**1,109**	1,552
Payments for purchases of property, plant and equipment		**(992,906)**	(1,219,748)
Proceeds from disposal of property, plant and equipment		**75,205**	–
Payments for purchases of right-of-use assets		**–**	(237,418)
Proceeds from disposal of interest in an associate		**–**	14,934,234
Repayments for construction		**–**	(3,473,917)
Net cash (used in)/generated from investing activities		**(916,592)**	10,004,703

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$	2020 HK$
Cash flows from financing activities			
Decrease in amount due to a director		**(22,021,406)**	(32,077,745)
Proceed from other borrowing		**–**	1,452,892
Repayment of bank borrowings		**(7,868,407)**	(2,090,624)
Net proceed from issuance of convertible bonds		**–**	24,889,243
Repayments of lease liabilities		**(1,133,416)**	(1,190,183)
Interest paid		**(9,411,682)**	(11,189,003)
Net cash used in financing activities	*40*	**(40,434,911)**	(20,205,420)
Net (decrease)/increase in cash and cash equivalents		**(12,941,164)**	1,873,251
Cash and cash equivalents at beginning of year		**39,521,013**	36,685,154
Effect of exchange rate changes on cash and cash equivalents		**(219,398)**	962,608
Cash and cash equivalents at end of year		**26,360,451**	39,521,013

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. Details of the principal activities of the Company's subsidiaries are set out in note 41 to the consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 12 May 2022.

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

(a) Adoption of new/revised IFRSs

The Group has applied the following amendments to IFRSs to these consolidated financial statements for the current accounting period:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

None of these amended IFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended IFRSs are summarised below.

Amendments to IFRS 16 – Covid-19-Related Rent Concessions

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of IFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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

(a) Adoption of new/revised IFRSs (cont'd)

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

(b) New/revised IFRSs that have been issued but are not yet effective

The following new or amended IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
IFRS 17	Insurance Contracts[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 9, IFRS 16 and IAS 41[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023.
4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

(b) New/revised IFRSs that have been issued but are not yet effective (cont'd)

Amendments to IFRS 1 – Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Int 5 (2020) was revised as a consequence of the Amendments to IAS 1 issued in August 2020. The revision to Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to IAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

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

(b) New/revised IFRSs that have been issued but are not yet effective (cont'd)

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$74,374,361 and HK$1,936,275 respectively.

The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

IFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

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

(b) New/revised IFRSs that have been issued but are not yet effective (cont'd)

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC-Int 21 "Levies", the acquirer applies IFRIC-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- IFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRSs, 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 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 below.

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 note 5 to the consolidated financial statements.

(c) Going concern assumptions

The Novel Coronavirus ("COVID-19") pandemic which began in early 2020 has adversely affected the Group's operations for the year ended 31 December 2021 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group's operations.

The Group incurred a loss of HK$115,769,344 for the year ended 31 December 2021 and as of that date, had net current liabilities of HK$232,192,448. As of 31 December 2021, the Group had a total interest-bearing bank borrowing of HK$286,827,636 from a bank which is subject to renewal and refinancing in January 2023 (Note 29). In addition, as at 31 December 2021, the Group had other financial liabilities of HK$109,705,709 in total which are repayable on demand, including (i) construction payable amounting to HK$47,527,422, included in trade and other payables that are related to the Bintan CGU (as defined in note 16), (ii) an amount due to a director amounting to HK$10,251,007 (Note 28), (iii) 2015 convertible bonds that matured and due in November 2020 with penalty on default repayment of the convertible bonds in an aggregate amount of HK$32,861,400 (Note 33), (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$8,537,621 (Note 28), and (v) interest payable of convertible bond amounting to HK$10,528,259 (Note 27), but only had cash and cash equivalents of HK$26,360,451 as the same date.

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.

3. BASIS OF PREPARATION (CONT'D)

(c) Going concern assumptions (cont'd)

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 18 months from the end of the reporting period and has taken into account the following:

– Obtain a letter of support from a controlling shareholders' family member with a limit of not more than RMB80,000,000 (equivalent to approximately HK$94,600,000);

– Expected cash inflows from further realisation of distressed debt assets;

– The bank borrowings of HK$286,827,636 subject to renewal and refinancing in January 2023 will be successfully renewed and refinanced;

– Successful seeking of purchaser regarding the disposal of the hotel properties with freehold land located in Japan with a carrying amount of approximately HK$36.2 million as at 31 December 2021 to obtain further source of funds; and

– Based on the latest communication with the contractor, the Group is expecting that a holistic review of the construction progress in Bintan Islands which includes (1) an on-site assessment of the construction progress by the overseas construction team of the contractor after the relief of quarantine measures under the COVID-19 pandemic, which is currently estimated to be in the first half of 2023; (2) a reassessment of the time and costs to be incurred to complete the construction; and (3) negotiation of a detailed settlement plan of the construction payables will be carried out. As such, it is expected that the settlement of the construction payables will not happen during or before such time.

Assuming the plans and measures in the forecast can be successfully implemented as scheduled, the directors are of the opinion that the Group will have sufficient working capital over the forecast period to finance its operations and fulfil its financial obligations as and when they fall due, including the settlement of the matured and overdue 2015 convertible bonds (Note 33). Accordingly, the directors of the Group considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the plans and measures as scheduled, 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(d) Property, plant and equipment

Hotel buildings are stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the properties revaluation reserve to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

No depreciation is provided on freehold land. Other property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Other property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	60 years
Leasehold improvements	3 – 20 years
Computer equipment	3 – 5 years
Furniture, fixtures and equipment	3 – 15 years
Motor vehicles	3 – 6 years

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

(f) Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group as lessee – Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

The Group as lessee – Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leasing (cont'd)

The Group as lessee – Lease liability (cont'd)

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(g) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than hotel buildings);
- Right-of-use asset;
- investments in subsidiaries;
- interest in an associate;
- prepayments for construction; and
- repossessed assets.

If the recoverable amount (i.e. the greater of the fair value less costs to disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another IFRS, in which case the impairment loss is treated as a revaluation decrease under that IFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments (cont'd)

(ii) Impairment loss on financial assets (cont'd)

The Group has elected to measure loss allowances for trade receivables and contract assets using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

For purchased credit-impaired financial assets, the Group only recognises the lifetime cumulative change in expected credit losses after initial recognition on the financial reporting date as impairment allowance. On each financial reporting date, the Group recognises the amount of the changes in expected credit losses in profit or loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments (cont'd)

(iii) Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, interest-bearing bank and other borrowings, amounts due to non-controlling shareholder and a director, lease liabilities and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share capital and share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments (cont'd)

(iv) Convertible bonds (cont'd)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset of financial liability and of allocating interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Derivatives and hedging activities (cont'd)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 44(c). Movements in the hedging reserve in shareholders' equity are shown in note 44(c) to the consolidated financial statement. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting IFRS 9. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(j) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including assets similar in nature to cash, which are not restricted as to use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Repossession of assets

In the recovery of distressed debt assets, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy, impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are assets held for sale if it is highly probable that the future economic benefits will flow to the Group, their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition.

Repossessed assets are recorded at the lower of the amount of the distressed debt assets and fair value less costs to sell at the date of exchange. They are not depreciated or amortised. Impairment losses on initial classification and on subsequent remeasurement are recognised in the statement of comprehensive income.

(m) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception./Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (cont'd)

Hotel room service

The Group has determined that for contracts with hotel guests for the hotel room services, there may be one or two performance obligations, which include the provision of hotel room services and provision of free breakfast. For the hotel room services, the Group has determined that the customers simultaneously receives and consumes the benefits of the Group's performance and thus the Group concludes that the service should be recognised overtime. For the performance obligation related to the free breakfast, the Group determines that the customers obtain control of the breakfast when it was delivered to the customers. Revenue is thus recognised when the customers finished their breakfast. Invoices are issued when the hotel guests checked out and the payment was required to settle at the same time. Uninvoiced amounts and the amounts receipt in advance regarding the hotel room services are presented as contract assets and contract liabilities respectively.

Sales of food and beverage

The Group operates a restaurant selling food and beverages. Revenue from the sales of food and beverages is recognised when a group entity sells a product to the customer. There is generally only one performance obligation. Invoices are usually payable when the customers finished their meal and the payment of the transaction price is due immediately.

Rental income

Rental is recognised in the consolidated income statement on a straight-line basis over the lease term.

Income from distressed debt assets

It included interest income and disposal income arising on distressed debt assets at amortised cost. Interest income is recognised in profit or loss using the effective interest method.

Interest income

Interest is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(n) Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(p) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Foreign currencies (cont'd)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(q) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. In particular the Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are made based on a percentage of the employee's basic salaries and are recognised as an expense in the period in which the related service is performed. The Group's employer contributions vest fully with the employees when contributed into the Central Provident Find scheme.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits (cont'd)

(ii) Defined contribution retirement plan (cont'd)

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit and loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independent administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

(r) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

The Group also operates a phantom share option scheme (the "Share Option Scheme") which is determined to be a cash-settled share-based payment transaction with employees. An option pricing model is used to measure the Group's liability at grant date and subsequently at the end of each reporting period, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognised in profit or loss.

(s) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation.

(v) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Related parties (cont'd)

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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 reversed 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.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives for the property, plant and equipment of the Group. The estimate is based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which would affect the related amortisation and depreciation charges included in the consolidated statement of comprehensive income.

(b) Estimate of income and deferred tax provisions

Significant judgement is required in determining the amount of provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income and deferred tax provisions in the period in which such determination were made.

(c) Provision for impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required. Due to greater financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could led to increased credit default rates. Further information on the impairment assessment on financial and contract assets are set out in note 44(c) to the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(d) Measurement of distressed debt assets at amortised cost

Distressed debt assets at amortised cost are recognised at fair value (generally the consideration paid) and subsequently measured at amortised cost using the effective interest rate method. The interest rate method is applied at the level of individual distressed debt by using an actuarially determined three-year cash collections forecast to determine an effective interest rate or implicit cash flow. This effective interest rate is used over the collection life cycle to apportion cash collections between the principal and interest components.

As a minimum, cash collections over the three-year collection life cycle are actuarially reforecasted each accounting period and any consequent adjustment to the carrying value is recognised in profit or loss on a net basis across all distressed debt assets tranches.

The appropriateness of the carrying value of distressed debt assets at amortised cost is assessed by management and Directors by reviewing realised cash collections against ongoing forecasts and assessing cash flow generation more broadly.

(e) Fair value measurement

A number of assets and liability included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's non-financial assets and financial liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(e) Fair value measurement (cont'd)

The Group measures a number of items at fair value:

- Hotel buildings (note 16);
- Investment properties (note 18); and
- Derivative financial instruments (note 32)

More detailed information in relation to the fair value measurement of the items above are set out in note 43(c) to the consolidated financial statements.

The valuation of hotel buildings has factored the potential impact of the COVID-19 pandemic by modifying the previous year's assumptions, by lowering the expected occupancy rate, room rate and expected growth rate in 2022, whilst the discount rate has been increased, reflecting the uncertainty and risk of defaults and non-payment of receivables caused by the COVID-19 pandemic.

(f) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's hotel operations in Singapore and Japan.

(g) Going concern and liquidity

The assessment of the going concern assumptions involves making judgements by the Directors of Group, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors of Group consider that Group has ability to continue as a going concern and the major conditions that may cast doubt about the going concern assumptions are set out in note 3(c) above.

6. 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. Central corporate income, other gains and losses, 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 segments 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 2021					
External revenue	**42,153,163**	**–**	**7,565,613**	**–**	**49,718,776**
Loss from distressed debt assets at amortised cost	**–**	**–**	**–**	**(4,664,622)**	**(4,664,622)**
Segment profit/(loss)	**216,650**	**(33,613,464)**	**(52,329,996)**	**(5,980,599)**	**(91,707,409)**
Corporate income, gains or losses – Others					**9,740**
Central administrative cost and finance cost					**(21,199,674)**
Loss before income tax expense					**(112,897,343)**

6. OPERATING SEGMENT INFORMATION (CONT'D)

(a) Reportable segments (cont'd)

Segment revenue and results (cont'd)

	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 2020					
External revenue	43,851,953	–	13,763,471	–	57,615,424
Loss from distressed debt assets at amortised cost	–	–	–	(14,581,039)	(14,581,039)
Segment profit/(loss)	7,637,943	(934,337)	(8,526,737)	(17,669,820)	(19,492,951)
Corporate income, gains or losses – Others					166,842
Central administrative cost and finance cost					(14,944,663)
Gain on disposal of interest in an associate					10,909,956
Penalty on default repayment of convertible bonds					(7,583,400)
Share of results of an associate					(13,730,964)
Loss before income tax expense					(44,675,180)

Segment results represents the profit/(loss) earned/(charged) by each segment without allocation of corporate income, corporate finance cost, share of results of an associate, gain on disposal of interest in an associate, penalty on default repayment of convertible bonds 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.

6. OPERATING SEGMENT INFORMATION (CONT'D)

(a) Reportable segments (cont'd)

Segment assets

All assets are allocated to reportable segments other than a deposit for acquisition of land in Malaysia, corporate's other receivable, deposits and prepayments, corporate's property, plant and equipment, corporate's right-of-use assets and cash and cash equivalents.

	2021 HK$	2020 HK$
Operation of hotel business		
Singapore	**208,168,598**	220,450,875
Indonesia	**345,298,550**	384,284,613
Japan	**47,252,622**	104,856,876
Distressed debt asset management		
The PRC	**52,283,201**	65,799,679
Total segment assets	**653,002,971**	775,392,043
Unallocated	**29,600,696**	53,684,432
Consolidated assets	**682,603,667**	829,076,475

Segment liabilities

All liabilities are allocated to reportable segments other than accruals of corporate expenses, amount due to a director, corporate's lease liabilities and convertible bonds.

	2021 HK$	2020 HK$
Operation of hotel business		
Singapore	**311,422,438**	323,741,504
Indonesia	**75,221,476**	76,338,522
Japan	**3,926,257**	6,110,366
Distressed debt asset management		
The PRC	**859,078**	2,138,543
Total segment liabilities	**391,429,249**	408,328,935
Unallocated	**70,472,896**	78,111,690
Consolidated liabilities	**461,902,145**	486,440,625

6. OPERATING SEGMENT INFORMATION (CONT'D)

(a) Reportable segments (cont'd)

Other segment information

Amounts included in the measure of segment loss or segment assets:

	Operation of hotel business			Distressed debt asset management		
	Singapore HK$	Indonesia HK$	Japan HK$	The PRC HK$	Unallocated HK$	Total HK$
For the year ended 31 December 2021						
Additions to property, plant and equipment	**638,465**	**–**	**351,441**	**–**	**–**	**992,906**
Disposal of property, plant and equipment	**463,196**	**–**	**–**	**–**	**–**	**463,196**
Additions to right-of-use assets	**–**	**–**	**–**	**–**	**1,842,251**	**1,842,251**
Depreciation of property, plant and equipment	**8,934,099**	**27,161**	**4,447,964**	**6,846**	**5,952**	**13,422,022**
Amortisation of right-of-use assets	**1,730,530**	**107,688**	**–**	**–**	**1,027,055**	**2,865,273**
Gain on changes in fair value of investment properties	**–**	**543,211**	**–**	**–**	**–**	**543,211**
Impairment loss on non-current assets	**–**	**33,000,421**	**43,782,268**	**–**	**–**	**76,782,689**
Interest income	**–**	**858**	**24**	**–**	**227**	**1,109**
Interest expenses	**11,073,756**	**–**	**6,485**	**–**	**12,127,587**	**23,207,828**

6. OPERATING SEGMENT INFORMATION (CONT'D)

(a) Reportable segments (cont'd)

Other segment information (cont'd)

Amounts included in the measure of segment profit or segment assets:

	Operation of hotel business			Distressed debt asset management		
	Singapore HK$	Indonesia HK$	Japan HK$	The PRC HK$	Unallocated HK$	Total HK$
For the year ended 31 December 2020						
Additions to property, plant and equipment	49,753	–	1,169,995	–	–	1,219,748
Additions to right-of-use assets	1,248,107	–	–	–	–	1,248,107
Depreciation of property, plant and equipment	9,468,440	26,600	4,553,062	13,059	54,220	14,115,381
Amortisation of right-of-use assets	1,584,551	105,464	–	–	1,050,083	2,740,098
Gain on disposal of right-of-use assets	50,750	–	–	–	–	50,750
Written off of property, plant and equipment	–	–	65,941	–	–	65,941
Gain on changes in fair value of investment properties	–	1,250,511	–	–	–	1,250,511
Interest income	–	1,334	21	–	197	1,552
Interest expenses	12,620,440	–	1,136	–	4,389,848	17,011,424

6. OPERATING SEGMENT INFORMATION (CONT'D)

(b) Geographical information

The Group's revenue is derived from activities located in Singapore, Japan and the PRC. The following table provides an analysis of the Group's non-current assets.

	Non-current assets As at 31 December	
	2021	2020
	HK$	HK$
Operation of hotel business		
Singapore	**203,402,151**	213,788,400
Indonesia	**345,298,550**	384,284,613
Japan	**45,141,345**	102,101,155
Distressed debt asset management		
The PRC	**5,239**	11,816
Unallocated	**2,883,774**	2,121,759
	596,731,059	702,307,743

6. OPERATING SEGMENT INFORMATION (CONT'D)

(c) Disaggregation of revenue

	Hotel business	
	2021	2020
	HK$	HK$
Primary geographical markets		
Singapore	**42,153,163**	43,851,953
Japan	**7,565,613**	13,763,471
PRC	**–**	–
Total	**49,718,776**	57,615,424
Major services and timing of revenue recognition		
At a point of time		
Sales of food and beverage	**8,747,171**	13,546,843
Others	**185,289**	598,768
Transferred over time		
Hotel room services	**35,530,764**	39,691,023
Others	**928,735**	872,622
Rental income from hotel properties *(note)*	**4,326,817**	2,906,168
	49,718,776	57,615,424

Note: Rental income from hotel properties is not within the scope of IFRS 15. Accordingly, income from this business is shown separately from the disaggregation of revenue from contracts with customers recognised at a point in time or transferred over time.

(d) Information about major customers

The hotel buildings located in Singapore has been used as quarantine accommodation for local residents since the second quarter of 2021. For the year ended 31 December 2021, the revenue of HK$28,470,679 (2020: HK$23,705,116) is recognised from the contracts signed with Singapore government for using as quarantine accommodation. Such contracts have been early terminated by Singapore government with effect from 14 December 2021 due to changes in border measures in Singapore.

7. REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

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

	Year ended 31 December	
	2021	2020
	HK$	HK$
Hotel room	**35,530,764**	39,691,023
Food and beverage	**8,747,171**	13,546,843
Rental income from hotel properties	**4,326,817**	2,906,168
Others *(note a)*	**1,114,024**	1,471,390
	49,718,776	57,615,424

	Year ended 31 December	
	2021	2020
	HK$	HK$
Interest income from distressed debt assets at amortised cost	**–**	10,631,769
Less: modification loss *(note b)*	**(4,664,622)**	(25,212,808)
	(4,664,622)	(14,581,039)

Notes:

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

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

8. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Insurance compensation income	**21,239**	94,259
Government subsidies and grants *(note)*	**4,648,352**	5,121,000
Interest income from bank deposits	**1,109**	1,552
Others	**2,421,961**	1,191,593
	7,092,661	6,408,404

Note: The government grants represent Jobs Support Scheme, Special Employment Credit, Wage Credit Scheme and Government-Paid-Childcare leave received from Singapore Government and Inland Revenue Authority of Singapore and COVID-19-related subsidies paid by Hong Kong government and Japan government during the year. There are no unfulfilled conditions or contingencies attached to these grants.

9. OTHER GAINS AND (LOSSES)

	Year ended 31 December	
	2021	2020
	HK$	HK$
Gain on disposal of property, plant and equipment	**29,892**	–
Gain on disposal of right-of-use assets	**–**	50,750
Gain on disposal of interest in an associate *(note 19)*	**–**	10,909,956
Modification gain on bank borrowings	**843,400**	6,155,897
Penalty on default repayment of convertible bonds *(note 33)*	**–**	(7,583,400)
Loss allowance for ECLs of distressed debt assets	**(1,282,838)**	(1,886,506)
Write off of property, plant and equipment	**–**	(65,941)
	(409,546)	7,580,756

10. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	HK$	HK$
Bank overdraft interest	**3,316**	100,794
Interest on bank and other borrowings *(note a)*	**4,072,583**	7,899,239
Interest expenses on lease liabilities	**127,127**	98,565
Interest on convertible bonds *(note 33)*	**2,173,361**	3,648,065
Penalty interest on convertible bonds	**9,858,420**	657,228
Total interest expense on financial liabilities not at fair value through profit or loss	**16,234,807**	12,403,891
Interest rate swap: cash flow hedges	**6,973,021**	4,607,533
	23,207,828	17,011,424

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. During the year ended 31 December 2021 and 2020, the construction in progress was substantially suspended and no borrowing costs were capitalised.

11. LOSS BEFORE INCOME TAX EXPENSE

The Group's loss before income tax expense is arrived at after charging:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Staff costs (excluding directors' remuneration *(note 12(a))*)		
Wages and salaries	**14,900,248**	20,688,858
Short-term non-monetary benefits	**1,249,790**	1,354,699
Contributions to defined contribution plans	**1,996,236**	2,295,501
	18,146,274	24,339,058
Depreciation of property, plant and equipment (included in administrative expenses)		
– Owned *(note 16)*	**13,422,022**	14,115,381
– Right-of-use assets *(note 17)*	**2,865,273**	2,740,098
	16,287,295	16,855,479
Impairment loss on non-current assets		
– Property, plant and equipment *(note 16)*	**57,913,916**	–
– Impairment loss on hotel properties recycled to loss for the year	**18,868,773**	–
	76,782,689	-
Auditor's remuneration	**1,550,000**	1,300,000
Bad debt written off	**451,707**	64,083
Legal and professional fees	**5,072,307**	4,748,357
Minimum lease payments under operating leases		
– Short-term lease expenses	**169,289**	114,929
Property taxes	**2,293,478**	1,023,359

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	Year ended 31 December 2021									
	Ngan Iek HK$	Siew Pek Tho HK$	Thng Bock Cheng John HK$	Chan So Kuen HK$	Lai Yang Chau, Eugene HK$ *(Note a)*	Simon Luk HK$ *(Note b)*	Lin Jianguo HK$ *(Note c)*	Zhang Shuo HK$ *(Note d)*	Zhao Guoming HK$ *(Note e)*	Total HK$
Fees	–	650,000	180,000	180,000	150,000	19,600	–	–	–	1,179,600
Salaries, allowances and benefits in kind	–	–	–	–	–	–	–	–	–	–
Contributions to defined contribution plans	–	–	–	–	–	–	–	–	–	–
Total	–	650,000	180,000	180,000	150,000	19,600	–	–	–	1,179,600

	Year ended 31 December 2020									
	Ngan Iek HK$	Siew Pek Tho HK$	Ngan Iek Peng HK$ *(Note f)*	Thng Bock Cheng John HK$	Chan So Kuen HK$	Lai Yang Chau, Eugene HK$	Lin Jianguo HK$ *(Note c)*	Zhang Shuo HK$ *(Note d)*	Zhao Guoming HK$ *(Note e)*	Total HK$
Fees	–	600,000	–	180,000	180,000	180,000	–	–	–	1,140,000
Salaries, allowances and benefits in kind	–	–	–	–	–	–	–	–	–	–
Contributions to defined contribution plans	–	–	–	–	–	–	–	–	–	–
Total	–	600,000	–	180,000	180,000	180,000	–	–	–	1,140,000

Notes:

a. Mr. Lai Yang Chau, Eugene passed away on 21 October 2021.

b. Mr. Simon Luk was appointed on 12 November 2021.

c. Mr. Lin Jianguo was appointed on 3 April 2020.

d. Mr. Zhang Shuo was appointed on 8 January 2019.

e. Mr. Zhao Guoming was appointed on 15 November 2019.

f. Ms. Ngan Iek Peng resigned on 3 April 2020.

Salaries, allowance and benefits in kind paid to or for the executive directors are generally emoluments paid or payable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONT'D)

(b) Five highest paid employees

The five highest paid individuals whose emoluments were the highest in the Group for the year ended 31 December 2021 included 1 director (2020: 1 director) and their emoluments are reflected in note 12(a). The emoluments of the remaining 4 highest paid individuals (2020: 4) for the year ended 31 December 2021 are as follows:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Salaries, allowances and benefits in kind	**5,100,943**	4,024,617
Contributions to defined contribution plans	**221,119**	266,429
	5,322,062	4,291,046

The number of non-directors, highest paid employees whose remuneration fell within the bands is as follows:

	Year ended 31 December	
	2021	2020
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2

During the year ended 31 December 2021, no remuneration was paid by the Group to the directors or any of the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil). None of the directors nor the five highest paid employees has waived or agreed to waive any emoluments during the year (2020: Nil).

The remuneration paid or payable to members of senior management was within the following bands:

	Year ended 31 December	
	2021	2020
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2

13. 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 (2020: Nil).

Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2020: 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 (2020: 25%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC. (2020: 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 (2020: 33.59%). Japan profits tax has been provided on the estimated assessable profit arising in Japan.

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	
	2021	2020
	HK$	HK$
Current – Singapore Corporate Income Tax		
– Tax for the year	**(2,602,538)**	(2,903,826)
– (Under)/over provision in respect of prior years	**(128,634)**	370,478
	(2,731,172)	(2,533,348)
Current – Japan Corporate Income Tax		
– Tax for the year	**(5,026)**	(5,158)
Deferred tax		
– Current year (note 31)	**(135,803)**	(1,089,190)
Total income tax expense	**(2,872,001)**	(3,627,696)

13. INCOME TAX EXPENSE (CONT'D)

The income tax expense for the year can be reconciled to the loss before income tax expense per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Loss before income tax expense	**(112,897,343)**	(44,675,180)
Tax at Singapore Corporate Income Tax rate of 17%	**19,192,548**	7,594,781
Effect of different tax rate of subsidiaries operating in other jurisdictions	**8,343,822**	(852,989)
Tax effect of expense not deductible for tax purpose	**(7,987,331)**	(1,535,654)
Tax effect of income not taxable for tax purpose	**430,339**	3,390,381
Tax effect of share of result of an associate	**–**	(2,265,609)
Effect of tax exemptions	**201,606**	196,029
Tax effect of deductible temporary differences not recognised	**(1,774,699)**	(1,861,656)
Tax effect of tax loss not recognised	**(21,149,652)**	(8,663,457)
(Under)/over provision in prior years	**(128,634)**	370,478
Income tax expense	**(2,872,001)**	(3,627,696)

At 31 December 2021, no unused tax loss can be carried forward indefinitely (2020: Nil).

14. 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:

	2021 HK$	2020 HK$
Losses		
Losses for the purposes of basic losses per share	**(113,066,303)**	(48,207,538)
Interest expenses on convertible bonds	**2,173,361**	3,648,065
	(110,892,942)*	(44,559,473)
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 2021 (2020: 3,490,000,000 ordinary shares).

* Because the diluted loss per share amount is decreased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted loss per share amount is based on the loss for the year of HK$113,065,281 (2020: HK$48,207,538), and the weighted average number of ordinary shares of 3,490,000,000 (2020: 3,490,000,000) in issue during the year ended 31 December 2021.

15. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2021 (2020: Nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands HK$	Hotel buildings HK$	Leasehold improvements HK$	Computer equipment HK$	Furniture, fixtures and equipment HK$	Motor vehicles HK$	Construction in progress HK$	Total HK$
Cost								
At 1 January 2020	9,867,121	163,377,948	134,911,403	4,539,636	18,451,159	1,538,242	194,739,541	527,425,050
Additions	–	29,276	1,125,100	26,158	39,214	–	–	1,219,748
Written off	–	–	–	–	(70,651)	–	–	(70,651)
Adjustment arising on revaluation	–	(25,283,260)	–	–	–	–	–	(25,283,260)
Exchange realignment	47,029	3,261,290	3,648,401	76,839	330,755	50,189	(1,649,687)	5,764,816
At 31 December 2020 and 1 January 2020	9,914,150	141,385,254	139,684,904	4,642,633	18,750,477	1,588,431	193,089,854	509,055,703
Additions	–	60,498	–	–	932,408	–	–	992,906
Disposal	–	–	–	–	–	(463,196)	–	(463,196)
Adjustment arising on revaluation	–	(21,166,264)	–	–	–	–	–	(21,166,264)
Exchange realignment	(100,467)	(4,455,286)	(6,662,410)	(99,730)	(489,569)	(105,154)	(2,994,145)	(14,906,761)
At 31 December 2021	**9,813,683**	**115,824,202**	**133,022,494**	**4,542,903**	**19,193,316**	**1,020,081**	**190,095,709**	**473,512,388**
Accumulated depreciation								
At 1 January 2020	–	–	40,801,436	3,810,629	14,030,356	433,782	–	59,076,203
Depreciation charge for the year	–	3,220,350	9,001,545	284,662	1,274,150	334,674	–	14,115,381
Written off	–	–	–	–	(4,710)	–	–	(4,710)
Write back on revaluation	–	(3,352,483)	–	–	–	–	–	(3,352,483)
Exchange realignment	–	132,133	941,480	64,595	246,005	21,084	–	1,405,297
At 31 December 2020 and 1 January 2021	–	–	50,744,461	4,159,886	15,545,801	789,540	–	71,239,688
Depreciation charge for the year	–	3,126,000	9,046,735	172,123	796,035	281,129	–	13,422,022
Disposal	–	–	–	–	–	(417,883)	–	(417,883)
Write back on revaluation	–	(3,096,097)	–	–	–	–	–	(3,096,097)
Impairment loss	–	–	24,913,495	–	–	14,251	32,986,170	57,913,916
Exchange realignment	–	(29,903)	(2,321,671)	(72,523)	(296,770)	(50,508)	260,277	(2,511,098)
At 31 December 2021	**–**	**–**	**82,383,020**	**4,259,486**	**16,045,066**	**616,529**	**33,246,447**	**136,550,548**
Net book value								
At 31 December 2020	9,914,150	141,385,254	88,940,443	482,747	3,204,676	798,891	193,089,854	437,816,015
At 31 December 2021	**9,813,683**	**115,824,202**	**50,639,474**	**283,417**	**3,148,250**	**403,552**	**156,849,262**	**361,961,840**

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2021 and 31 December 2020, 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 and equipment upon completion.

The Group's hotel buildings was valued on 31 December 2021 by AVISTA Valuation Advisory Limited ("AVISTA"), a qualified professional valuer not connected to the Group, who holds a recognised and relevant professional qualification and has recent experience in the location and category of property, plant and equipment being valued. AVISTA are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions and have taken into account the impact of COVID-19 based on information available as at 31 December 2021. The independent valuer has also highlighted that given the heightened uncertainty over the length and severity of COVID-19 outbreak in the respective countries in which the Group operates and the ongoing measures being adopted to address the outbreak, valuations may be subjected to more fluctuation subsequent to 31 December 2021 than during normal market conditions. The revaluation deficit of HK$18,070,167 (2020: revaluation surplus of HK$21,930,777) net of applicable deferred tax expense of HK$205,384, and impairment loss recycled to loss for the year of HK$18,868,773 was debited to hotel properties revaluation reserve in the amount of approximately HK$1,003,990 (2020: deferred tax income of HK$3,830,929 was credited to hotel properties revaluation reserve in the amount of approximately HK$18,099,848). If the buildings had not been revalued, it would have been included in the consolidated financial statements at historical cost of HK$63,897,810 (2020: HK$80,396,176) as at 31 December 2021.

In estimating the fair value of the Group's hotel buildings, the highest and best use of the hotel buildings is their current use. The following table gives information about how the fair values of these hotel buildings are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised level 3 based on the degree to which the key inputs to the fair value measurements is observable.

Element	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Buildings	Level 3	Discounted cash flow method *(note)* Key inputs: – Room rate; – Occupancy rate; – Discount rate; and – Annual growth	Room rate Occupancy rate Discount rate	The higher the occupancy rate and room rate, the higher the fair value The higher the discount rate, the lower the fair value

Note: The estimated fair values of the hotel properties (including the land, hotel buildings, leasehold improvements, furniture, fixtures and equipment) were determined using the discount cash flow method with the key inputs described in the table above. The estimated fair values of the land were then determined using market comparison method and leasehold improvements and furniture, fixtures and equipment components using depreciated replacement cost method respectively, and such fair values were then deducted from the estimated fair value of the hotel properties to arrive at the estimated fair value of the Group's hotel buildings.

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's hotel buildings are located (i) in the Republic of Singapore under long term lease, and (ii) in Japan under freehold lands.

As at 31 December 2021, certain property, plant and equipment with net carrying amount of approximately HK$133,156,270 (2020: HK$140,861,089) were pledged to the bank for banking facilities granted to the Group (note 29).

During the year ended 31 December 2021, the construction progress was slowed down due to the tight financial resources of the Group. At 31 December 2021, management identified impairment indicator of certain property, plant and equipment and right-of-used assets (note 17) located in Bintan due to the delay progress of the construction. The Group assessed the recoverable amounts of these property, plant and equipment and right-of-used assets allocated to the Bintan cash-generating unit ("Bintan CGU").

The management relied on the valuation carried out by AVISTA to determine the recoverable amount of the Bintan CGU. The recoverable amount of Bintan CGU is determined based on the higher of fair value less cost to disposal and value in use calculation. The recoverable amount of the CGU related to the Bintan CGU has been determined based on value in use calculation. The calculation used cash flow projections based on the most recent financial forecast approved by the Directors covering the period from one to forty-three years which is assessed with reference to the useful life of the Bintan assets. AVISTA is of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions and have taken into account the impact of COVID-19 based on information available as at 31 December 2021. AVISTA has also highlighted that given the heightened uncertainty over the length of COVID-19 outbreak in the respective countries in which the Group operates and the ongoing measures being adopted to address the outbreak, valuations may be subjected to more fluctuation subsequent to 31 December 2021 than during normal market conditions.

The key assumptions for the cash flow projections are those regarding the discount rates, remaining construction cost, annual projected revenue and growth rates. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the Bintan CGU. The annual projected revenue over and growth rate over projection period are based on the trend of the historical performance of same industry and expectations of market development. The key assumption used for the cash flow projection of the Bintan CGU in 2021 is a discount rate of 9%.

The recoverable amounts of Bintan CGU is amounted to HK$161,781,200, which is less than its carrying amount by HK$33,000,421. The impairment loss has been included in profit or loss in the impairment loss on non-current assets. Except for right-of-use assets (note 17) whose individual recoverable amount exceeds its carrying amount, the impairment loss has been allocated pro rata to class of motor vehicles, construction in progress to the extent the carrying amount of these assets is not reduced below the highest of its fair value less cost of disposal, its value in use and zero,

17. RIGHT-OF-USE ASSETS

	Building HK$ (Note a)	Motor vehicles HK$	Prepaid lease payments HK$ (Note b)	Total HK$
At 1 January 2020	1,487,617	573,819	75,517,757	77,579,193
Addition	–	1,248,107	–	1,248,107
Amortisation	(1,050,083)	(151,513)	(1,538,502)	(2,740,098)
Disposal	–	(437,495)	–	(437,495)
Exchange realignment	–	35,944	849,376	885,320
At 31 December 2020 and 1 January 2021	**437,534**	**1,268,862**	**74,828,631**	**76,535,027**
Addition	**1,842,251**	**–**	**–**	**1,842,251**
Amortisation	**(1,027,055)**	**(256,725)**	**(1,581,493)**	**(2,865,273)**
Exchange realignment	**–**	**(18,552)**	**(1,119,092)**	**(1,137,644)**
At 31 December 2021	**1,252,730**	**993,585**	**72,128,046**	**74,374,361**

Notes:

a. The Group has obtained the right-to-use of properties as its office premise through tenancy agreement. The lease typically run for an initial period of 2 years. The lease does not include any option to renew the lease for an additional period after the end of the contract term.

b. The Group holds several leasehold land in Singapore and Bintan Islands in Indonesia. The right-to-use of the leasehold lands in Singapore are subject to the expiry on 31 December 2066. The right-of-use of leasehold lands in Bintan Islands, Indonesia are subject to the expiry in June 2044 and the Group has the option to extend for another 20 years. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

18. INVESTMENT PROPERTIES

	2021 HK$	2020 HK$
At the beginning of the year (level 3 recurring fair value)	**185,419,039**	185,777,959
Change in fair value	**543,211**	1,250,511
Exchange realignment	**(3,043,470)**	(1,609,431)
At the end of the year (level 3 recurring fair value)	**182,918,780**	185,419,039

During the years ended 31 December 2021 and 2020, there was no direct operating expenses arising from investment properties. As at 31 December 2021 and 2020, the Group had no unprovided contractual obligations for future repairs and maintenance.

The fair value of the Group's investment properties as at 31 December 2021 and 2020 has been arrived at on the basis of a valuation carried out by AVISTA. They have relevant professional qualifications and recent experience in the location and category of the investment properties being valued.

The valuations of the vacant parcels of land are determined based on direct comparison approach. Change in fair value of investment properties is recognised in line item "Gain on changes in fair value of investment properties" on the face of the consolidated statements of comprehensive income.

In relation to direct comparison approach, the valuation is based on the market comparable approach that reflects recent transaction prices for similar properties. Prices of comparable properties in close proximity are adjusted for differences in key attributes regarding property location, size, time, accessibility, surrounding environment and other relevant factors.

Significant unobservable inputs	**2021**	2020
Direct comparison approach (Level 3):		
Market unit rate with adjustment for property location, size, time, accessibility, surrounding environment and other relevant factors	**Range**	Range
– per square meter	**HK$251 – HK$398**	HK$254 – HK$397

In estimating the fair value of the properties, the highest and best use of the properties is their current use. During the year ended 31 December 2021, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2020: Nil). The Directors estimated that the effect on the fair value of investment properties in response to reasonably possible changes in key inputs would be insignificant for the year ended 31 December 2021 and 2020.

The investment properties comprising lands only are located in Bintan Islands, Indonesia which are held under medium-term lease and currently at undetermined future use.

19. INTEREST IN AN ASSOCIATE

As disclosed in the announcement of the Company dated 12 November 2020, the Group and an independent third party ("Purchaser") entered into an equity transfer agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to purchase 42.3% of the equity interests in Zhuhai Shi Kang Ming De Enterprise Management Service Limited ("Kang Ming De") at the consideration of RMB25,000,000 (equivalent to HK$29,267,000). On 4 December 2020, the disposal of interest in an associate is completed due to all the conditions precedent of the disposal of Kang Ming De were fulfilled. The Group no longer holds any ordinary shares in Kang Ming De and Kang Mind De ceased to be an associate of the Group. For the year ended 31 December 2020, the Group recorded a gain on disposal of an associate of HK$10,909,956 was computed as follows:

	HK$
Carrying amount of interest in an associate as at 1 January 2020	31,285,205
Share of result from an associate for the period upon disposal	(13,730,964)
Exchange realignment	802,803
	18,357,044
Cash consideration	29,267,000
Less: Interest in an associate as at 4 December 2020	18,357,044
Gain on disposal of an associate *(note 9)*	10,909,956

Details of the major group companies in the associate as at disposal date are as follows:

Company names	Place of incorporation	Percentage of ownership interest held by the Group Direct %	Indirect %	Place of operation and principal activities
Kang Ming De	The PRC	42.3	–	Investment holding and provision of hotel management services in the PRC
Guangxi Detian Travel Development Group Limited	The PRC	–	40.02	Tourist scenic spots waterfall sightseeing and hospitality and catering services in the PRC
Daxin Mingshi Travel Development Company Limited	The PRC	–	39.91	Tourist scenic spots bamboo raft adventure and hospitality and catering services in the PRC
Nanning Mingshi Travel Consulting Limited	The PRC	–	40.02	Inactive in the PRC
Daxin County Detian Travel Agency Limited	The PRC	–	40.02	Travel agency in the PRC
Daxin Minsu Hotel Management Limited	The PRC	–	40.02	Hospitality services in the PRC
Daxin Mingshi Scenic Area Services Limited	The PRC	–	40.02	Inactive in the PRC

19. INTEREST IN AN ASSOCIATE (CONT'D)

Summarised financial information in respect of the associate, adjusted for any differences in accounting policies, are disclosed below:

	For the period from 1 January 2020 to 12 November 2020 HK$
Revenue	9,456,801
Loss for the year	(34,499,519)
Share of loss to non-controlling interests	(2,038,611)
Group's share of results of the associate for the year (excluding non-controlling interests)	(13,730,964)

20. PREPAYMENTS FOR CONSTRUCTION

As at 31 December 2021 and 31 December 2020, the prepayments for construction is related to advances made under the construction contract related to development in Bintan Islands, Indonesia.

21. DEPOSIT FOR ACQUISITION OF LAND

As at 31 December 2021 and 2020, the amount represented the refundable earnest money to an independence third entity, pursuant to the sale and purchase agreement for the acquisition of land located in Malaysia.

22. HOTEL INVENTORIES

Hotel inventories comprise food and beverage and other consumables.

23. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2019, the Group obtained from distressed debtors (note 24) by taking possession of collaterals held as security. The nature and carrying value of these assets held as at 31 December 2021 is summarised as follows:

	At 31 December	
	2021	2020
	HK$	HK$
At the beginning of the year	**10,823,641**	10,192,222
Exchange realignment	**355,570**	631,419
At the end of the year	**11,179,211**	10,823,641

The estimated market value of the repossessed asset held by the Group as at 31 December 2021 was approximately RMB9.1 million (equivalent to approximately HK$11.1 million) (2020: RMB9.4 million (equivalent to approximately HK$11.2 million)). It comprises retail shops in respect of which the Group has acquired access or control through court proceedings for release in full or in part of the obligations of a borrower (note 24). The management of the Group has committed themselves to a plan for disposal of the repossessed properties and expected to complete the disposal within one year.

24. DISTRESSED DEBT ASSETS AT AMORTISED COST

On 25 April 2017, a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with Kang Ming De, a former associate of the Group, pursuant to which Kang Ming De agreed to assign, and the wholly-owned subsidiary agreed to accept, the distressed debt assets and the enforcement right of the collaterals in connection with the non-performing debts, at the cash consideration of RMB108.9 million (equivalent to HK$125,555,116). The transaction was completed on 29 September 2017.

	At 31 December	
	2021	2020
	HK$	HK$
Current	**40,879,592**	54,695,537
Non-current	**–**	–
	40,879,592	54,695,537

For distressed debt assets at amortised cost, 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 relevant loan. These receivables at amortised cost 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.

24. DISTRESSED DEBT ASSETS AT AMORTISED COST (CONT'D)

When the original cash flows of the distressed debt assets are modified and the modification does not result in derecognition, the calculation of the modification gain or loss is the difference between the gross carrying amount of the asset before the modification and the recalculated gross carrying amount. The recalculated gross carrying amount is the present value of the estimated future cash payments or receipts through the expected life of the modified distressed debt assets discounted using the credit-adjusted effective interest rate before the modification. The movements during the year are as follows:

	2021 **HK$**	2020 HK$
At the beginning of the year	**68,369,422**	78,882,280
Add: interest income recognised during the year *(note 7)*	**–**	10,631,769
Less: net modification loss recognised during the year *(note 7)*	**(4,664,622)**	(25,212,808)
Less: sale proceeds received from disposal of distressed debt assets	**(9,396,647)**	–
Exchange realignment	**1,999,829**	4,068,181
Gross amount of distressed debt assets	**56,307,982**	68,369,422
Less: Loss allowance for ECLs	**15,428,390**	(13,673,885)
At the end of the year	**40,879,592**	54,695,537

During the year ended 31 December 2021, the net of modification loss represented the actual recoverability of the distressed debt assets are lower than the expected at initial recognition.

Loss allowance for ECLs of HK$15,428,390 (2020: HK$13,673,885) is recognised as at 31 December 2021. Details of the loss allowance for ECLs are set out in note 44(a) to the consolidated financial statements.

25. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2021	2020
	HK$	HK$
Trade receivables *(note a)*	**3,824,756**	6,338,904
Contract assets *(note b)*	**3,968**	21,858
Prepayments	**926,146**	1,522,806
Deposits	**1,284,975**	1,474,236
Other receivables	**837,121**	11,934,342
	6,876,966	21,292,146

(a) Trade receivables

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	
	2021	2020
	HK$	HK$
Current to 30 days	**2,223,885**	5,435,193
31 to 60 days	**1,513,137**	903,629
61 to 90 days	**12,536**	–
Over 90 days	**75,198**	82
	3,824,756	6,338,904

25. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Contract assets

The amount represents the uninvoiced revenue regarding the hotel room services.

	At 31 December	
	2021	2020
	HK$	HK$
Contract assets arising from:		
Hotel business	**3,968**	21,858

The contract assets are expected to be recovered or settled within one months.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at 31 December 2021 and 2020, the amount of ECLs for contract assets is not material, no provision is recorded. Further details on the Group's credit policy and credit risk arising from trade debtors and contract assets are set out in note 44(a) to the consolidated financial statements.

26. CASH AND CASH EQUIVALENTS

	At 31 December	
	2021	2020
	HK$	HK$
Cash at bank and on hand	**26,360,451**	39,521,013

Cash at bank and on hand are mainly denominated in SG$, IDR, Renminbi ("RMB"), Japanese Yen ("JPY") and HK$.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE AND OTHER PAYABLES

	At 31 December	
	2021	2020
	HK$	HK$
Current liabilities		
Trade payables *(note a)*	**726,522**	1,559,674
Contract liabilities *(note b)*	**767,095**	770,274
Accruals and other payables	**9,579,312**	11,676,675
Construction payables	**47,527,422**	48,320,812
Interest payable of convertible bonds	**10,528,259**	659,536
	69,128,610	62,986,971
Non-current liabilities		
Construction payables *(note c)*	**8,648,557**	8,793,090

(a) Trade payables

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	
	2021	2020
	HK$	HK$
Current to 30 days	**665,710**	1,331,259
31 to 60 days	**4,637**	161,912
61 to 90 days	**3,467**	–
Over 90 days	**52,708**	66,503
	726,522	1,559,674

27. TRADE AND OTHER PAYABLES (CONT'D)

(b) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration before the Group recognises the related revenue.

	At 31 December	
	2021	2020
	HK$	HK$
Contract liabilities arising from:		
Hotel business	**767,095**	770,274

Movements in contract liabilities

	2021	2020
	HK$	HK$
At the beginning of the year	**770,274**	2,520,420
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(15,942)**	(2,520,420)
Increase in contract liabilities as a result of receipt in advance from hotel operating activities	**12,763**	770,274
At the end of the year	**767,095**	770,274

(c) Construction payables

The amount represents the retention payable for the construction in Bintan. It is payable one year after the date of completion.

28. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF SUBSIDIARIES AND A DIRECTOR

	At 31 December	
	2021	2020
	HK$	HK$
Amount due to a non-controlling shareholder of subsidiaries *(note a)*	**8,537,621**	8,680,300
Amount due to a director *(note b)*	**10,251,007**	30,850,065

Notes:

a. Amount due to a non-controlling shareholder of subsidiaries is unsecured, interest-free and repayable on demand.

b. Amount due to a director – Mr. Ngan Iek is unsecured, interest-free and repayable on demand. Mr. Ngan Iek has shareholding in the Company with significant influence.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 31 December	
	2021	2020
	HK$	HK$
Current		
Secured		
– bank borrowings due for repayment within one year *(note)*	**188,732,366**	189,959,531
– other borrowing due for repayment within one year	**303,854**	102,952
	189,036,220	190,062,483
Non-current		
Secured		
– bank borrowings due for repayment after one year	**98,095,270**	108,182,519
– other borrowing due for repayment after one year	**981,681**	1,399,994
	99,076,951	109,582,513
	288,113,171	299,644,996

Note: Revolving loans amounted to HK$179,114,900 (2020: HK$181,818,100) are subject to renewal for every 1, 3 or 6 months. Bank borrowings of HK$286,827,636 are subject to renewal and refinancing in January 2023.

Bank borrowings bear interest ranging from 1.75% to 2% (2020: 1.75% to 2%) per annum above the bank's Singapore swap offer rate. The effective interest rate ranging from 0.67 % to 3.42% (2020: from 0.67% to 3.42%). The Group has entered into four (2020: one) interest rate swap contracts to hedge the interest rate risk of the floating rate interest-bearing bank borrowings (note 32).

The Group's banking facilities and its interest-bearing bank borrowings are secured by:

– the pledge of certain property, plant and equipment of the Group with net carrying amount of approximately HK$133,156,270 as at 31 December 2021 (2020: HK$140,861,089) (note 16);

– a fixed and floating charge on all of the assets and undertakings of a Company's subsidiary;

– corporate guarantees from the Company and the Company's subsidiary; and

– a charge over an operating bank account of a Company's subsidiary.

During the year ended 31 December 2021, a business loan is granted from Japan Finance Corporation, a public corporation wholly owned by the Japanese government. The other borrowing bears interest ranging from 0.46% to 1.36% (2020: 0.46% to 1.36%) per annum. Personal guarantee is provided from a director of the Company's subsidiary.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONT'D)

At 31 December 2021 and 2020, total current and non-current bank and other borrowings were scheduled to repay as follows:

	At 31 December	
	2021	2020
	HK$	HK$
On demand or within one year	**189,036,220**	190,062,483
More than one year, but not exceeding two years	**98,375,750**	8,362,590
More than two years, but not exceeding five years	**701,201**	101,219,923
	288,113,171	299,644,996

Note: The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of repayment on demand clause.

Certain of the banking facilities are subject to the fulfilment of covenants relating to the aggregate market value of the Group's properties, which are to be maintained not less than a specific ratio to the outstanding balances of interest-bearing bank borrowings at the end of the reporting period. If the Group breaches the covenants, the drawn down facilities shall become repayable on demand.

The Group regularly monitors its compliance with these covenants and does not consider it is probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 44(b) to the consolidated financial statements. The Directors became aware that the Group has technically breached the bank covenants of a bank as the Group has failed to fulfil certain financial criteria in which the calculation is based on the Group's financial information set out in these financial statements as at 31 December 2021.

30. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and at the date of transition to IFRS 16:

	Minimum lease payments	**Interest**	**Present value**
	HK$	HK$	HK$
As at 31 December 2021			
Not later than one year	**1,173,700**	**87,215**	**1,086,485**
Later than one year and not later than two years	**550,267**	**23,059**	**527,208**
Later than two years and not later than five years	**339,186**	**16,604**	**322,582**
	2,063,153	**126,878**	**1,936,275**
As at 31 December 2020			
Not later than one year	624,180	24,620	599,560
Later than one year and not later than two years	172,293	16,258	156,035
Later than two years and not later than five years	516,598	48,610	467,988
	1,313,071	89,488	1,223,583

31. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised, and movements during the year are as follows:

	Hotel properties revaluation HK$	**Revaluation of investment properties** HK$	**Unrealised (income)/ expense from distressed debt assets** HK$	**Total** HK$
At 1 January 2020	(14,761,502)	(10,294,220)	772,317	(24,283,405)
Charge to profit or loss for the year *(note 13)*	–	(312,628)	(776,562)	(1,089,190)
Credit to other comprehensive income	3,830,929	–	–	3,830,929
Exchange realignment	(452,516)	77,907	4,245	(370,364)
At 31 December 2020 and 1 January 2021	**(11,383,089)**	**(10,528,941)**	**–**	**(21,912,030)**
Charge to profit or loss for the year *(note 13)*	**–**	**(135,803)**	**–**	**(135,803)**
Credit to other comprehensive income	**205,384**	**–**	**–**	**205,384**
Exchange realignment	**442,389**	**171,994**	**–**	**614,383**
At 31 December 2021	**(10,735,316)**	**(10,492,750)**	**–**	**(21,228,066)**

Reconciliation to the consolidated statement of financial position

	At 31 December	
	2021	2020
	HK$	HK$
Deferred tax liabilities	**(21,228,066)**	(21,912,030)

As at 31 December 2021, no deferred tax asset has been recognised in respect of the unused tax losses of HK$7,121,801 and HK$8,447,696 due to the unpredictability of future profit streams of the PRC and Japan subsidiaries. The tax losses of the PRC subsidiary and Japan subsidiary will expire in five and ten years respectively.

32. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments represent fours (2020: one) interest rate swap contracts held by the Group, in which the contract period is 2 years with the maturity date on 11 May 2023 (2020: 15 September 2021).

The following table details the interest rate swaps outstanding as at the end of the reporting period:

	At 31 December	
	2021	2020
	HK$	HK$
Interest rate swaps	**2,557,956**	4,311,676
Less: Current portion	**398,603**	4,311,676
Non-current portion	**2,159,353**	–

At 31 December 2021, the notional amount of the outstanding interest rate swap contract was approximately HK$286,827,636 (2020: HK$298,142,050).

The interest rate swap contract is settled on a monthly basis. The interest rate swaps and the interest payments on the loan occur simultaneously. The floating rate on the interest rate swaps is the Singapore swap offer rate and the contracted fixed interest rate of the interest rate swaps is 2.62% (2020: 2.1%). At 31 December 2021, the Group's effective interest of bank borrowings is fixed at 3.85% (2020: fixed at 3.85%). The Group will settle the difference between the fixed and floating interest rate on a net basis. The hedge ratio of the interest rate swap is 1:1 to hedged instrument.

	2021	2020
	HK$	HK$
At the beginning of the year	**4,311,676**	4,394,641
Fair value loss on hedging	**5,281,342**	4,470,641
Settlement during the year *(note 10)*	**(6,973,021)**	(4,607,533)
Exchange realignment	**(62,041)**	53,927
At the end of the year	**2,557,956**	4,311,676

33. CONVERTIBLE BONDS

	At 31 December			
	2021		2020	
	Liability components	**Equity conversion components**	Liability components	Equity conversion components
	HK$	**HK$**	HK$	HK$
2015 Convertible bonds (note a)	**32,861,400**	**10,698,249**	32,861,400	10,698,249
2020 Convertible bonds (note b)	**13,635,121**	**14,342,489**	11,461,760	14,342,489
	46,496,521	**25,040,738**	44,323,160	25,040,738

33. CONVERTIBLE BONDS (CONT'D)

(a) 2015 Convertible bonds

On 8 October 2015, the Group entered into a subscription agreement with CMI Hong Kong to issue the 5-year convertible bonds with an aggregate principal amount of HK$25,278,000 (the "2015 Convertible Bonds"). The subscription was completed on 30 November 2015 and the Group issued the 2015 Convertible Bonds.

The 2015 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder at any time after the date of issuance up to the date falling seven days prior to the maturity date of 30 November 2020 into new share of the Company at a price of HK$0.33 per share, subject to anti-dilutive adjustments.

The 2015 Convertible Bonds contain liability and equity components. The fair value of the liability component of the 2015 Convertible Bonds at the issue date was valued by AVISTA determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate. The effective interest rate of the liability component is approximately 13.37% per annum. The 2015 Convertible Bonds is bearing interest at fixed rate of 0.01% per annum and are payable annually in arrears. The equity component is included in the equity headed "convertible bonds reserve". At the date of maturity and 31 December 2020, none of the 2015 Convertible Bonds has been converted into ordinary shares of the Group.

At 31 December 2021, the Company is still negotiating the repayment schedule with the bondholder of 2015 convertible bonds with principal amount of HK$25,278,000, which remained unexercised upon maturity on 30 November 2020 for further repayment arrangement. Pursuant to the relevant convertible bonds subscription agreement, the Group is required to pay the bondholder penalty of HK$7,583,400 on default repayment of convertible bonds. The balances of HK$32,861,400 is unsecured, bearing interest at 30% per annum and repayable on demand.

Pursuant to the relevant convertible bonds subscription agreement, if the 2015 Convertible Bonds is not redeemed on the maturity date, the conversion rights attached to the 2015 Convertible Bonds will revive and/or will continue to be exercisable up to, and until, the close of business on the date upon which the full amount of the moneys payable in respect of the 2015 Convertible Bonds have been duly received by the bondholder, notwithstanding that the full amount of moneys payable in respect of such 2015 Convertible Bonds shall have been received by the bondholders before such conversion date or that the conversion period may have expired before such relevant conversion date. Accordingly, 2015 Convertible Bonds is not derecognised even it is matured on 30 November 2020.

The movements of the components of 2015 Convertible Bonds of during the year are set out below:

	Liability component HK$	Equity conversion component HK$	Total HK$
At 1 January 2020	22,547,249	10,698,249	33,245,498
Effective interest expense for the year	2,733,059	–	2,733,059
Accrual of interest expense on 2015 Convertible Bonds	(2,308)	–	(2,308)
Penalty on default repayment of convertible bonds	7,583,400	–	7,583,400
At 31 December 2020, 1 January 2021 and 31 December 2021	**32,861,400**	**10,698,249**	**43,559,649**

The interest expense of 2015 Convertible Bonds for the year ended 31 December 2020 is calculated using the effective interest method by applying an effective interest rate of approximately 13.37% to the liability component.

33. CONVERTIBLE BONDS (CONT'D)

(b) 2020 Convertible bonds

On 21 June 2020, the Group entered into a subscription agreement with Mr. Ng Meng Chit to issue the 5-year convertible bonds with an aggregate principal amount of HK$25,128,000 (the "2020 Convertible Bonds"). The subscription was completed on 17 July 2020 and the Group issued the 2020 Convertible Bonds.

The 2020 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder at any time after the date of issuance up to the date falling seven days prior to the maturity date of 17 July 2025 into new share of the Company at a price of HK$0.036 per share, subject to anti-dilutive adjustments.

The 2020 Convertible Bonds contain liability and equity components. The fair value of the liability component of the 2020 Convertible Bonds at the issue date was valued by International Valuation Limited, a qualified professional valuer not connected to the Group, determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate. The effective interest rate of the liability component is approximately 18.96% per annum. The 2020 Convertible Bonds in interest-free. The equity component is included in the equity headed "convertible bonds reserve". Based on the terms of the subscription agreement, the Company may at any time before 31 December 2020 by serving at least five business days' prior written notice on the holder of the 2020 Convertible Bonds redeem the 2020 Convertible Bonds. At 31 December 2021, none of the 2020 Convertible Bonds has been converted into ordinary shares of the Group or repurchased by the Company.

	Liability component	Equity conversion component	Total
	HK$	HK$	HK$
At 1 January 2020	–	–	–
Issue of 2020 Convertible Bonds	10,647,926	14,480,074	25,128,000
Capitalised transaction costs	(101,172)	(137,585)	(238,757)
Effective interest expense for the year	915,006	–	915,006
At 31 December 2020 and 1 January 2021	11,461,760	14,342,489	25,804,249
Effective interest expense for the year	2,173,361	–	2,173,361
At 31 December 2021	13,635,121	14,342,489	27,977,610

34. SHARE CAPITAL

	At 31 December 2021 HK$	2020 HK$
Authorised:		
50,000,000,000 (2020: 50,000,000,000) ordinary shares of HK$0.001 (2020: HK$0.001) each	**50,000,000**	50,000,000
Issued and fully paid:		
3,490,000,000 (2020: 3,490,000,000) ordinary shares of HK$0.001 (2020: HK$0.001) each	**3,490,000**	3,490,000

The movements in issued share capital were as follows:

	2021		2020	
	Number of shares in issue	**Issued share capital HK$**	Number of shares in issue	Issued share capital HK$
At 1 January and 31 December	**3,490,000,000**	**3,490,000**	3,490,000,000	3,490,000

35. RESERVES

Details of the movements in the reserves of the Company during the year are as follows:

	Share premium HK$	**Convertible bonds reserve** HK$	**Accumulated losses** HK$	**Total** HK$
At 1 January 2020	333,122,249	10,698,249	(104,850,013)	238,970,485
Loss and total comprehensive income for the year	–	–	(41,784,032)	(41,784,032)
Issue of convertible bonds *(note 33(b))*	–	14,342,489	–	14,342,489
At 31 December 2020 and 1 January 2021	**333,122,249**	**25,040,738**	**(146,634,045)**	**211,528,942**
Loss and total comprehensive income for the year	**–**	**–**	**(20,505,248)**	**(20,505,248)**
At 31 December 2021	**333,122,249**	**25,040,738**	**(167,139,293)**	**191,023,694**

36. RELATED PARTY TRANSACTIONS

(i) Compensation of key management personnel of the Group, including directors' remuneration as set out in note 12 to the consolidated financial statements is as follows:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Salaries, allowances and benefits in kind	**5,750,943**	5,332,562
Contributions to defined contribution plans	**221,119**	266,429
	5,972,062	5,598,991

(iii) Details of the balances with related parties are disclosed in note 28 to the consolidated financial statements.

(iv) As disclosed in note 29 to the consolidated financial statements, the other borrowing of the Group was guaranteed by a director of the Company's subsidiary who is also the key management personnel of the Group.

37. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases certain retail space and areas of its hotel properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 2 years. The terms of leases generally also require the tenants to pay security deposits and, in certain cases, provide for periodic rent adjustments according to the terms under the leases.

At 31 December 2021, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 31 December	
	2021	2020
	HK$	HK$
Within one year	**4,539,015**	4,769,289
In the second to fifth years inclusive	**1,038,635**	2,115,415
	5,577,650	6,884,704

38. CAPITAL COMMITMENTS

At 31 December 2021, the Group had the following capital commitments:

	At 31 December 2021 HK$	2020 HK$
Authorised, but not contracted for, in respect of Property, plant and equipment	**58,327,450**	59,302,208
Contracted, but not provided for, in respect of Property, plant and equipment	**15,258,931**	15,598,718

39. CONTINGENT LIABILITIES

As at the end of the reporting period, the management of the Group was not aware of any material claim which was threatened against the Group.

40. NOTES SUPPORTING CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	At 31 December 2021 HK$	2020 HK$
Cash and cash equivalents in the consolidated cash flow statement	**26,360,451**	39,521,013

Significant non-cash transactions are as follows:

Investment activities		
Acquisition of right-of-use assets through finance lease	–	1,010,689

40. NOTES SUPPORTING CASH FLOW STATEMENT (CONT'D)

(b) Reconciliation of liabilities arising from financing activities:

	Lease liabilities *(note 30)* HK$	Interest payable of convertible bonds *(note 27)* HK$	Derivative financial instruments *(note 32)* HK$	Amount due to a director *(note 28)* HK$	Interest-bearing bank and other borrowings *(note 29)* HK$	Convertible bonds *(note 33)* HK$	Total HK$
At 1 January 2021	**1,223,583**	**659,536**	**4,311,676**	**30,850,065**	**299,644,996**	**44,323,160**	**381,013,016**
Changes from cash flows:							
Repayment	–	–	–	(22,021,406)	–	–	(22,021,406)
Repayment of bank loans	–	–	–	–	(7,868,407)	–	(7,868,407)
Repayments of lease liabilities	(1,133,416)	–	–	–	–	–	(1,133,416)
Interest expenses on lease liabilities	(111,842)	–	–	–	–	–	(111,842)
Interest paid	–	–	(6,973,021)	–	(2,326,819)	–	(9,299,840)
Total changes from financing cash flows:	(1,245,258)	–	(6,973,021)	(22,021,406)	(10,195,226)	–	(40,434,911)
Exchange realignment:	(11,428)	–	(62,041)	1,422,348	(4,569,099)	–	(3,220,220)
Other changes:							
Interest expenses	127,127	9,858,420	6,973,021	–	4,075,899	2,173,361	23,207,828
Modification gain on bank borrowings	–	–	–	–	(843,399)	–	(843,399)
Gain on cash flow hedges through other comprehensive income	–	–	(1,691,679)	–	–	–	(1,691,679)
Addition of lease liabilities	1,842,251	–	–	–	–	–	1,842,251
Others	–	10,303	–	–	–	–	10,303
Total other changes	1,969,378	9,868,723	5,281,342	–	3,232,500	2,173,361	22,525,304
At 31 December 2021	**1,936,275**	**10,528,259**	**2,557,956**	**10,251,007**	**288,113,171**	**46,496,521**	**359,883,189**

40. NOTES SUPPORTING CASH FLOW STATEMENT (CONT'D)

(b) Reconciliation of liabilities arising from financing activities: (cont'd)

	Lease liabilities *(note 30)* HK$	Interest payable of convertible bonds *(note 27)* HK$	Derivative financial instruments *(note 32)* HK$	Amount due to a director *(note 28)* HK$	Interest-bearing bank and other borrowings *(note 29)* HK$	Convertible bonds *(note 33)* HK$	Total HK$
At 1 January 2020	1,865,601	–	4,394,641	59,609,880	301,067,464	22,547,249	389,484,835
Changes from cash flows:							
Repayment	–	–	–	(32,077,745)	–	–	(32,077,745)
Proceed from other borrowing	–	–	1,452,892	–	1,452,892		
Repayment of bank loans	–	–	–	–	(2,090,624)	–	(2,090,624)
Net proceed from issue of convertible bonds	–	–	–	–	–	24,889,243	24,889,243
Repayments of lease liabilities	(1,190,183)	–	–	–	–	–	(1,190,183)
Interest expenses on lease liabilities	(96,016)	–	–	–	–	–	(96,016)
Interest paid	–	–	(4,607,533)	–	(6,485,454)	–	(11,092,987)
Total changes from financing cash flows:	(1,286,199)	–	(4,607,533)	(32,077,745)	(7,123,186)	24,889,243	(20,205,420)
Exchange realignment:	23,170	–	53,927	3,317,930	3,856,582	–	7,251,609
Other changes:							
Interest expenses	98,565	659,536	4,607,533	–	8,000,033	3,645,757	17,011,424
Modification gain on bank borrowings	–	–	–	–	(6,155,897)	–	(6,155,897)
Gain on cash flow hedges through other comprehensive income	–	–	(136,892)	–	–	–	(136,892)
Addition of lease liabilities	748,117	–	–	–	–	–	748,117
Repayment of lease liabilities	(225,671)	–	–	–	–	–	(225,671)
Penalty on default repayment of convertible bonds	–	–	–	–	–	7,583,400	7,583,400
Equity component of convertible bonds	–	–	–	–	–	(14,342,489)	(14,342,489)
Total other changes	621,011	659,536	4,470,641	–	1,844,136	(3,113,332)	4,481,992
At 31 December 2020	1,223,583	659,536	4,311,676	30,850,065	299,644,996	44,323,160	381,013,016

40. NOTES SUPPORTING CASH FLOW STATEMENT (CONT'D)

(c) Total cash outflow for leases

	Year ended 31 December	
	2021	2020
	HK$	HK$
Within operating cash flows	**169,289**	114,929
Within financing cash flows	**1,245,258**	1,286,199
	1,414,547	1,401,128

These amounts relate to the following:

	Year ended 31 December	
	2021	2020
	HK$	HK$
Lease rentals paid	**1,414,547**	1,307,141
Purchase of motor vehicles under finance lease	**–**	93,987
	1,414,547	1,401,128

41. INTERESTS IN SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Company name	Place, date of incorporation/ establishment and kind of legal entity	Particulars of issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities and place of operation
Subsidiaries					
Hang Huo Investment Pte. Ltd.	Republic of Singapore, 4 May 2004, limited liability company	3,000,000 shares of SG$1 per share	–	100	Hotel ownership, Republic of Singapore
Link Hotels International Pte. Ltd.	Republic of Singapore, 21 May 2007, limited liability company	1,000,000 shares of SG$1 per share	–	100	Operation of hotel services, Republic of Singapore
PT Hang Huo Investment	Republic of Indonesia, 27 July 2013, limited liability company	3,000,000 shares of United States dollar ("USD") 1 per share	–	92	Accommodation (hotel and cottage) and real estate, Indonesia
PT Hang Huo International	Republic of Indonesia, 29 May 2015, limited liability company	225,000 shares of USD1 per share	–	90	Property investment, Indonesia
Star Adventure Investment Limited	Hong Kong, 9 October 2015, limited liability company	Ordinary share of HK$1	–	100	Investment holding, Hong Kong
Link Kaga Company Limited	Japan, 30 March 2016, limited liability company	40 shares of JPY50,000 each	–	100	Operation of hotel services, Japan
Guangxi Heng He Zhi Da Asset Management Limited	The PRC, 15 December 2016, limited liability company	USD50,000,000	–	100	Provision of distressed debt assets management services, The PRC

42. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2021 is HK$2,660,283 (2020: HK$5,475,041), among which HK$2,387,443 is attributable to PT Hang Huo Investment (2020: HK$4,674,108) and HK$822,295 is for PT Hang Huo International (2020: HK$827,760).

Set out below are the summarised financial information for the subsidiaries including PT Hang Huo Investment and PT Hang Huo International that have non-controlling interests that are material to the Group, and the information below is the amount before inter-company elimination:

	PT Hang Huo Investment		PT Hang Huo International	
	2021	2020	**2021**	2020
	HK$	HK$	**HK$**	HK$
For the year ended 31 December				
Revenue	**–**	–	**–**	–
(Loss)/profit for the year	**(33,815,839)**	(1,329,645)	**80,763**	110,340
Total comprehensive income	**(35,043,024)**	(1,932,985)	**(54,660)**	41,533
(Loss)/profit allocated to non-controlling interests	**(2,705,267)**	(106,372)	**8,076**	11,034
For the year ended 31 December				
Cash flows used in operating activities	**(34,034,078)**	(6,062,685)	**719**	(10,750)
Cash flows used in investing activities	**33,028,439**	(1,012,231)	**–**	–
Cash flows (used in)/generated from financing activities	**602,651**	772,108	**–**	–
Net cash outflows	**(402,988)**	(6,302,808)	**719**	(10,750)
As at 31 December				
Current assets	**2,729,591**	3,188,164	**2,249,978**	2,288,316
Non-current assets	**314,711,062**	353,479,979	**19,655,146**	19,872,290
Current liabilities	**(277,410,660)**	(281,428,260)	**(11,379,953)**	(11,570,133)
Non-current liabilities	**(16,646,667)**	(16,813,533)	**(2,302,225)**	(2,312,867)
Net assets	**23,383,326**	58,426,350	**8,222,946**	8,277,606
Accumulated non-controlling interests	**1,870,666**	4,674,108	**822,295**	827,760

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

(a) Categories of financial instruments

	At 31 December 2021 HK$	2020 HK$
Financial assets		
Measured at amortised cost:		
Distressed debt assets at amortised cost	**40,879,592**	54,695,537
Trade receivables	**3,824,756**	6,338,904
Deposits and other receivable	**2,122,096**	13,408,578
Cash and cash equivalents	**26,360,451**	39,521,013
Total	**73,186,895**	113,964,032
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**726,522**	1,559,674
Accruals and other payables	**76,283,550**	69,450,113
Amount due to a non-controlling shareholder of subsidiaries	**8,537,621**	8,680,300
Amount due to a director	**10,251,007**	30,850,065
Interest-bearing bank and other borrowings, secured	**288,113,171**	299,644,996
Lease liabilities	**1,936,275**	1,223,583
Convertible bonds	**46,496,521**	44,323,160
Total	**432,344,667**	455,731,891
Derivative financial instruments:		
Interest rate swap	**2,557,956**	4,311,676
Total	**434,902,623**	460,043,567

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONT'D)

(b) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, distressed debt assets, trade and other payables, interest-bearing bank and other borrowings, amount due to a non-controlling shareholder of subsidiaries and a director and convertible bonds.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates fair value.

(c) Financial instruments measured at fair value

Fair value hierarchy

The fair value of interest rate swaps is the estimated amount that the present value of the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the observable yield curves.

The derivative financial instruments in the consolidated statements of financial position in accordance with the fair value hierarchy are described below. The hierarchy groups financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial liabilities. The fair value hierarchy has the following levels:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's financial instrument in the consolidated statement of financial position is approximately HK$2,557,956 (2020: HK$4,311,676) as at 31 December 2021 is grouped into level 2 of the fair value hierarchy.

During the years ended 31 December 2021 and 2020, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

44. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, distressed debt assets at amortised cost, other receivables, cash and cash equivalents. There was no history of default for other receivables. The bank deposits are placed in the banks with high credit-ratings.

Trade receivables and contract assets

In respect of trade receivables, the Group trades only with recognised and credit worthy customers and the receivable balances are monitored on an ongoing basis and on an individual basis. The Group did not have a significant degree of concentration of credit risk on trade receivables. As at 31 December 2021, the trade receivables from the five largest debtors represented 85% (2020: 87%) of the total trade receivables respectively, while the largest debtor represented 73% (2020: 73%) of the total trade receivables respectively. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

Individual credit evaluations are performed on major customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Normally, the group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, management considered that the allowance for ECLs is insignificant. As a result, no provision for impairment of trade receivables and contract assets is necessary for the year.

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount HK$	Loss allowance HK$
Current	–	3,740,990	–
With 1 months past due	3%	12,536	376
1 to 3 months past due	3%	23,917	718
3 to 12 months past due	10%	51,281	5,128
Total		3,828,724	6,222

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount HK$	Loss allowance HK$
Current	–	6,360,680	–
With 1 months past due	3%	–	–
1 to 3 months past due	3%	–	–
3 to 12 months past due	10%	82	8
Total		6,360,762	8

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Distressed debt asset at amortised cost

The Group has investments in distressed debt assets at amortised cost which contain certain elements of credit risk. Depending on the status of the obligor of distressed debt asset, the Group decide to pursue cash collections from disposing obligor's pledged assets, credit risk arises in such situation. To minimise the credit risk of distressed debt assets, the Group assesses the value of collateral which can fully covers the credit exposure before purchasing the distressed debt assets. The Group also timely evaluating the recoverability of the distressed debt assets and obtaining legal advice regarding the legal status of the distressed debt assets.

Specially, the risks to which distressed debt assets at amortised cost mainly comprise valuation risk, legal title risk and to extent credit risk. The management's estimated cash flow forecast would be adjusted up to the result of certain risks assessments.

(i) Valuation risk

Valuation risk is the risk of negative impact arising for the difference between actual results and value estimations that the Group would use in its management of distressed debt assets at amortised cost, due to variance in factors including future estimated cash flows, collection period, disposal cost and etc. Measures the Group takes to minimise the valuation risk include:

– Perform investigation on the parties involved in the transaction (including the debtors and the guarantors), pledged collateral and etc.; and

– Adopt conservative estimation on discount rate, and disposal cost when performing valuation and review the difference between actual results.

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Distressed debt asset at amortised cost (cont'd)

(ii) Legal title risk

Legal title risk is the risk of loss, arising from the decrease of recoverable amount when the legal rights to claim was partially or entirely lost due to unexpected circumstances such as the collaterals have been impounded by another plaintiff. Measures the Group takes to minimise the legal title risk include setting up reporting mechanism of significant event to ensure immediate recovery action be taken when certain risk elements emerge and enhance the communication with the counsel and the count to accelerate the legal processing.

The loss allowance for ECLs for distressed debt assets as at 31 December 2021 has been estimated on the basis of a valuation carried out by AVISTA.

The following table provides information about the Group's exposure to credit risk and ECLs for distressed debt assets at amortised cost:

	2021 **HK$**	2020 HK$
At the beginning of the year	**13,673,885**	11,000,000
Reversal of ECLs *(note 9)*	**(2,347,443)**	–
Loss allowance for ECLs *(note 9)*	**3,630,281**	1,886,506
Exchange realignment	**471,667**	787,379
At the end of the year *(note 24)*	**15,428,390**	13,673,885

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

2021	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Non-derivatives					
Trade payables	726,522	726,522	726,522	–	–
Accruals and other payables	76,283,550	76,283,550	67,634,993	8,648,557	–
Amount due to a non-controlling shareholder of subsidiaries	8,537,621	8,537,621	8,537,621	–	–
Amount due to a director	10,251,007	10,251,007	10,251,007	–	–
Interest-bearing bank and other borrowings	288,113,171	293,628,921	192,989,055	100,639,866	–
Lease liabilities	1,936,275	2,063,153	1,173,700	889,453	–
Convertible bonds	46,496,521	57,989,400	32,861,400	25,128,000	–
Total non-derivatives	432,344,667	449,480,174	314,174,298	135,305,876	–

2021	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$
Derivatives			
Interest rate swap – cash flow hedges (inflow)	(5,985,922)	(5,985,922)	–
Interest rate swap – cash flow hedges outflow	8,543,878	8,543,878	–
Total derivatives	2,557,956	2,557,956	–

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

2020	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$	More than 5 years HK$
Non-derivatives					
Trade payables	1,559,674	1,559,674	1,559,674	–	–
Accruals and other payables	69,450,113	69,450,113	60,657,023	8,793,090	–
Amount due to a non-controlling shareholder of subsidiaries	8,680,300	8,680,300	8,680,300	–	–
Amount due to a director	30,850,065	30,850,065	30,850,065	–	–
Interest-bearing bank and other borrowings	299,644,996	309,595,955	194,397,018	115,198,937	–
Lease liabilities	1,223,583	1,313,071	624,180	688,891	–
Convertible bonds	44,323,160	57,989,400	32,861,400	25,128,000	–
Total non-derivatives	455,731,891	479,438,578	329,629,660	149,808,918	–

2020	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 5 years HK$
Derivatives			
Interest rate swap – cash flow hedges (inflow)	(3,950,905)	(3,950,905)	–
Interest rate swap – cash flow hedges outflow	8,262,581	8,262,581	–
Total derivatives	4,311,676	4,311,676	–

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the above analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group ensures that between its borrowings are effectively on a fixed rate basis, either through the contractual terms of the interest-bearing financial liabilities or through the use of interest rate swaps. The Group's interest rate profile as monitored by management is set out in (ii) below.

(i) Hedges of interest rate risk

Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

The following table provides information on the interest rate swaps which have been designated as cash flow hedges of the interest rate risk inherent in the Group's variable rate bank borrowings at the end of the reporting period:

	At 31 December	
	2021	2020
	HK$	HK$
Notional amount	**287,246,271**	298,142,050
Carrying amount of derivative financial instruments		
– Liability	**2,557,956**	4,311,676

The swap mature over the next 2 years matching the maturity of the bank borrowings and have fixed effective interest rate at 3.85% per annum.

The Group seeks to hedge the benchmark interest rate component only and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swaps and the variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and/or receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the loans.

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Interest rate risk (cont'd)

(i) Hedges of interest rate risk (cont'd)

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

	2021 **HK$**	2020 HK$
At the beginning of the year	**4,311,676**	4,394,641
Effective portion of the cash flow hedge recognised in other comprehensive income	**5,281,342**	4,470,641
Amount recognised to profit or loss	**(6,973,021)**	(4,607,533)
Exchange realignment	**(62,041)**	53,927
At the end of the year	**2,557,956**	4,311,676

The entire balance in the hedging reserve relates to continuing hedges. During the years ended 31 December 2021 and 2020, the Group has no hedge ineffectiveness recognised in the consolidated statement of profit or loss.

(ii) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments (see (i) above).

	Year ended 31 December			
	2021		2020	
	Effective interest rate %	**HK$**	Effective interest rate %	HK$
Fixed rate borrowings:				
Interest-bearing bank borrowings	**3.85**	**286,827,636**	3.85	298,142,050
Other borrowing	**0.46**	**1,285,535**	0.46	1,502,946
Lease liabilities	**3.96 – 6.69**	**1,936,275**	3.96 – 6.69	1,223,583
Convertible bonds	**18.96 – 30**	**46,496,521**	18.96 – 30	44,323,160
Total borrowings		**336,545,967**		345,191,739
Fixed rate borrowings as a percentage of total borrowings		**100%**		100%

44. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through transactions that are denominated in currencies other than the functional currency of the group entities.

Substantially all the transactions of the Company's major subsidiaries are carried out in SG$, IDR, JPY and RMB, which are the functional currencies of the major subsidiaries. Therefore, the risks on foreign currency risk are minimal.

The currencies giving arise to this risk are primarily SG$, IDR, JPY and RMB at company level as the Company has amounts due from subsidiaries denominated in SG$, IDR, JPY and RMB.

The following table indicates the sensitivity to a reasonably possible change in the exchange rate of currencies, with all other variables held constant, of the Group's other component of equity:

	Year ended 31 December	
	2021	2020
	Effect on other component of equity	Effect on other component of equity
	HK$	HK$
SG$ to HK$:		
Appreciates by 1%	**(353,250)**	(375,500)
Depreciates by 1%	**353,250**	375,500
IDR to HK$:		
Appreciates by 1%	**1,564,337**	1,418,158
Depreciates by 1%	**(1,564,337)**	(1,418,158)
JPY to HK$:		
Appreciates by 5%	**951,436**	1,132,600
Depreciates by 5%	**(951,436)**	(1,132,600)
RMB to HK$:		
Appreciates by 6%	**3,451,894**	3,800,211
Depreciates by 6%	**(3,451,894)**	(3,800,211)

45. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose net debt is defined as amounts due to a non-controlling shareholder of subsidiaries and a director, interest-bearing bank and other borrowings, lease liabilities and convertible bonds less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's net debt to equity ratio at the end of reporting period was:

	At 31 December	
	2021	2020
	HK$	HK$
Amount due to a non-controlling shareholder of subsidiaries	**8,537,621**	8,680,300
Amount due to a director	**10,251,007**	30,850,065
Interest-bearing bank and other borrowings	**288,113,171**	299,644,996
Lease liabilities	**1,936,275**	1,223,583
Convertible bonds	**46,496,521**	44,323,160
Less: cash and cash equivalents	**(26,360,451)**	(39,521,013)
Net debts	**328,974,144**	345,201,091
Total equity	**220,701,522**	342,635,850
Net debt to equity ratio	**149%**	101%

46. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 HK$	2020 HK$
Non-current assets			
Property, plant and equipment		**13,925**	19,879
Right-of-use assets		**1,252,730**	437,534
Interests in subsidiaries		**59,500,080**	39,000,080
Total non-current assets		**60,766,735**	39,457,493
Current assets			
Deposits, prepayments and other receivable		**350,460**	350,460
Amounts due from subsidiaries		**211,891,163**	241,184,887
Amount due from a director		**32,032,412**	29,271,612
Cash and cash equivalents		**837,346**	882,865
Total current assets		**245,111,381**	271,689,824
Current liabilities			
Amounts due to subsidiaries		**51,149,883**	48,877,240
Accruals and other payables		**12,411,755**	2,484,451
Lease liabilities		**932,769**	443,524
Convertible bonds		**32,861,400**	32,861,400
Total current liabilities		**97,355,807**	84,666,615
Net current assets		**147,755,574**	187,023,209
Total assets less current liabilities		**208,522,309**	226,480,702
Non-current liabilities			
Lease liabilities		**373,494**	–
Convertible bonds		**13,635,121**	11,461,760
Total non-current liabilities		**14,008,615**	11,461,760
Net assets		**194,513,694**	215,018,942
Equity			
Share capital		**3,490,000**	3,490,000
Reserves	*35*	**191,023,694**	211,528,942
Total equity		**194,513,694**	215,018,942

On behalf of the Board

Ngan Iek

Datuk Siew Pek Tho

47. EFFECT OF COVID-19

The outbreak of COVID-19, it had affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments and brought unprecedented challenges and added uncertainties to the economy. COVID-19 affected the financial performance and position of the industry of hotel business including the room rate and occupancy rate of hotel businesses, construction progress of Bintan resort business, and the fair value of hotel buildings and investment properties. The directors of the Company are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2022.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write-downs in the subsequent financial periods.

INVESTMENT PROPERTIES IN INDONESIA

Location	Use	Lease expiry	Approximate site area sq.m.	Group's interest %
Land located at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia (held under medium term leasehold land)	**Commercial**	**2044**	**417,089**	**92**
Land located at Gunung Kijang Village, Gunung Kijang, Bintan, Riau Island, Indonesia (held under medium term leasehold land)	**Commercial**	**2046**	**78,257**	**90**

HOTEL PROPERTIES IN SINGAPORE

Link Hotel

- Location: Nos. 50 & 51, Tiong Bahru Road, Singapore
- Held under long term leasehold land (expiry: 2066)
- Group's interest: 100%
- Use of properties: hotel operation

HOTEL PROPERTIES IN JAPAN

Hanatsubaki Spa Hotel

- Location: 922-0138 Ishikawa, Kaga, Yamanaka-onsen Kayanomachi Ha 36, Japan
- Held under freehold land
- Group's interest: 100%
- Use of properties: hotel operation

PROPERTIES UNDER CONSTRUCTION IN INDONESIA

Usage: hotel and resort

- Location: Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia
- Held under medium term leasehold land (expiry: 2044)
- Site area: approximately 14,864 sq.m.
- Stage of completion as at 31 December 2021: approximately 73%
- Expected completion: late 2023
- Group's interest: 92%

Financial Summary

A summary of the results and of the financial position of Link Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the last five financial years, which are extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$	HK$	HK$	HK$	HK$
			(restated)		
Revenue	**49,718,776**	57,615,424	55,235,432	60,628,594	66,017,970
(Loss)/profit before income tax expense	**(112,897,343)**	(44,675,180)	(64,671,098)	2,111,346	19,504,567
(Loss)/profit for the year	**(115,769,344)**	(48,302,876)	(67,620,770)	(3,052,772)	11,158,502
Total comprehensive income for the year	**(121,934,328)**	(62,678,176)	(58,701,091)	(26,498,557)	24,649,183

	As at 31 December				
	2021	2020	2019	2018	2017
	HK$	HK$	HK$	HK$	HK$
			(restated)		
Total assets	**682,603,667**	829,076,475	891,927,310	1,027,779,008	866,760,665
Total liabilities	**(461,902,145)**	(486,440,625)	(500,955,773)	(578,106,380)	(390,589,519)
Non-controlling interests	**(2,660,283)**	(5,475,041)	(5,625,527)	(5,511,263)	(5,646,750)
	218,041,239	337,160,809	385,346,010	444,161,365	470,524,396

Note:

The consolidated results of the Group for each of the two years ended 31 December 2020 and 2021 and the consolidated assets and liabilities of the Group as at 31 December 2020 and 2021 are those set out on pages 63 to 65 of this annual report.

The summary above does not form part of the audited financial statements.