Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8237)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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.

The board (the "**Board**") of directors (the "**Director(s)**") of Link Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce its audit of the consolidated financial statements of the Company for the year ended 31 December 2022 (the "**2022 Annual Results**") in accordance with Hong Kong Standards on Auditing, and hereby announces the 2022 Annual Results.

This announcement, containing the full text of the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"), complies with the relevant requirements of the GEM Listing Rules in relation to the information to accompany the preliminary announcement of the 2022 Annual Results. This annual results announcement has been reviewed by the audit committee of the Company.

* *For identification purposes only*

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2023 and will remain suspended until further notice.

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

By Order of the Board
Link Holdings Limited
He Dingding
Chief Executive Officer and Executive Director

Hong Kong, 5 January 2024

As at the date of this announcement, the executive Directors are Mr. He Dingding and Mr. Lui Tin Shun; the non-executive Directors are Mr. Wong Chun Hung Hanson and Mr. Chiu Kung Chik; and the independent non-executive Directors are Mr. Chan So Kuen, Mr. Thng Bock Cheng John, Ms. Tam Mei Chu, Ms. Chan Wai Ki, Joffee and Ms. Liu Lu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.irasia.com/listco/hk/linkholdings.

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

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 herein or this report misleading.

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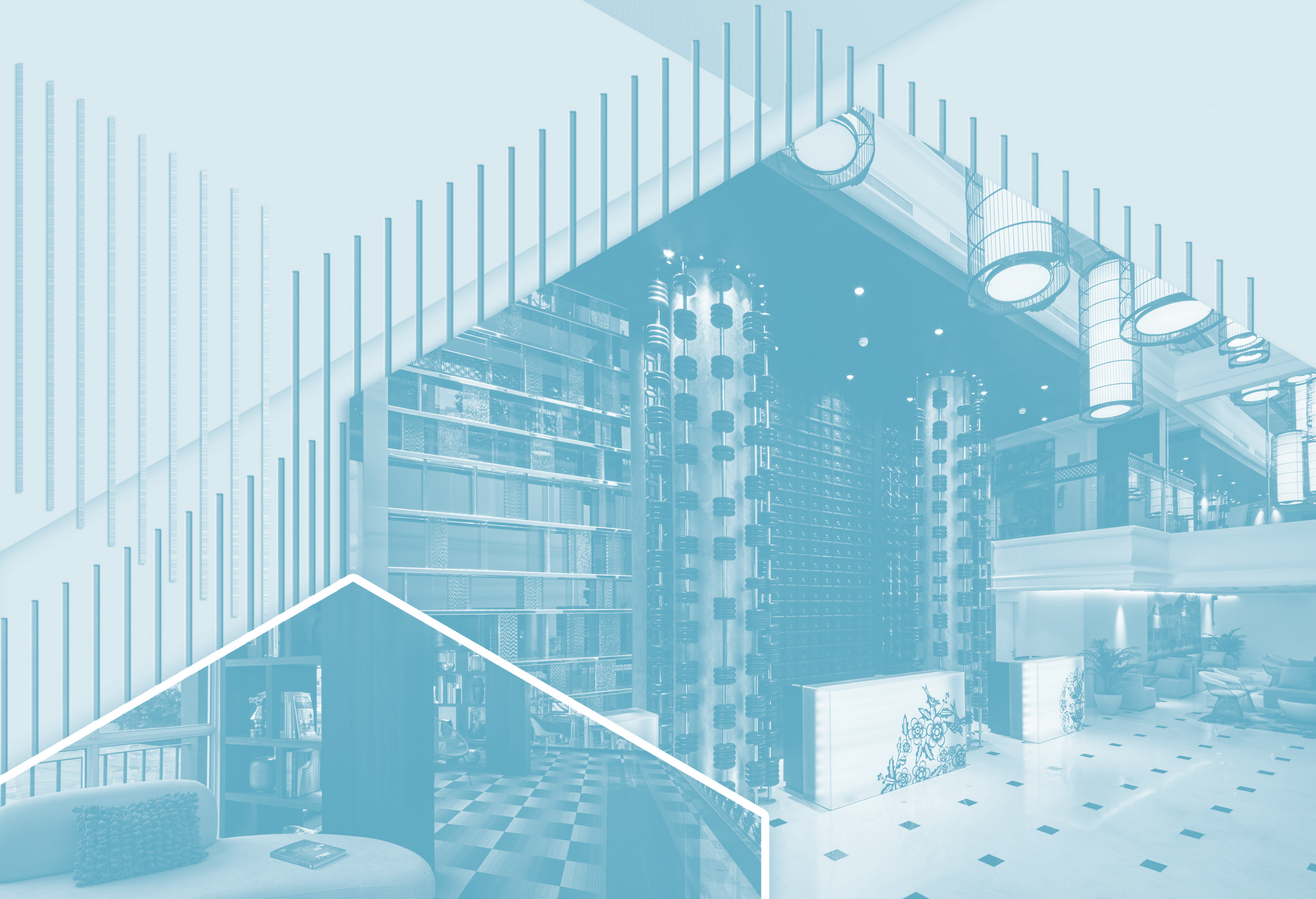

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. He Dingding* *(Chief Executive Officer)*
Mr. Lui Tin Shun*
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)

Non-executive Directors

Mr. Chiu Kung Chik*
Mr. Wong Chun Hung Hanson* *(Chairman)*
Mr. Lin Jianguo (resigned on 28 June 2022)
Mr. Zhao Guoming (resigned on 10 November 2022)
Ms. Zhang Shuo (resigned on 27 August 2022)

Independent non-executive Directors

Ms. Chan Wai Ki Joffee*
Mr. Chan So Kuen
Ms. Liu Lu*
Mr. Simon Luk (resigned on 14 July 2023)
Ms. Tam Mei Chu*
Mr. Thng Bock Cheng John

COMPANY SECRETARY

Ms. Lam Hoi Ki^, HKICPA
Mr. Tong Hing Wah, HKICPA (cessation on 30 April 2023)

COMPLIANCE OFFICER

Mr. Lui Tin Shun (appointed on 9 May 2023)
Datuk Siew Pek Tho (resigned on 9 May 2023)

AUDIT COMMITTEE

Ms. Tam Mei Chu *(Chairman)* (appointed on 9 May 2023)
Ms. Chan Wai Ki Joffee (appointed on 9 May 2023)
Ms. Liu Lu (appointed on 9 May 2023)
Mr. Chan So Kuen
Mr. Thng Bock Cheng John (resigned on 9 May 2023)
Mr. Simon Luk (resigned on 9 May 2023)

* Appointed as Director on 2 May 2023
^ Appointed on 3 May 2023

REMUNERATION COMMITTEE

Ms. Chan Wai Ki Joffee *(Chairman)* (appointed on 9 May 2023)
Ms. Liu Lu (appointed on 9 May 2023)
Ms. Tam Mei Chu (appointed on 9 May 2023)
Mr. Chan So Kuen
Mr. Simon Luk *(Chairman)* (resigned on 9 May 2023)
Mr. Ngan Iek (resigned on 9 January 2023)
Datuk Siew Pek Tho (resigned on 9 May 2023)
Mr. Thng Bock Cheng John (resigned on 9 May 2023)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Chiu Kung Chik *(Chairman)* (appointed on 9 May 2023)
Ms. Chan Wai Ki Joffee (appointed on 9 May 2023)
Mr. Chan So Kuen
Ms. Tam Mei Chu (appointed on 9 May 2023)
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)
Mr. Simon Luk (resigned on 9 May 2023)
Mr. Thng Bock Cheng John (resigned on 9 May 2023)

REGISTERED OFFICE

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

CORPORATE INFORMATION

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
17/F, Far East Finance Centre
16 Harcourt Road
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

CHAIRMAN'S STATEMENT

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 2022 (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$33.3 million, representing a decrease of approximately 33.0% as compared with the last financial year, which was mainly due to the subsisting COVID-19 pandemic throughout the Year. For the Year, loss attributable to owners of the Company was approximately HK$54.3 million, representing a decrease in loss by approximately HK$58.8 million or approximately 52.0%. The decrease in loss for the Year was mainly due to the significant decrease in impairment loss on the Group's hotel business from approximately HK$76.8 million in the last financial year to approximately HK$10.1 million in the current financial year.

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.

Wong Chun Hung Hanson
Chairman and Non-executive Director

5 January 2024

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 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 Group's principal hotel, namely Link Hotel in Singapore resumed normal business in April 2022. While the normal business of Link Hotel has been gradually improving, the Group also successfully retained the contract with the local government for using the annex block of the hotel as quarantine accommodation during the Year, which provided the Group with a steady stream of income. Despite that the contract with the local government for using the annex block of the hotel as quarantine accommodation has been terminated on 31 December 2023, the business of the hotel has been improving and the occupancy rate is comparable to that before the outbreak of COVID-19 pandemic. Notwithstanding the above, the management of Link Hotel has been keen on seeking operation partner(s) to enhance the overall performance.

Regarding the Group's Hanatsubaki Spa Hotel in Japan, in view of the then expected difficult operating situation amid the subsisting and uncertain development of the COVID-19 pandemic in previous years, the Group's tight financial resources and its non-profitable situation at the material time, the Company temporarily closed the hotel in May 2022 until there is an optimistic anticipation on its profitability. Given that the COVID-19 pandemic restrictions have been gradually lifted in Japan, the Company reopened Hanatsubaki Spa Hotel in Japan in the third quarter of 2023. However, due to the Group's tight financial and human resources, the business of Hanatsubaki Spa Hotel is currently not performing as well as expected and therefore the Group may consider to explore possible options (including but not limited to the disposal of Hanatsubaki Spa Hotel) to reduce the Group's liquidity pressure.

FINANCIAL REVIEW

For the Year, the Group recorded a total revenue from hotel operation of approximately HK$33.3 million (2021: approximately HK$49.7 million), representing a decrease of approximately 33.0% as compared to for the financial year ended 31 December 2021 ("FY2021"), which was mainly due to the subsisting COVID-19 pandemic throughout the Year.

For the Year, loss attributable to owners of the Company was approximately HK$54.3 million (2021: loss of approximately HK$113.1 million), representing a decrease in loss by approximately HK$58.8 million or approximately 52.0%. The decrease in loss for the Year was mainly due to the significant decrease in impairment loss on the Group's hotel business from approximately HK$76.8 million for FY2021 to approximately HK$10.1 million for the Year.

Basic losses per share for the Year was approximately HK cents 1.56 (2021: basic losses per share of approximately HK cents 3.24).

Hotel operation

For the Year, room revenue amounted to approximately HK$24.4 million (2021: approximately HK$35.5 million), accounting for approximately 73.2% (2021: approximately 71.5%) 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 93.2% of total room revenue for the Year (2021: approximately 84.8%), 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 2019.

Since early 2020, 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. During the Year, such engagement, which has been terminated on 31 December 2023, covered certain number of hotel rooms of Link Hotel. As a result, the Group secured certain stable income during the Year with government engagement for part of the hotel; while it also benefited from the gradual resumption of business upon the lifting of travel restrictions worldwide in respect of the part of hotel which has opened for normal accommodation of tourists.

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	
	2022	2021
Total available room nights	**100,010**	100,010
Occupancy rate	**34.0%**	92.7%
Average room rate *(HK$)*	**610.2**	307.1
RevPAR *(HK$)*	**209.1**	284.7

For the Year, food and beverage ("F&B") revenue was approximately HK$2.4 million (2021: approximately HK$8.7 million), representing approximately 7.1% (2021: approximately 17.6%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group's hotels.

The Group leases shop units in its hotels and received rental income from hotel tenants. For the Year, rental income from hotel tenants was approximately HK$5.1 million (2021: approximately HK$4.3 million), representing approximately 15.2% (2021: approximately 8.7%) of the total revenue from hotel business.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company's announcement dated 29 September 2016). Since 2020 and up to the Year, due to the tight financial resources and the COVID-19 pandemic in previous years, the construction progress was suspended. The Group currently is considering to seek potential investor(s) for capital injection for completion or an outright buyout of the Bintan Assets.

Distressed debt assets management business

During the Year, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK$0.5 million (2021: loss of approximately HK$4.7 million). As at the date of this report, management is not aware of any issues regarding the ownership and collectibility of the distressed debts assets.

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 2022, the Group had net current liabilities of approximately HK$354.6 million (2021: net current liabilities of approximately HK$232.2 million), including short-term interest-bearing bank and other borrowings of approximately HK$279.6 million (2021: approximately HK$189.0 million). As at 31 December 2022, the Group also had non-current interest-bearing bank and other borrowings of approximately HK$3.0 million (2021: approximately HK$99.1 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.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2021: nil).

Material acquisitions and disposals

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

Future plans for material investments and capital assets

Save as disclosed in this report, the Group did not have plans for material investments and capital assets as at the date of this report.

Gearing ratio

As at 31 December 2022, the Group's gearing ratio was approximately 236.7% (31 December 2021: approximately 149.1%), based on total debt of approximately HK$351.0 million and total equity of approximately HK$148.3 million. The increase was mainly attributable to the significant increase in loss of the Year.

Contingent liabilities

As at 31 December 2022, the management of the Group was not aware of any material claim which was threatened against the Group (2021: Nil).

Employees and remuneration policies

As at 31 December 2022, the Group engaged a total of 45 employees (2021: 56 employees). Total staff costs excluding Directors' remuneration for the Year amounted to approximately HK$17.7 million (2021: approximately HK$18.1 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 2022, 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 2022, certain property, plant and equipment of the Group with net carrying amount of approximately HK$134.9 million (2021: approximately HK$133.2 million) were pledged to secure for the banking facilities.

Dividends

The Directors do not recommend the payment of final dividend for the Year (2021: nil).

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 will be issued on the website of the Stock Exchange and the Company (www.irasia.com/listco/hk/linkholdings) on 5 January 2024.

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		
Competition	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.

Risk Name	Description	Control Measures
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.
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 43 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 2022 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 2022 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$55,069,702 during the year ended 31 December 2022 and, as of that date, had net current liabilities of HK$354,649,947. As of 31 December 2022, the Group had an interest-bearing bank borrowing of HK$279,588,327 that is repayable within one year after the end of the reporting period and bank overdrafts of HK$12,912,290 that is repayable on demand (Note 28). In addition, as at 31 December 2022, the Group had other financial liabilities of HK$114,092,047 in total which are repayable on demand, including (i) construction payable amounting to HK$43,561,547 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$10,126,863 (Note 27), (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 32), (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$7,825,397 (Note 27), and (v) interest payable of convertible bond amounting to HK$19,716,840 (Note 26), but only had cash and cash equivalents of HK$12,382,300 as at the same date. As of 31 December 2022, total interest-bearing bank borrowing, bank overdrafts and other financial liabilities of the Group is amounted to HK$406,592,664.

Subsequent to the end of the reporting period, the following events occurred:

— In respect of a sum of bank borrowing amounting to HK$279,321,188 included in the abovementioned interest-bearing bank borrowing, the lender in January 2023 decided to terminate the banking facilities relevant to the borrowing and requested immediate repayment by the Group for the amount. The lender subsequently appointed a receiver and manager under the loan agreements to take over the hotel buildings of the Group in April 2023.

  In view of this, the Group entered into a one-year loan facility agreement in June 2023 with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

— Furthermore, the Group received a demand notice in August 2023 from the constructor related to the Bintan CGU requesting the settlement of the construction payable. As disclosed in Note 32, the bondholder for 2015 Convertible Bonds initiated legal proceedings against the Group for the Group's failure to redeem convertible bonds.

Based on the latest management accounts of the Group up to 30 November 2023, total interest-bearing bank borrowing and other financial liabilities increased by HK$43,969,343 to HK$450,562,007.

In view of the above circumstances, the directors have prepared a cash flow forecast covering a period of 24 months from the end of the reporting period up to 31 December 2024, which takes into account 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 planned. However, in respect of (1) the expected settlement of construction payables of HK$43,561,547 after the first half of 2025, we sent but did not received an external confirmation from the constructor regarding payment schedule of the construction payables for our evaluation of the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain fund of HK$85,000,000 from the controlling shareholder under a loan facility, there was no information available from management that we considered sufficiently reliable that enables us to assess the financial position of the controlling shareholder and to evaluate whether the controlling shareholder 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 Group's consolidated financial statements for the year ended 31 December 2021 ("2021 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2022. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2022 also for the possible effect of the disclaimer of audit opinion on 2022 Consolidated Financial Statements on the comparability of 2022 figures and 2021 figures in consolidated financial statements for the year ended 31 December 2022.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The Audit Committee had critically reviewed the disclaimer of opinion (the "2022 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 2022 Audit Qualifications. The Audit Committee is in agreement with the management with respect to the 2022 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 2022 Audit Qualifications (and the assumption of successful and continued implementation); and (ii) discussions between the Audit Committee, the auditors and the management regarding the 2022 Audit Qualifications. 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 2022 Audit Qualifications in the next financial year.

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

Detailed plan to address the Disclaimer of Opinion

The management's position and basis on the going concern basis

The auditors issued a Disclaimer of Opinion in relation to the appropriateness of the going concern assumptions due mainly to (i) the net loss and net current liabilities of the Group, (ii) the settlement plan of the construction payables and (iii) the availability of funds from the controlling shareholders in support of the going concern of the Company.

In response to the auditors' Disclaimer of Opinion related to the going concern assumptions, the management wishes to provide a detailed and proactive plan to ensure the company's resilience and long-term viability.

Resumption and Improvement of Operations

It is pertinent to note that the management has effectively addressed the receivership of Link Hotel, which has since resumed normal operations and is showing signs of progressive improvement. With reference to the management's cash flow projections, Link Hotel is anticipated to generate ample revenue to cover its expenses, projecting an operating profit. This forecast is based on the current occupancy rates in the final quarter of 2023 and potential collaborations with internationally acclaimed hotel operators or co-living brands, which are expected to enhance Link Hotel's operations and profitability according to their projections.

Addressing Net Current Liabilities

The Group's net current liabilities are attributable to:

(a) the short term loan facility with Swettenham Capital Pte. Ltd ("Swettenham Capital");

(b) the outstanding principal and interest of the 2015 Convertible Bonds (as defined below);

(c) the amount due to a director; and

(d) the construction payable relating to the Bintan development.

Possible refinancing by way of long term secured loan and/or equity financing following the resumption of trading

Recognizing these challenges, the management has initiated negotiations with multiple financial institutions, and preliminary feedback indicates a strong possibility of securing a long-term, secured loan facility that would refinance our current liabilities following the resumption of trading of shares (the "Shares") of the Company. Additionally, management is proactively seeking equity financing options to bolster the Company's capital structure and liquidity position.

The management team is currently engaged in proactive negotiations with current financiers, which include Swettenham Capital and the holder of the convertible bond, to explore the possibilities of extending the terms of the existing loan and agreeing to a further standstill concerning the convertible bond. This is intended to allow the management sufficient time to secure refinancing following the resumption of share trading. As of the date of this report, the responses received have been encouraging.

Legal Recourse and Claims

As disclosed in the Company's announcement dated 20 November 2023, the Company is taking legal action against various parties including the director to whom an amount is due by the Company. These proceedings may lead to a reduction of the outstanding liabilities through a potential offset of the amounts owed against the company's claims, thus improving our financial position.

Optimisation of hotel/investment portfolio

The Company is carefully reviewing its hotel and investment portfolio, which includes evaluating financing avenues via debt or equity offerings at the project level, alongside devising strategies to monetise its investments in Bintan and the Japan hotel. Management is of the opinion that introducing strategic partner(s) into its ventures will not only inject additional capital but also contribute valuable expertise to enhance the profitability of the projects. Such partnerships are anticipated to bolster the financial position of the Group overall, and in the event of a strategic divestment, could strengthen the Group's cash flows. As of the date of this report, this assessment is still in progress, with no binding agreements or arrangements having been entered into with any parties.

Continued Commitment from Controlling Shareholders

The Company has sought financial support from its major shareholders in order to ease the pressure from immediate operating capital during the financial year ended 31 December 2023. The controlling shareholders reaffirm their unwavering support, committing to provide sufficient financial backing to uphold the company's operations as needs arise.

Conclusion

In this regard, the management is optimistic that the underlying matters leading to the Disclaimer of Opinion will be resolved through the plans above (including but not limited to the refinancing possibility following the resumption of trading of Shares, the extension of the exiting loan and standstill of the 2015 Convertible Bonds (as defined below), the optimisation of the Group's hotel and investment portfolio, and the overall improvement of the Link Hotel business, as well as the shareholders' support continued to be obtained). Based on the management's discussion with the auditors, following the successful implementation of the plan in the financial year ending 31 December 2024, the Disclaimer of Opinion will be removed.

The audit committee (the "Audit Committee") of the Company concurs with the views as stated above.

IMPACT OF THE 2022 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 Company is cautiously optimistic about its future prospects as it navigates the recovery from the COVID-19 pandemic. As the global vaccination rollout continues and travel restrictions gradually ease, the tourism industry is poised for a robust recovery. The Company is well-positioned to benefit from this resurgence, thanks to its diverse property portfolio and commitment to delivering exceptional experiences for its guests, subject to timely refinancing being obtained.

In the past, the Company has invested in non-performing loans and special assets. The Company will continue to evaluate its existing portfolio and seek suitable investments in special assets and restructuring opportunities. This strategic approach will contribute to the Company's growth and stability in the long term.

As part of its ongoing business strategy, the Company will constantly assess its hotel portfolio and consider plans for expansion or adjustment in light of the prevailing market situation. This proactive approach allows the Company to remain adaptable and responsive to market changes, ensuring optimal growth and value creation for its stakeholders.

Active engagement in refinancing efforts is underway to ensure a stable financial foundation for the business. With successful and timely refinancing, the Singapore hotel's future prospects are promising, as the market continues to thrive and attract both business and leisure travelers. Notwithstanding the above, the management of the Link Hotel has been keen on seeking operation partner(s) to enhance the overall performance.

The Group's Hanatsubaki Spa Hotel in Japan is another promising venture contributing to the Company's future growth, subject to the timely refinancing. In recent years, there has been growing interest in wellness tourism, and the Hanatsubaki Spa Hotel is well-positioned to cater to this demand. Given that the COVID-19 pandemic restrictions have been gradually lifted in Japan, the Company has reopened the Hanatsubaki Spa Hotel in Japan in the third quarter of 2023. However, due to the Group's tight financial and human resources, the business of the Hanatsubaki Spa Hotel is currently not performing as well as expected and therefore the Group may consider to explore possible options (including but not limited to the disposal of Hanatsubaki Spa Hotel) to reduce the Group's liquidity pressure.

The Bintan resort development represents an exciting opportunity for the Company to expand its regional footprint, subject to successful and timely refinancing. Bintan, a popular island destination in Indonesia, is known for its sandy beaches, lush greenery, and crystal-clear waters. The Company is carefully assessing the potential continuation of the Bintan development to cater to the growing demand for luxury accommodations, providing guests with a unique and memorable island getaway experience. The Bintan resort, if completed, will bolster the Company's presence in the region's burgeoning tourism market, helping diversify revenue streams and contribute to overall growth, provided that necessary refinancing is obtained in a timely manner.

The Company recognizes the gravity of its current liquidity challenges. Active efforts are being made to secure refinancing to stabilize the financial position. Engagement with financial institutions and potential investors to explore various refinancing options is ongoing, with a strong commitment to identifying the most suitable solution for the Company.

Looking to the future, the focus remains on continuous improvement, and creating unforgettable experiences for guests, while closely monitoring the refinancing process and constantly assessing the hotel portfolio. The Company is excited about the opportunities that lie ahead, including the potential Bintan resort development, and remains committed to working diligently to achieve its vision of becoming a leading hospitality provider in the region, subject to successful and timely refinancing.

With a commitment to delivering exceptional guest experiences, enhancing the value of properties, and strategically investing in special assets and restructuring opportunities, the Company looks forward to a bright future, provided that timely refinancing is obtained.

EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2022

Mandatory conditional cash offers

On 13 February 2023, Vertic Holdings Limited ("Vertic") entered into a sale and purchase agreement with Ace Kingdom Enterprises Corporation ("Ace Kingdom") in relation to the sale of 1,900,000,000 Shares (the "Sale Share(s)") at a consideration of HK$37,000,000 (the "Sale"), which is equivalent to approximately HK$0.01947 per Sale Share. The Sale was completed on 15 February 2023.

As the result of the Sale, Ace Kingdom was required to make mandatory conditional cash offers (the "Offers") for (i) all the other issued Shares in accordance with Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"); and (ii) all the outstanding convertible bonds in accordance with Rule 13.5 of the Takeovers Code. For details of the Offers, please refer to the announcement dated 24 February 2023 and the offer document dated 16 March 2023 of the Company.

On 5 May 2023, the Offers were closed. For the result of the Offers, please refer to the announcement of the Company dated 5 May 2023.

Breach of Convertible Bonds by the Company

Pursuant to the convertible bonds (the "2015 Convertible Bonds") issued by the Company on 30 November 2015 in favour of the convertible bond holder (the "CB Holder"), the Company was required to redeem the 2015 Convertible Bonds in the principal amount of approximately HK$25.3 million on the maturity date, i.e. 30 November 2020. Given that the Group has failed to redeem the 2015 Convertible Bonds, which constituted an event of default, the CB Holder issued two letters in December 2020 and a further letter in November 2021 to the Company demanding for the immediate repayment of the principal sum and default penalty under the 2015 Convertible Bonds together with all default interest. As disclosed in the announcement of the Company dated 13 September 2023, the Company entered into the Standstill Agreement with the CB Holder, pursuant to which (i) the CB Holder shall not initiate or pursue any legal proceedings in respect of the defaults under the 2015 Convertible Bonds for a period from 13 September 2023 to 31 December 2023 (the "Standstill Period"), and (ii) the Company shall make partial repayments to the CB Holder in the manner specified therein.

As disclosed in the announcement of the Company dated 29 December 2023, the Company and the CB Holder have agreed the following (i) the Standstill Period shall be extended to 16 February 2024; and (ii) the Company shall repay HK$16,057,191.78 on or before 16 February 2024 as further partial repayment to the CB Holder for the principal amount of the 2015 Convertible Bonds together with accrued and unpaid interests and/or default interests thereon. During the Standstill Period, the management of the Company will continue to negotiate with the CB Holder to further extend the Standstill Period and to agree on a repayment schedule for the remaining amount due under the 2015 Convertible Bonds, as and when appropriate.

Transfer of the 2020 Convertible Bonds

Pursuant to the subscription agreement dated 21 June 2020 (the "Subscription Agreement") entered into between the Company and Mr. Ng Meng Chit ("Mr. Ng"), the Company issued the zero-coupon convertible bonds (the "2020 Convertible Bonds") in the principal amount of HK$25,128,000 and due in June 2025. Based on the conversion price of HK$0.036 (the "Conversion Price") per conversion share (the "Conversion Share"), a total of 698,000,000 Conversion Shares would be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Details of the 2020 Convertible Bonds is set out in the announcements of the Company dated 21 June 2020 and 12 April 2021.

On 26 January 2023, Mr. Ng transferred the Convertible Bonds in the principal amount of HK$5,760,000 to Lao Sao Chan, HK$5,760,000 to Ao Leong Fan and HK$6,408,000 to Ng Sam Meng. Upon exercise of the conversion rights attaching to such transferred 2020 Convertible Bonds in full, 160,000,000 Shares, 160,000,000 Shares and 178,000,000 Shares would be issued to Lao Sao Chan, Ao Leong Fan and Ng Sam Meng respectively, representing approximately 3.82%, 3.28% and 4.25% of the total issued share capital of the Company respectively as enlarged by the allotment and issue of the 698,000,000 Conversion Shares.

Conversion of the 2020 Convertible Bonds

On 30 January 2023, the Company received conversion notices from holders of the 2020 Convertible Bonds in relation to the exercise of the conversion rights attached to the 2020 Convertible Bonds with the aggregate principal amount of HK$25,128,000 at the Conversion Price of HK$0.036 per Conversion Share (the "Conversion"). The Board announced that, on 17 February 2023, the Conversion had been completed and (i) 200,000,000 Conversion Shares were allotted and issued to Mr. Ng, (ii) 178,000,000 Conversion Shares were allotted and issued to Ng Sam Meng; (iii) 160,000,000 Conversion Shares were allotted and issued to Ao Leong Fan; and (iv) 160,000,000 Conversion Shares were allotted and issued to Lao Sao Chan. Upon completion of the Conversion, all the outstanding 2020 Convertible Bonds were fully converted.

Interlocutory injunction order

On 28 March 2023, CMI Financial Holding Company Limited ("CMI Hong Kong"), being the holder of 2015 Convertible Bonds, as plaintiff commenced a legal proceeding against the Company as defendant for the repayment of the sum of HK$55,563,151 (the "Sum"). Apart from the claiming of the Sum, there is an interlocutory injunction order against the Company, pursuant to which the Company undertakes not to, and shall procure any of its subsidiaries not to enter into any loan or facility agreement or proceed with mortgage of the Group's assets.

For more details, please refer to announcements of the Company dated 12 April 2021, 28 March 2023, 31 March 2023 and 4 April 2023.

Repayment of outstanding loan, discharge of receivership and entering into new facility agreement

On 31 March 2023, each of Hang Huo Investment Pte Ltd ("HHI") in its capacity as borrower and mortgagor, the Company in its capacity as corporate guarantor, and Link Hotels International Pte Ltd ("LHI"), an indirect wholly-owned subsidiary of the Company, in its capacity as another corporate guarantor received notice of demand from the legal adviser of DBS Bank, demanding each of HHI, LHI and the Company for the repayment of total outstanding sum of S$50,010,570.88 (Singapore dollars) together with all further interest accruing thereon (collectively the "Outstanding Loan") until the date of full payment.

On 11 April 2023, Mr. Wong Pheng Cheong Martin of FTI Consulting (Singapore) Pte Ltd, have been appointed by DBS Bank as Receiver and Manager pursuant to the legal mortgages consisting of a first fixed and floating charge over all property and assets, undertakings and income, both present and future, including goodwill and uncalled capital of HHI.

On 16 June 2023 and 22 June 2023, HHI as borrower, and LHI, as operating company and an obligor, entered into a facility agreement and supplemental agreement respectively (collectively the "Facility Agreement") with Swettenham Capital, as lender. Under the Facility Agreement, Swettenham Capital shall make available a term loan facility (the "Swettenham Loan") to HHI in an amount of S$55 million bearing a fixed interest rate of 11% per annum, which shall be secured by a mortgage over Link Hotel given in favour of Swettenham Capital by HHI and a corporate guarantee given by the Company in favour of Swettenham Capital. The Swettenham Loan together with accrued interest thereon shall become payable on the date failing one year from the date of drawdown.

Following full repayment of the Outstanding Loan, the receiver and manager in respect of Link Hotel and all other property and assets of HHI would be discharged.

On 20 December 2023, HHI, LHI and Swettenham Capital have agreed that (i) a deferment and waiver of an upfront interest payment on the Swettenham Loan of S$3,025,000 (the "Upfront Interest Payment"), equivalent to six months of interest on the Swettenham Loan, shall be payable by HHI to Swettenham Capital on 26 December 2023 and interest of S$513,835.62 accruing on the outstanding principal of the Swettenham Loan at such time shall be payable by HHI to Swettenham Capital on 26 January 2024 (the "January 2024 Interest") until 26 February 2024 shall be granted; and (ii) on 26 February 2024, HHI shall pay S$4,114,257.67, which comprises the Upfront Interest Payment, the January 2024 Interest and interest accrued on each of the Upfront Interest Payment, the January 2024 Interest and the outstanding principal of the Swettenham Loan at the rate of 11% per annum. For details, please refer to the announcement of the Company dated 29 December 2023.

As at the date of this annual report, HHI and LHI are in negotiation with Swettenham Capital in relation to further debt financing of up to S$8,000,000 in principal. Further announcement(s) in relation to such financing will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Resumption Guidance

On 6 July 2023, the Company received a letter from the Stock Exchange setting out the following resumption guidance (the "Resumption Guidance") for the resumption of trading in the Company's shares:

(a) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;

(b) demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules; and

(c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. The Company has the primary responsibility to devise its action plan for resumption. To assist the Company, the Stock Exchange set out the Resumption Guidance which the Stock Exchange may modify or supplement if the Company's situation changes.

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 2 April 2024. If the Company fails to remedy the substantive issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 2 April 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 9.01 and 9.15 of the GEM Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

Further to the Resumption Guidance issued by the Stock Exchange on 6 July 2023, the Company received a letter from the Stock Exchange on 17 October 2023, which sets out following additional resumption guidance (the "Additional Resumption Guidance") for the resumption of trading in the shares of the Company:

— restore the minimum public float required under Rule 11.23(7) of the GEM Listing Rules.

The Stock Exchange has indicated that it may modify the Resumption Guidance, the Additional Resumption Guidance and/or give further guidance as and when appropriate.

For further details, please refer to the announcements of the Company dated 10 July 2023 and 18 October 2023.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

Save for disclosed above, the Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this annual report.

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.

During the period from 1 January 2022 up to the date of this report, there have been changes in the composition of the Board. As at 31 December 2022, the Board comprised five Directors, including two executive Directors , namely Mr. Ngan Iek and Datuk Siew Pek Tho, and three independent non-executive Directors (each an "INED"), namely Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Simon Luk. As at the date of this report, the Board comprised nine Directors, including two executive Directors, two non-executive Directors and five INEDs. The list of all Directors and the aforesaid changes are set out below:

Executive Directors

Mr. He Dingding* *(Chief Executive Officer)*
Mr. Lui Tin Shun*
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)

Non-executive Directors

Mr. Chiu Kung Chik*
Mr. Wong Chun Hung Hanson* *(Chairman)*
Mr. Lin Jianguo (resigned on 28 June 2022)
Mr. Zhao Guoming (resigned on 10 November 2022)
Ms. Zhang Shuo (resigned on 27 August 2022)

Independent non-executive Directors

Ms. Chan Wai Ki Joffee*
Mr. Chan So Kuen
Ms. Liu Lu*
Mr. Simon Luk (resigned on 14 July 2023)
Ms. Tam Mei Chu*
Mr. Thng Bock Cheng John

* Appointed on 2 May 2023

Each of the aforementioned INEDs, namely Ms. Chan Wai Ki Joffee, Mr. Chan So Kuen, Ms. Liu Lu, Mr. Simon Luk, Ms. Tam Mei Chu and Mr. Thng Bock Cheng John 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 seven meetings. The attendance records of these meetings are set out below:

	Attendance (for general meetings)	**Attendance (for Board meetings)**
Executive Directors		
Mr. He Dingding*	N/A	N/A
Mr. Lui Tin Shun*	N/A	N/A
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)	0/1	0/7
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)	1/1	7/7
Non-executive Directors		
Mr. Chiu Kung Chik*	N/A	N/A
Mr. Wong Chun Hung Hanson* *(Chairman)*	N/A	N/A
Mr. Lin Jianguo (resigned on 28 June 2022)	0/1	3/3
Mr. Zhao Guoming (resigned on 10 November 2022)	0/1	5/5
Ms. Zhang Shuo (resigned on 27 August 2022)	0/1	4/4
Independent non-executive Directors		
Ms. Chan Wai Ki Joffee*	N/A	N/A
Mr. Chan So Kuen	0/1	7/7
Ms. Liu Lu*	N/A	N/A
Mr. Simon Luk (resigned on 14 July 2023)	1/1	7/7
Ms. Tam Mei Chu*	N/A	N/A
Mr. Thng Bock Cheng John	1/1	7/7

* Appointed on 2 May 2023

The annual general meeting of the Company was held on 28 June 2022. Except for Datuk Siew Pek Tho, Mr. Thng Bock Cheng John and Mr. Simon Luk, the other Directors, due to their respective other important engagements, did not attend the annual general meeting of the Company held on 28 June 2022.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 29 to 33. Mr. Ngan Iek, the former chairman and former executive Director of the Company, is the brother-in-law of Datuk Siew Pek Tho, the former chairman and former executive Director. Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board and in particular, between the chairman and the chief executive.

DIRECTORS' SERVICE CONTRACTS

For details, please refer to the section headed "Directors' Service Contracts" in the "Report of the Directors" in this annual report.

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 ("Shareholders") of the Company 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.

BOARD DIVERSITY POLICY

The Board 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.

GENDER DIVERSITY

As at 31 December 2022, the Group's workforce (including senior management) was approximately 15.6% female and 84.4% male. The table below summarises the share of male and female at different position levels across the Group as at 31 December 2022.

Gender	Executive Directors	Non-executive Directors	Independent non-executive Directors	Managers	Employees	Total
Male	2	0	3	5	28	38
Female	0	0	0	1	6	7
Total	2	0	3	6	34	45

The Company considers that it has met the objective in gender diversity to achieve gender balance in key roles. As at the date of this report, there are nine Directors, among which three are female. The Company intends that it shall continue to maintain at least one-third of Board members to be held by female.

NOMINATION POLICY

The Board 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 and corporate governance committee (the "Nomination and Corporate Governance Committee") of the Company 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

In compliance with the code provision C.1.4 of the CG Code, all Directors participated 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 in-house seminar(s) for all Directors on 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.

During the Year, the Audit Committee comprises three INEDs, namely, Mr. Chan So Kuen, Mr. Thng Bock Cheng John, and Mr. Simon Luk. Mr. Chan So Kuen was 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:

During the Year:	**Attendance**
Ms. Tam Mei Chu* *(Chairman)* (appointed on 9 May 2023)	N/A
Ms. Chan Wai Ki Joffee* (appointed on 9 May 2023)	N/A
Ms. Liu Lu* (appointed on 9 May 2023)	N/A
Mr. Chan So Kuen	5/5
Mr. Thng Bock Cheng John (resigned on 9 May 2023)	5/5
Mr. Simon Luk (resigned on 9 May 2023)	5/5

* Appointed as Director on 2 May 2023

During the Year and up to the date of this report, there have been changes in the composition of Audit Committee. As of the date of this report, the Audit Committee comprises of four INEDs; namely Ms. Tam Mei Chu, Ms. Chan Mei Ki Joffee, Ms. Liu Lu and Mr. Chan So Kuen. Ms. Tam Mei Chu is the chairman of the Audit Committee. 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 annual general meeting of the Company. 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.

During the Year, the Remuneration Committee consisted 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 then executive Directors and three then INEDs. Mr. Simon Luk was the chairman of the Remuneration Committee and majority of the members were INEDs.

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

During the Year:	**Attendance**
Ms. Chan Wai Ki Joffee* *(Chairman)* (appointed on 9 May 2023)	N/A
Ms. Liu Lu* (appointed on 9 May 2023)	N/A
Ms. Tam Mei Chu* (appointed on 9 May 2023)	N/A
Mr. Chan So Kuen	1/1
Mr. Simon Luk *(Chairman)* (resigned on 9 May 2023)	1/1
Mr. Ngan Iek (resigned on 9 January 2023)	0/1
Datuk Siew Pek Tho (resigned on 9 May 2023)	1/1
Mr. Thng Bock Cheng John (resigned on 9 May 2023)	1/1

* Appointed as Director on 2 May 2023

During the Year and up to the date of this report, there have been changes in the composition of Remuneration Committee. As of the date of this report, the Remuneration Committee comprises of four INEDs; namely Ms. Chan Wai Ki Joffee, Ms. Liu Lu, Ms. Tam Mei Chu, and Mr. Chan So Kuen. Ms. Chan Wai Ki Joffee is the chairman of the Remuneration Committee. The Remuneration Committee has considered and reviewed (i) the existing terms of appointment of the Directors, which were considered fair and reasonable, as well as the policy for the remuneration of executive Directors; (ii) assessed performance of executive Directors. 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 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.

During the Year, the Nomination and Corporate Governance Committee consisted 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 then executive Directors and three then INEDs. Mr. Ngan Iek was the chairman of the Nomination and Corporate Governance Committee. During the Year, the Nomination and Corporate Governance Committee held one meetings. Details of the attendance of the Nomination and Corporate Governance Committee meetings are set out below:

During the Year:	**Attendance**
Mr. Chiu Kung Chik* *(Chairman)* (appointed on 9 May 2023)	N/A
Ms. Chan Wai Ki Joffee* (appointed on 9 May 2023)	N/A
Mr. Chan So Kuen	1/1
Ms. Tam Mei Chu* (appointed on 9 May 2023)	N/A
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)	0/1
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)	1/1
Mr. Simon Luk (resigned on 9 May 2023)	1/1
Mr. Thng Bock Cheng John (resigned on 9 May 2023)	1/1

* Appointed as Director on 2 May 2023

During the Year and up to the date of this report, there have been changes in the composition of Nomination and Corporate Governance Committee. As of the date of this report, the Nomination and Corporate Governance Committee comprises of four members, namely Mr. Chiu Kung Chik, Ms. Chan Wai Ki Joffee, Mr. Chan So Kuen and Ms. Tam Mei Chu, being one non-executive Director and three INEDs. Datuk Siew Pek Tho was the chairman of the Nomination and Corporate Governance Committee from 13 January 2023 to 9 May 2023. With effect from 9 May 2023, Mr. Chiu Kung Chik is the chairman of the Nomination and Corporate Governance Committee. 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; and (ii) recommended the Board to approve the proposed sequence for re-election of retiring Directors in the annual general meeting of the Company. The Nomination and Corporate Governance Committee considers that the Nomination Policy, the Board Diversity Policy and the existing policies 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

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements. Save as disclosed in the section "Appropriateness of going concern assumptions" in the Independent Auditor's Report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

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 interests 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 communicates with the Audit Committee directly regarding the results of their review. The Auditor communicates with 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 discussions 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, the 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, the 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 2022 to 31 December 2022. 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 for the Year. 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.

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[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

INSIDE INFORMATION

The Company is aware of and strictly complies with the requirements of the currently applicable laws, regulations and guidelines, including the obligations to disclose inside information under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO") and the GEM Listing Rules, at the time when the relevant businesses are transacted. The Group has established the authority and accountability, as well as the handling and dissemination procedures in relation to inside information, and has communicated to all relevant personnel and provided them with specific trainings in respect of the implementation of the continuous disclosure policy.

The Board considers that the Company's handling and dissemination procedures and measures in relation to inside information are effective.

COMPETING BUSINESS

Each of the Directors or the controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Year and up to the date of this report.

EXTERNAL AUDITOR'S REMUNERATION

During the Year, the remuneration paid or payable to the Group's auditor was as follows:

Services rendered	**HK$'000**
Annual audit service for the Year	1,880
Non-audit service for the Year	–
Total	1,880

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary of the Company (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.

Mr. Tong Hing Wah ceased as a Company Secretary with effect from 30 April 2023 and Ms. Lam Hoi Ki has been appointed as a Company Secretary on 3 May 2023. Following the appointment of Ms. Lam, the Company has complied with the requirement under Rule 5.14 of the GEM Listing Rules that an issuer shall have a company secretary. Ms. Lam is a member of the Hong Kong Institute of Certified Public Accountants and has taken not less than 15 hours of relevant professional training per annum. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable rules and regulations are followed.

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 2022 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 approximately HK$55.1 million for the year ended 31 December 2022 and, as of that date, had net current liabilities of approximately HK$354.6 million. As of 31 December 2022, the Group had an interest-bearing bank borrowing of approximately HK$279.6 million that is repayable within one year after the end of the reporting period. In addition, as at 31 December 2022, the Group had other financial liabilities of approximately HK$114.1 million in total which are repayable on demand.

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.

For details on how the Company address the liquidity pressure and improve its cash flows, please refer to the section headed "Management Discussion & Analysis" on pages 12 and 13 of this annual report.

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.

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends in compliance with code provision F.1.1 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

SHAREHOLDERS' RIGHTS

(a) Shareholders' Rights to convene an extraordinary general meeting

Pursuant to article 58 of the Articles, subject to the GEM Listing Rules, 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 or resolution 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 convene such meeting, 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".

(b) Procedures for Shareholders to propose a person for election as a Director

Pursuant to article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

(c) Putting forward proposals at general meetings

Shareholders who wish to put forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

(d) Procedures for directing Shareholders' enquiries to the Board

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. Shareholders' enquiries will be forwarded to the Board and/or relevant Board committees, where appropriate, to answer the Shareholders' questions.

INVESTOR RELATIONS

(a) Communications with Shareholders and investors

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. All corporate communication materials published on the Stock Exchange's website (www.hkexnews.hk) are posted on the Company's corporate website (www.irasia.com/listco/hk/linkholdings) as soon as practicable after their release.

General meetings of the Company provide a platform for communication between the Directors, senior management and the Shareholders. Directors and senior management of the Company are available to answer enquiries raised by the Shareholders at such meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

During the Year, the Company held an annual general meeting on 28 June 2022. Notice of the meeting was sent to the Shareholders on 17 May 2022. Directors namely, Datuk Siew Pek Tho, Mr. Thng Bock Cheng John, and Mr. Simon Luk, attended the annual general meeting.

Any Shareholders' enquiries regarding their shareholding, including transfer of shares, change of address, report of lost share certificates, can be directed to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, as follows:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Contact: (852) 2980 1333

Shareholder's communication policy was adopted by the Company to comply with the CG Code. The Company has reviewed the Company's shareholders engagement and communication activities conducted during the Year and was satisfied with the implementation and effectiveness of the shareholders' communication of the Company. The Company will continue to enhance communications and relationships with its Shareholders and investors.

(b) Significant changes to the Company's constitutional documents during the Year

References are made to the circular of the Company dated 17 May 2022 and the announcements of the Company dated 16 May 2022 and 28 June 2022 in relation to the amendments to the memorandum and articles of association of the Company.

The Stock Exchange amended the GEM Listing Rules, relating to, among others, the articles of association or equivalent constitutional documents of listed issuers under the new Appendix 3 to the GEM Listing Rules with effect from 1 January 2022, for which listed issuers are required to make necessary amendments to the constitutional documents by the second annual general meeting following 1 January 2022 to bring the constitutional documents to conformation. In order to (i) bring the Articles in line with the relevant requirements of the GEM Listing Rules as well as the applicable laws of the Cayman Islands; (ii) allow general meetings of the Company to be held as a hybrid meeting or electronic meeting where Shareholders may attend by electronic means in addition to as a physical meeting where Shareholders attend in person; and (iii) adopt house-keeping improvements and amendments in line with the aforesaid amendments, the Board proposed to seek the approval of the Shareholders by way of special resolution for the amendments to the former memorandum and articles of association of the Company and the adoption of the new memorandum and articles of association. The second amended and restated memorandum of association and the amended and restated articles of association have been adopted by the Company by way of special resolution passed at the annual general meeting of the Company held on 28 June 2022. During the Year, save as disclosed above, there were no significant changes to the Company's constitutional documents.

EXECUTIVE DIRECTORS

Mr. He Dingding (賀 丁 丁 先 生) ("Mr. He"), aged 47, was appointed as an executive Director on 2 May 2023 and as the chief executive officer and one of the authorised representatives of the Company with effect from 9 May 2023. Mr. He graduated from Nanyang Technological University, Singapore with a bachelor's degree in civil engineering in 1999. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 17 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Mr. He worked with Ta Yang Group Holdings Limited (a company listed on the Stock Exchange with stock code 1991) from October 2018 to November 2022 and his last position was chief executive officer cum chief financial officer.

Mr. He was an independent non-executive director and a member of the audit committee and remuneration committee as well as chairman of nomination committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non- executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. From May 2021 to September 2021, he had also been an independent non-executive director and a chairman of the audit committee as well as member of the remuneration, quality and nomination committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727). He currently serves as an independent nonexecutive director of (i) Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663) since August 2018, (ii) China New Consumption Group Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8275) since May 2021; and (iii) Mobile Internet (China) Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1439) since March 2023.

Mr. Lui Tin Shun (呂天舜先生) ("Mr. Lui"), aged 42, was appointed as an executive Director on 2 May 2023. Mr. Lui has over 15 years of experience in the corporate finance and investment industry. Mr. Lui was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 2009.

From August 2007 to February 2009, Mr. Lui served as an executive at Guotai Junan Capital Limited. From March 2009 to February 2012, Mr. Lui served as a vice president at Biocarbon Capital Limited. From February 2012 to July 2015, Mr. Lui worked at Celestrial Capital Limited with his last position as a senior vice president. From September 2015 to August 2019, Mr. Lui served as a director at South China Capital Limited. Mr. Lui is currently a director of Delight City Management Limited and a senior consultant of Merrytime Capital Limited.

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 was also a member of the Remuneration Committee and the chairman of the Nomination and Corporate Governance Committee. With effect from 9 January 2023, Mr. Ngan resigned as the chairman of the Board, an executive Director, member of Remuneration Committee and the chairman of 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, the former 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, being the former chairman and former 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 was also the compliance officer and one of the authorised representatives of our Company. With effect from 9 May 2023, Datuk Siew Pek Tho resigned as an executive Director, the chairman of the Board, the compliance officer, a member of the Remuneration Committee, the chairman of the Nomination and Corporate Governance Committee and the authorised representative of the Company. 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 former chairman and former executive Director.

NON-EXECUTIVE DIRECTORS

Mr. Wong Chun Hung Hanson (黃俊雄先生) ("Mr. Wong"), aged 50, was appointed as a non-executive Director on 2 May 2023 and chairman of the Board on 9 May 2023.

Mr. Wong has over 21 years of experience in the finance industry. He was a licensed representative in carrying out Type 2 (dealing in futures contracts) regulated activity from April 2003 to November 2013, Type 5 (advising on futures contracts) regulated activity from April 2003 to March 2004, and Type 9 (asset management) regulated activity from April 2003 to March 2004 under the SFO. Mr. Wong completed his secondary school education at Munsang College in Hong Kong in July 1990.

Mr. Wong previously served as a sales manager at CSC Securities (HK) Limited from May 2001 to February 2010, as the chief operation officer at New Trend Futures Limited from March 2010 to December 2011, as a director at Well Smart Asia Investment Limited from March 2010 to November 2013, as a futures broker at Stockwell Commodities Limited from December 2011 to September 2013, and as a director of SFG Management Limited from May 2012 to March 2015.

Mr. Wong has also been a non-executive director of Asia Grocery Distribution Limited (stock code: 8413) and Global Mastermind Holdings Limited (stock code: 8063), shares of which are both listed on GEM of the Stock Exchange, since September 2016 and June 2023, respectively.

Mr. Chiu Kung Chik (趙公直先生) ("Mr. Chiu"), aged 38, was appointed as a non-executive Director on 2 May 2023. Mr. Chiu is also the chairman of the Nomination and Corporate Governance Committee. Mr. Chiu graduated from the University of Chicago with a bachelor's degree in economics in 2008. Mr. Chiu has approximately 15 years of experience in investment banking, capital financing, corporate restructuring, merger and acquisition and complex transaction structuring.

From 2008 to 2015, Mr. Chiu worked with UBS AG in the investment banking department in its Hong Kong office, primarily focusing on advising large scale corporate clients on their capital market activities. During the aforesaid period, he had completed a number of capital market transactions, merger and acquisition transactions as well as debt financing transactions.

Mr. Chiu currently serves as an independent non-executive director of Shandong Hi-Speed New Energy Group Limited (a company listed on the Stock Exchange with stock code 1250) since July 2016 and GoFintech Innovation Limited (a company listed on the Stock Exchange of with stock code 290) since March 2017.

Mr. Lin Jianguo (林建國先生) ("Mr. Lin"), aged 60, was appointed as a non-executive Director on 3 April 2020. Mr. Lin retired as a non-executive Director with effect from 28 June 2022, at the conclusion of the relevant annual general meeting of the Company. 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 former chairman, the former executive director and the former 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. Mr. Zhao resigned as a non-executive Director on 10 November 2022. 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. Ms. Zhang resigned as a non-executive Director on 27 August 2022. 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

Ms. Tam Mei Chu (譚美珠女士) ("Ms. Tam"), aged 35, was appointed as an independent non-executive Director on 2 May 2023. Ms. Tam is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination and Corporate Governance Committee. Ms. Tam graduated from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) with a bachelor's degree in accounting in 2012. Ms. Tam was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 2019. Ms. Tam has over 9 years of experience in auditing and the provision of company secretarial services.

From February 2012 to January 2014, Ms. Tam worked at F. L. Chim & Co. Certified Public Accountants as an audit junior. From January 2014 to August 2018, Ms. Tam worked at HLB Hodgson Impey Cheng Limited with her last position as a senior accountant III. From November 2020 to November 2021, Ms. Tam worked at Nortex (HK) CPA Limited as a senior manager. Ms. Tam has been serving as a company secretary of Link-Asia International MedTech Group Limited and Bortex Global Limited since August 2021 and September 2021, respectively.

Ms. Tam currently serves as an independent non-executive director of Minerva Group Holding Limited (formerly known as Power Financial Group Limited) (a company listed on the Stock Exchange with stock code 397) since March 2022.

Ms. Chan Wai Ki, Joffee (陳慧琪女士) ("Ms. Chan"), aged 47, was appointed as an independent non-executive Director on 2 May 2023. Ms. Chan is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination and Corporate Governance Committee. Ms. Chan graduated from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with an honours diploma in the department of journalism & communication in 2000. Ms. Chan has over 7 years of experience in the corporate communications field.

From 2016 to 2017, Ms. Chan served as a chief marketing and business development officer at Overseas Premium Properties Limited. From 2017 to 2018, Ms. Chan served as MICs for "Compliance" at RaffAello Securities (HK) Ltd. Ms. Chan founded P.A.D. Videographer+, a multimedia production company dedicated to serve non-profit organisations and social enterprises, in 2017 and has been responsible for organising the majority of its rebranding projects and sourcing new clients.

Ms. Liu Lu (劉璐女士) ("Ms. Liu"), aged 39, was appointed as an independent non-executive Director on 2 May 2023. Ms. Liu is also a member of each of the Audit Committee and the Remuneration Committee. Ms. Liu graduated from Capital University of Economics and Business with a bachelor's degree in finance in 2006. Ms. Liu has over 11 years of experience in the corporate finance industry.

From May 2011 to November 2012, Ms. Liu served as an assistant to the governor of Chengdu Rural Commercial Bank. From December 2012 to January 2014, Ms. Liu served as the head of board office at Anbang Insurance Group Co., Ltd. From February 2014 to May 2021, Ms. Liu served as a director of the board of directors office at Century Securities Co., Ltd. Since November 2021, Ms. Liu has been serving as a legal representative of Beijing Lanjue Cultural Communication Co., Ltd. (北京瀾覺文化傳播有限公司).

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 44, was appointed as an independent non-executive Director on 16 October 2014. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee. He obtained his Bachelor of Arts degree in accounting from the Hong Kong Polytechnic University in November 2001. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 20 years of experience in accounting, auditing, and financial industry. From June 2001 to October 2003 and from January 2004 to July 2009, he last served as a semi-senior audit clerk in Ho and Ho & Company (何錫麟會計師行) and a manager in KPMG. From November 2009 to October 2012, he was the chief financial officer and company secretary of China Great Wall Electric Holdings Limited (中國長城電氣控股有限公司). From February 2014 to December 2022, Mr. Chan has been the chief financial officer of Huazhang Technology Holding Limited ("Huazhang Technology") (stock code: 1673), a company listed on the Main Board of the Stock Exchange. He was also the company secretary of Huazhang Technology from February 2014 to November 2021. 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. Since January 2023, he has also been an independent non-executive director of Beijing SinoHytec Co., Ltd (stock code: 2402), a joint stock limited liability company established in the PRC whose H shares are 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. Mr. Luk resigned as an independent non-executive Director on 14 July 2023. 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 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 Development Holdings Company Limited (formerly known as 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

Ms. Lam Hoi Ki (林海琪女士) ("Ms. Lam"), aged 36, was appointed as the Company Secretary on 3 May 2023. She is also one of the authorised representatives of the Company. She has accumulated over 10 years of auditing, accounting, corporate governance and company secretarial experience. Ms. Lam has been engaged in various accounting and company secretarial tasks since August 2015. In her early years, Ms. Lam was employed by Ernst & Young then joined Hysan Development Company Limited (stock code: 0014) as a financial analyst. Since 2015, she has been engaged in handling corporate governance matters regarding Hong Kong listed companies. Currently she is also the company secretary of MBV International Limited (stock code: 1957).

Ms. Lam holds a bachelor degree of Business Administration (Honours) in Managerial Statistics from the City University of Hong Kong and is also a member of Hong Kong Institute of Certified Public Accountants.

Mr. Tong Hing Wah (湯慶華先生) ("Mr. Tong"), aged 51, was appointed as the Company Secretary on 30 July 2019. Mr. Tong ceased to be the Company Secretary on 30 April 2023. 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. He has been an independent non-executive director of Infinity Development Holdings Company Limited (stock code: 640), the issued shares of which are listed on Main Board of the Stock Exchange, since November 2013.

The Directors are pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022 (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 40 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 2022 are set out in the consolidated financial statements on pages 47 to 132.

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 4 and 5 to 17 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 Environmental, Social and Governance Report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") will be held on Friday, 23 February 2024. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the GEM Listing Rules.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 February 2024 to Friday, 23 February 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 19 February 2024.

RESERVES

Movements in the reserves for the Year are set out in the consolidated statement of changes in equity on pages 50 to 51 of this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2022 calculated under the Companies Act (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$117.2 million.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year is set out in note 33 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 32 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 2022. 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 2022 are set out in note 28 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 134 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 22.8% and 44.0% 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 23.4% and 43.1% of the Group's total purchases respectively.

None of the Directors or any of their close 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. He Dingding* *(Chief Executive Officer)*
Mr. Lui Tin Shun*
Mr. Ngan Iek *(Chairman)* (resigned on 9 January 2023)
Datuk Siew Pek Tho *(Chairman)* (resigned on 9 May 2023)

Non-executive Directors

Mr. Chiu Kung Chik*
Mr. Wong Chun Hung Hanson* *(Chairman)*
Mr. Lin Jianguo (resigned on 28 June 2022)
Mr. Zhao Guoming (resigned on 10 November 2022)
Ms. Zhang Shuo (resigned on 27 August 2022)

Independent Non-executive Directors

Ms. Chan Wai Ki Joffee*
Ms. Liu Lu*
Ms. Tam Mei Chu*
Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Simon Luk (resigned on 14 July 2023)

* Appointed on 2 May 2023

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.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting of the Company 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.

CONTRACTS, TRANSACTIONS AND ARRANGEMENTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Director nor an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Year.

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the Year.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholders of the Company or any of its subsidiaries was entered into during the Year and as at the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and Senior Management are set out on pages 29 to 33 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 maintained a sufficient public float during the Year.

References are made to the announcements (the "Public Float Announcements") of the Company dated 23 May 2023 and 18 October 2023 in relation to sufficiency of public float of the Company.

The Company applied to the Stock Exchange for a temporary waiver for strict compliance with Rule 11.23(7) of the GEM Listing Rules for a period from 5 May 2023 to 30 September 2023 (the "Waiver Period") to allow the substantial shareholder, Ace Kingdom, a reasonable time to dispose of certain number of Shares (the "Disposal") either directly in the market or through a placing agent to be appointed by Ace Kingdom to ensure that the public float requirement under the GEM Listing Rules could be met. On 18 May 2023, the Stock Exchange granted the Company such temporary waiver. The Waiver Period ended on 30 September 2023.

As at the date of this report, the minimum public float of the Company has not been restored as required under Rule 11.23(7) of the GEM Listing Rules. Please refer to the Public Float Announcements for details.

As at the date of this report, a placing agent has been appointed by Ace Kingdom and potential investors have been identified for the Disposal. Ace Kingdom and such potential investors are currently in the process of negotiating the terms of the Disposal, including the consideration for the Disposal and the condition(s) precedent to be fulfilled before completion of the Disposal. The Disposal is expected take place by the end of January 2024.

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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in this annual report, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects for the Year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2022, 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 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 Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long positions in Shares

Name of Director	Capacity	Total number of Shares held	Approximate percentage of shareholding
Mr. Ngan Iek *(Note 1)*	Interest in controlled corporation	1,900,000,000 *(Note 2)*	54.44%

Notes:

1. As at 31 December 2022, Mr. Ngan Iek was the chairman of the Board and executive Director. He resigned from the said positions with effect from 9 January 2023.

2. As at 31 December 2022, these Shares were 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 was deemed to be interested in the Shares 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 Director	Capacity	Number of shares held in the associated corporation	Position	Approximate percentage of shareholding in the associated corporation
Mr. Ngan Iek *(Note 1)*	Beneficial owner	500	Long	50%
Datuk Siew Pek Tho *(Note 2)*	Interest of spouse *(Note 3)*	250	Long	25%

Notes:

1. As at 31 December 2022, Mr. Ngan Iek was the chairman of the Board and executive Director. He resigned from the said positions with effect from 9 January 2023.

2. As at 31 December 2022, Datuk Siew Pek Tho was an executive Director. He resigned from such position with effect from 9 May 2023.

3. 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 was deemed to be interested in the 25% shareholdings in Vertic held by Ms. Ngan Iek Chan under Part XV of the SFO.

4. 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 2022, 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 Rules 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 2022, 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 of shareholding
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 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 was deemed to be interested in all the Shares in which Mr. Ngan Iek was interested in under Part XV of the SFO.

3. As at 31 December 2022, such Shares were 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 were deemed to be interested in all the Shares held by CMI Hong Kong under Part XV of the SFO.

4. As at 31 December 2022, pursuant to the disclosure of interest form filed by China Orient, it had (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 2022, the Company had a total number of 3,490,000,000 Shares in issue.

2. As at 31 December 2022, such underlying shares were 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 were 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 2022, 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 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.

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 2022, 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. As at the date of this report, the Share Option Scheme has a remaining life of approximately six months.

Since the adoption of the Share Option Scheme, during the Year and up to the date of this report, no option has been granted and there has been no movement of any options granted (if any) under the Share Option Scheme. There is no option outstanding, granted, cancelled or lapsed during the Year.

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.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this section, no equity-linked agreements were entered into by the Group, or existed during the Year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in note 36 to the consolidated financial statements. During the Year, there were no connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. None of these related party transactions constitute a connected transaction under the GEM Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of 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 Governance Report, the Company has complied with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules then in force for the Year. The Corporate Governance Report is set out on pages 18 to 28 of this report.

AUDIT COMMITTEE

The Audit Committee, together with the management and the external auditor, have discussed and reviewed the accounting policies and practices adopted by the Group as well as the internal control matters.

The Audit Committee has also reviewed the consolidated financial statements of the Company for the year ended 31 December 2022, and considers that the consolidated financial statements of the Company for the year ended 31 December 2022 are prepared in accordance with the applicable accounting standards, laws and regulations and appropriate disclosures have been made.

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 forthcoming annual general meeting of the Company. A resolution to re-appoint BDO Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming annual general meeting of the Company. There has been no change in auditors of the Company in any of the preceding three years.

On behalf of the Board

Wong Chun Hung Hanson
Chairman and Non-executive Director
5 January 2024

\# 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.

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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 47 to 132 which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022 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$55,069,702 during the year ended 31 December 2022 and, as of that date, had net current liabilities of HK$354,649,947. As of 31 December 2022, the Group had an interest-bearing bank borrowing of HK$279,588,327 that is repayable within one year after the end of the reporting period and bank overdrafts of HK$12,912,290 that is repayable on demand (Note 28). In addition, as at 31 December 2022, the Group had other financial liabilities of HK$114,092,047 in total which are repayable on demand, including (i) construction payable amounting to HK$43,561,547 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$10,126,863 (Note 27), (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 32), (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$7,825,397 (Note 27), and (v) interest payable of convertible bond amounting to HK$19,716,840 (Note 26), but only had cash and cash equivalents of HK$12,382,300 as at the same date. As of 31 December 2022, total interest-bearing bank borrowing, bank overdrafts and other financial liabilities of the Group is amounted to HK$406,592,664.

Subsequent to the end of the reporting period, the following events occurred:

— In respect of a sum of bank borrowing amounting to HK$279,321,188 included in the abovementioned interest-bearing bank borrowing, the lender in January 2023 decided to terminate the banking facilities relevant to the borrowing and requested immediate repayment by the Group for the amount. The lender subsequently appointed a receiver and manager under the loan agreements to take over the hotel buildings of the Group in April 2023.

In view of this, the Group entered into a one-year loan facility agreement in June 2023 with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

— Furthermore, the Group received a demand notice in August 2023 from the constructor related to the Bintan CGU requesting the settlement of the construction payable. As disclosed in Note 32, the bondholder for 2015 Convertible Bonds initiated legal proceedings against the Group for the Group's failure to redeem convertible bonds.

Based on the latest management accounts of the Group up to 30 November 2023, total interest-bearing bank borrowing and other financial liabilities increased by HK$43,969,343 to HK$450,562,007.

In view of the above circumstances, the directors have prepared a cash flow forecast covering a period of 24 months from the end of the reporting period up to 31 December 2024, which takes into account 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 planned. However, in respect of (1) the expected settlement of construction payables of HK$43,561,547 after the first half of 2025, we sent but did not received an external confirmation from the constructor regarding payment schedule of the construction payables for our evaluation of the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain fund of HK$85,000,000 from the controlling shareholder under a loan facility, there was no information available from management that we considered sufficiently reliable that enables us to assess the financial position of the controlling shareholder and to evaluate whether the controlling shareholder 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 Group's consolidated financial statements for the year ended 31 December 2021 ("2021 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2022. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2022 also for the possible effect of the disclaimer of audit opinion on 2022 Consolidated Financial Statements on the comparability of 2022 figures and 2021 figures in consolidated financial statements for the year ended 31 December 2022.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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, 5 January 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 HK$	2021 HK$
Revenue	7	**33,331,520**	49,718,776
Cost of sales		**(15,973,959)**	(22,832,351)
Gross profit		**17,357,561**	26,886,425
Loss from distressed debt assets at amortised cost	7	**(502,118)**	(4,664,622)
Other income	8	**2,589,701**	7,092,661
Other gains and (losses)	9	**(1,984,206)**	(409,546)
Selling expenses		**(652,298)**	(898,825)
Administrative expenses		**(38,395,916)**	(41,456,130)
Finance costs	10	**(22,374,114)**	(23,207,828)
(Loss)/gain on changes in fair value of investment properties	18	**(52,746)**	543,211
Impairment loss on repossessed assets	22	**(605,191)**	–
Impairment loss on non-current assets		**(10,137,526)**	(76,782,689)
Loss before income tax expense	11	**(54,756,853)**	(112,897,343)
Income tax expense	13	**(312,849)**	(2,872,001)
Loss for the year		**(55,069,702)**	(115,769,344)
Other comprehensive income that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of properties		**22,511,596**	(18,070,167)
Tax (credit)/expense related to loss on revaluation of properties		**(1,276,971)**	205,384
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(42,472,924)**	(8,860,653)
Gain on cash flow hedges		**3,879,415**	1,691,679
Impairment loss on hotel properties recycled to loss for the year		**–**	18,868,773
Other comprehensive income for the year, net of tax		**(17,358,884)**	(6,164,984)
Total comprehensive income for the year		**(72,428,586)**	(121,934,328)
Loss attributable to:			
Owners of the Company		**(54,289,081)**	(113,066,303)
Non-controlling interests		**(780,621)**	(2,703,041)
		(55,069,702)	(115,769,344)
Total comprehensive income attributable to:			
Owners of the Company		**(71,462,750)**	(119,119,570)
Non-controlling interests		**(965,836)**	(2,814,758)
		(72,428,586)	(121,934,328)
Losses per share	14		
— Basic (HK cents per share)		**(1.56)**	(3.24)
— Diluted (HK cents per share)		**(1.56)**	(3.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	At 31 December 2022 HK$	2021 HK$
Non-current assets			
Property, plant and equipment	16	**309,372,236**	336,961,840
Right-of-use assets	17	**71,786,740**	74,374,361
Investment properties	18	**167,609,201**	182,918,780
Prepayments for construction	19	**787,304**	858,960
Deposit for acquisition of land	20	**–**	1,617,118
Total non-current assets		**549,555,481**	596,731,059
Current assets			
Hotel inventories	21	**259,979**	576,388
Distressed debt assets at amortised cost	23	**36,832,835**	40,879,592
Derivative financial instruments	31	**1,397,368**	–
Trade and other receivables	24	**7,123,392**	6,876,966
Cash and cash equivalents	25	**12,382,300**	26,360,451
		57,995,874	74,693,397
Assets classified as held for sale	22	**9,735,114**	11,179,211
Total current assets		**67,730,988**	85,872,608
Current liabilities			
Trade and other payables	26	**78,208,563**	69,128,610
Amount due to a non-controlling shareholder of subsidiaries	27	**7,825,397**	8,537,621
Amount due to a director	27	**10,126,863**	10,251,007
Interest-bearing bank and other borrowings	28	**279,588,327**	189,036,220
Bank overdrafts	28	**12,912,290**	–
Lease liabilities	29	**528,380**	1,086,484
Provision for taxation		**329,715**	5,004,361
Derivative financial instruments	31	**–**	2,159,353
Convertible bonds	32	**32,861,400**	32,861,400
Total current liabilities		**422,380,935**	318,065,056
Net current liabilities		**(354,649,947)**	(232,192,448)
Total assets less current liabilities		**194,905,534**	364,538,611

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	At 31 December 2022 HK$	2021 HK$
Non-current liabilities			
Other payables	26	**7,927,079**	8,648,557
Interest-bearing bank and other borrowings	28	**2,998,987**	99,076,951
Lease liabilities	29	**325,037**	849,791
Deferred tax liabilities	30	**19,160,900**	21,228,066
Derivative financial instruments	31	**–**	398,603
Convertible bonds	32	**16,220,595**	13,635,121
Total non-current liabilities		**46,632,598**	143,837,089
Net assets		**148,272,936**	220,701,522
Equity			
Share capital	33	**3,490,000**	3,490,000
Reserves		**143,088,489**	214,551,239
Equity attributable to owners of the Company		**146,578,489**	218,041,239
Non-controlling interests		**1,694,447**	2,660,283
Total equity		**148,272,936**	220,701,522

On behalf of the Board

He Dingding

Lui Tin Shun

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	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 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 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 and 1 January 2022	3,490,000	333,122,249	50,692,756	2,014,251	(34,987,527)	25,040,738	(2,450,102)	(158,881,126)	218,041,239	2,660,283	220,701,522
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(54,289,081)**	**(54,289,081)**	**(780,621)**	**(55,069,702)**
Other comprehensive income											
— Gain on revaluation of properties	**–**	**–**	**22,511,596**	**–**	**–**	**–**	**–**	**–**	**22,511,596**	**–**	**22,511,596**
— Tax expense related to gain on revaluation of properties	**–**	**–**	**(1,276,971)**	**–**	**–**	**–**	**–**	**–**	**(1,276,971)**	**–**	**(1,276,971)**
— Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(42,255,766)**	**–**	**(31,943)**	**–**	**(42,287,709)**	**(185,215)**	**(42,472,924)**
— Gain on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**–**	**3,879,415**	**–**	**3,879,415**	**–**	**3,879,415**
Total comprehensive income for the year	**–**	**–**	**21,234,625**	**–**	**(42,255,766)**	**–**	**3,847,472**	**(54,289,081)**	**(71,462,750)**	**(965,836)**	**(72,428,586)**
At 31 December 2022	**3,490,000**	**333,122,249**	**71,927,381**	**2,014,251**	**(77,243,293)**	**25,040,738**	**1,397,370**	**(213,170,207)**	**146,578,489**	**1,694,447**	**148,272,936**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

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 (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 2022

	Notes	2022 HK$	2021 HK$
Cash flows from operating activities			
Loss before income tax expense		**(54,756,853)**	(112,897,343)
Adjustments for:			
Loss from distressed debt assets at amortised cost	7	**502,118**	4,664,622
Interest income	8	**(96,934)**	(1,109)
Gain on disposal of property, plant and equipment	9	**–**	(29,892)
Loss allowance for ECLs of distressed debt assets	9	**442,265**	1,282,838
Modification gain on bank borrowings	9	**–**	(843,400)
Write off of property, plant and equipment	9	**1,541,941**	–
Finance cost	10	**22,374,114**	23,207,828
Depreciation of property, plant and equipment	11	**14,810,601**	16,287,295
Impairment on non-current assets	11	**10,137,526**	76,782,689
Impairment on repossessed assets	11	**605,191**	–
Bad debt written off	11	**–**	451,707
Loss/(gain) on changes in fair value of investment properties	18	**52,746**	(543,211)
Operating (loss)/profit before working capital changes		**(4,387,285)**	8,362,024
Decrease/(increase) in hotel inventories		**272,801**	(176,440)
Proceeds from disposal of distressed debt assets		**–**	9,396,647
(Increase)/decrease in trade and other receivables		**(394,738)**	14,794,299
Increase/(decrease) in trade and other payables		**3,495,862**	(2,576,465)
Cash (used in)/generated from operations		**(1,013,360)**	29,800,065
Income taxes paid		**(4,925,694)**	(1,389,726)
Net cash flows (used in)/generated from operating activities		**(5,939,054)**	28,410,339
Cash flows from investing activities			
Interest received		**96,934**	1,109
Payments for purchases of property, plant and equipment		**(2,191,220)**	(992,906)
Proceeds from disposal of property, plant and equipment		**–**	75,205
Net cash used in from investing activities		**(2,094,286)**	(916,592)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 HK$	2021 HK$
Cash flows from financing activities			
Increase/(decrease) in amount due to a director		**1,902,167**	(22,021,406)
Proceed from other borrowing		**2,382,512**	–
Repayment of bank borrowings		**(10,940,314)**	(7,868,407)
Repayments of lease liabilities		**(1,083,938)**	(1,133,416)
Interest paid		**(9,930,220)**	(9,411,682)
Net cash used in financing activities	40	**(17,669,793)**	(40,434,911)
Net decrease in cash and cash equivalents		**(25,703,133)**	(12,941,164)
Cash and cash equivalents at beginning of year		**26,360,451**	39,521,013
Effect of exchange rate changes on cash and cash equivalents		**(1,187,308)**	(219,398)
Cash and cash equivalents at end of year		**(529,990)**	26,360,451

Analysis of the balances of cash and cash equivalents	2022 HK$	2021 HK$
Bank balances and cash	**12,382,300**	26,360,451
Bank overdrafts	**(12,912,290)**	–
	(529,990)	26,360,451

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 40 to the consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 5 January 2024.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS

(a) Adoption of new/revised IFRS Accounting Standards

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

Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020

None of these amended IFRS Accounting Standards 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 amended IFRS Accounting Standards that is not yet effective for the current accounting period. Impact on the applications of these amended IFRS Accounting Standards are summarised below.

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

The amendments clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS *(Continued)*

(a) Adoption of new/revised IFRS Accounting Standards *(Continued)*

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

The amendments prohibit an entity from 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, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to IFRS 3 — Reference to Conceptual Framework

The amendments replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "Conceptual Framework") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 — Annual Improvements to IFRS Standards 2018–2020

- IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- IFRS 9, Financial Instruments ("IFRS 9"), 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.

These amendments had no impact on the consolidated financial statements of the Group

2. ADOPTION OF IFRS ACCOUNTING STANDARDS *(Continued)*

(b) New/revised IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, 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 (the "2020 Amendments")[2, 4]
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
IFRS 17	Insurance Contracts[1]
Amendments to IFRS 17	Insurance Contracts[1, 5]
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information[6]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning I Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

The IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current" in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.

The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS *(Continued)*

(b) New/revised IFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current *(Continued)*

As a result of the COVID-19 pandemic, the IASB deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 1 — Non-current Liabilities with Covenants

Subsequent to the release of amendments to IAS 1 "Classification of Liabilities as Current or Non-Current", the IASB amended IAS 1 further in October 2022.

If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying a liability as current or non-current.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

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

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to IAS 8 — Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

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

2. ADOPTION OF IFRS ACCOUNTING STANDARDS *(Continued)*

(b) New/revised IFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

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

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

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

IFRS 17 — Insurance Contracts

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS Accounting Standards) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes.

The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of:

- Combining current measurement of future cash flows with recognising profit over the period that services are provided under the contract
- Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and
- Requiring an entity to make an accounting policy choice for each portfolio whether to recognise all insurance finance income or expenses for the reporting period in profit or loss, or to recognise some in other comprehensive income.

Subsequent to the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made.

The directors do not anticipate that the application of this standard in the future will have an impact on the Group's consolidated financial statements.

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.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS *(Continued)*

(b) New/revised IFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

Amendments to IFRS 10 and IAS 28 — Sale or contribution of assets between an investor and its associate or joint venture *(Continued)*

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback

The IFRS Interpretations Committee issued an agenda decision in June 2020 — Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.

The amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as "IFRS Accounting Standards") 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 IFRS Accounting Standards 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 IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5 to the consolidated financial statements.

3. BASIS OF PREPARATION *(Continued)*

(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 2022 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$55,069,702 for the year ended 31 December 2022 and as of that date, had net current liabilities of HK$354,649,947. As of 31 December 2022, the Group had a total interest-bearing bank borrowing of HK$279,588,327 that is repayable within one year after the end of the reporting period and bank overdrafts of HK$12,912,290 that is repayable on demand (Note 28). In addition, as at 31 December 2022, the Group had other financial liabilities of HK$114,092,047 in total which are repayable on demand, including (i) construction payable amounting to HK$43,561,547 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$10,126,863 (Note 27), (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 32), (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$7,825,397 (Note 27), and (v) interest payable of convertible bond amounting to HK$19,716,840 (Note 26), but only had cash and cash equivalents of HK$12,328,300 as at the same date. As of 31 December 2022, total interest-bearing bank borrowing, bank overdrafts and other financial liabilities of the Group is amounted to HK$406,592,664.

Subsequent to the end of the reporting period, the following events occurred:

In respect of a sum of bank borrowing amounting to HK$279,321,188 included in the abovementioned interest-bearing bank borrowing, the lender in January 2023 decided to terminate the banking facilities relevant to the borrowing and requested immediate repayment by the Group for the amount. The lender subsequently appointed a receiver and manager under the loan agreements to take over the hotel buildings of the Group in April 2023.

In view of this, the Group entered into a one-year loan facility agreement in June 2023 with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

The Group received a demand notice in August 2023 from the constructor related to the Bintan CGU requesting the settlement of the construction payable.

As disclosed in Note 32, the bondholder for 2015 Convertible Bonds initiated legal proceedings against the Group for the Group's failure to redeem convertible bonds. Further details on the litigation are set out in Note 32 to the consolidated financial statements.

Based on the latest management accounts of the Group up to 30 November 2023, total interest-bearing bank borrowing and other financial liabilities increased by HK$43,969,343 to HK$450,562,007.

3. BASIS OF PREPARATION *(Continued)*

(c) Going concern assumptions *(Continued)*

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 24 months from the end of the reporting period up to 31 December 2024 (the "Forecast Period") and has taken into account the following:

— Obtaining a loan facility from the controlling shareholder with a total limit of HK$110,000,000. As at the date of approval for issuance of these consolidated financial statements, the undrawn amount under this loan facility amounts to HK$85,000,000;

— Endeavour to renew the Swettenham Loan upon its expiry in June 2024. The directors of the Company assessed that the renewal would be successful given the low loan-to-valuation ratio of the Swettenham Loan to the market value of the hotel buildings being the collateral;

— As disclosed in note 32, the Group agreed with CMI Hong Kong that the Standstill Period shall be extended to 16 February 2024 and the Group would continue to negotiate with CMI Hong Kong to further extend the Standstill Period;

— Proceeding with the potential disposal of the hotel properties with freehold land located in Japan with a carrying amount of approximately HK$21.6 million as at 31 December 2022 to obtain further source of funds. As at the date of approval for issuance of these consolidated financial statements, the Group has contacted the potential buyer for negotiation; 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, which is currently estimated to be in the 1st half of 2025, to determine a settlement plan of the construction payable; (2) seeking of potential investor for capital injection for completion or an outright buyout of the Bintan CGU; Before the on-site assessment is to be carried, it is expected that no capital expenditure would be incurred and no settlement of the construction payables would happen before such time.

Notwithstanding the above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Whether the Group will be able to continue as a going concern would depend upon on the successful implementation of the above plans and measures for which the outcomes are subject to the associated uncertainties that include whether:

— The Group would be able to renew the Swettenham Loan upon expiry;

— The Group could complete the disposal of the hotel properties and related freehold land in Japan within the Forecast Period;

— The main constructor of the Bintan CGU would undertake the on-site assessment as currently communicated with the Group and would not demand immediate repayment of the construction payable from the Group before the expected timeline; and

— The 2015 Convertible Bonds holder, CMI Hong Kong would further extend the standstill period and would not demand immediate repayment of the principal, interest and default interest accrued on the 2015 Convertible Bonds until such time the Group has agreed the settlement plan with CMI Hong Kong.

3. BASIS OF PREPARATION *(Continued)*

(c) Going concern assumptions *(Continued)*

Assuming the plans and measures in the forecast can be successfully implemented as planned, 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 32). 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 IFRS Accounting Standards. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

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.

(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) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

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.

(d) 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.

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leasing *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) 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 Accounting Standards, in which case the impairment loss is treated as a revaluation decrease under that IFRS Accounting Standards.

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.

(g) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(i) Financial assets *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(iii) Financial liabilities *(Continued)*

Financial liabilities at fair value through profit or loss (Continued)

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, bank overdrafts, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(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.

(h) 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).

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 43(c). Movements in the hedging reserve in shareholders' equity are shown in note 43(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).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Derivatives and hedging activities *(Continued)*

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.

(i) 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.

(j) 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, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

(k) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Revenue recognition *(Continued)*

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.

(m) 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.

(n) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax *(Continued)*

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.

(o) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) 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.

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.

(q) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Share-based payments *(Continued)*

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.

(r) 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.

(s) 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.

(t) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) 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).

(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 43(a) to the consolidated financial statements.

(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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

(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.

The Group measures a number of items at fair value:

- Hotel buildings (note 16);
- Investment properties (note 18); and
- Derivative financial instruments (note 31)

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 2022					
External revenue	**31,058,337**	**–**	**2,273,183**	**–**	**33,331,520**
Segment loss	**(10,721,225)**	**(10,170,009)**	**(6,816,697)**	**(1,274,753)**	**(28,982,684)**
Corporate income, gains or losses — Others					**(1,440,198)**
Central administrative cost and finance cost					**(24,333,971)**
Loss before income tax expense					**(54,756,853)**

6. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Segment revenue and results *(Continued)*

	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)

Segment results represents the profit/(loss) earned/(charged) by each segment without allocation of corporate income, corporate finance cost, 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 *(Continued)*

(a) Reportable segments *(Continued)*

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.

	2022 HK$	2021 HK$
Operation of hotel business		
Singapore	**212,282,302**	208,168,598
Indonesia	**308,104,818**	345,298,550
Japan	**37,009,443**	47,252,622
Distressed debt asset management		
The PRC	**46,775,175**	52,283,201
Total segment assets	**604,171,738**	653,002,971
Unallocated	**13,114,731**	29,600,696
Consolidated assets	**617,286,469**	682,603,667

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.

	2022 HK$	2021 HK$
Operation of hotel business		
Singapore	**307,953,777**	311,422,438
Indonesia	**68,932,768**	75,221,476
Japan	**3,821,952**	3,926,257
Distressed debt asset management		
The PRC	**519,964**	859,078
Total segment liabilities	**381,228,461**	391,429,249
Unallocated	**87,785,072**	70,472,896
Consolidated liabilities	**469,013,533**	461,902,145

6. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

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 2022						
Additions to property, plant and equipment	**2,183,749**	**–**	**7,471**	**–**	**–**	**2,191,220**
Depreciation of property, plant and equipment	**8,616,080**	**26,373**	**3,473,562**	**–**	**5,954**	**12,121,969**
Amortisation of right-of-use assets	**1,699,785**	**104,566**	**–**	**–**	**884,281**	**2,688,632**
Loss on changes in fair value of investment properties	**–**	**52,746**	**–**	**–**	**–**	**52,746**
Loss on changes in fair value of assets classified as held for sale	**–**	**–**	**–**	**605,191**	**–**	**605,191**
Written off of deposit paid	**–**	**–**	**–**	**–**	**1,541,491**	**1,541,491**
Impairment loss on non-current assets	**–**	**10,137,526**	**–**	**–**	**–**	**10,137,526**
Interest income	**–**	**844**	**29**	**–**	**96,061**	**96,934**
Interest expenses	**9,834,605**	**–**	**24,417**	**–**	**12,515,092**	**22,374,114**

6. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Other segment information *(Continued)*

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 2021						
Additions to property, plant and equipment	638,465	–	354,441	–	–	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 *(Continued)*

(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	
	2022	2021
	HK$	HK$
Operation of hotel business		
Singapore	**204,315,324**	203,402,151
Indonesia	**308,104,818**	345,298,550
Japan	**36,754,081**	45,141,345
Distressed debt asset management		
The PRC	**4,838**	5,239
Unallocated	**376,420**	2,883,774
	549,555,481	596,731,059

6. OPERATING SEGMENT INFORMATION *(Continued)*

(c) Disaggregation of revenue

	Hotel business	
	2022	2021
	HK$	HK$
Primary geographical markets		
Singapore	**31,058,338**	42,153,163
Japan	**2,273,182**	7,565,613
Total	**33,331,520**	49,718,776
Major services and timing of revenue recognition		
At a point of time		
Sales of food and beverage	**2,372,251**	8,747,171
Others	**405,333**	185,289
Transferred over time		
Hotel room services	**24,398,694**	35,530,764
Others	**1,087,140**	928,735
Rental income from hotel properties *(note)*	**5,068,102**	4,326,817
	33,331,520	49,718,776

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 2022, the revenue of HK$6,908,763 (2021: HK$28,470,679) 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	
	2022	2021
	HK$	HK$
Hotel room	**24,398,694**	35,530,764
Food and beverage	**2,372,251**	8,747,171
Rental income from hotel properties	**5,068,102**	4,326,817
Others *(note a)*	**1,492,473**	1,114,024
	33,331,520	49,718,776

	Year ended 31 December	
	2022	2021
	HK$	HK$
Modification loss *(note b)*	**(502,118)**	(4,664,622)

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	
	2022	2021
	HK$	HK$
Insurance compensation income	**–**	21,239
Government subsidies and grants *(note)*	**–**	4,648,352
Interest income from bank deposits	**96,934**	1,109
Others	**2,492,767**	2,421,961
	2,589,701	7,092,661

Note: The government grants represented 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 financial year ended 31 December 2021. There are no unfulfilled conditions or contingencies attached to these grants.

9. OTHER GAINS AND (LOSSES)

	Year ended 31 December	
	2022	2021
	HK$	HK$
Gain on disposal of property, plant and equipment	**–**	29,892
Modification gain on bank borrowings	**–**	843,400
Loss allowance for ECLs of distressed debt assets	**(442,265)**	(1,282,838)
Written off of deposit	**(1,541,941)**	–
	(1,984,206)	(409,546)

10. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	HK$	HK$
Bank overdraft interest	**249,060**	3,316
Interest on bank and other borrowings *(note a)*	**2,277,500**	4,072,583
Interest expenses on lease liabilities	**71,199**	127,127
Interest on convertible bonds *(note 32)*	**2,585,474**	2,173,361
Penalty interest on convertible bonds	**9,858,420**	9,858,420
Total interest expense on financial liabilities not at fair value through profit or loss	**15,041,653**	16,234,807
Interest rate swap: cash flow hedges	**7,332,461**	6,973,021
	22,374,114	23,207,828

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 2022 and 2021, 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	
	2022	2021
	HK$	HK$
Staff costs (excluding directors' remuneration *(note 12(a))*)		
Wages and salaries	**15,174,587**	14,900,248
Short-term non-monetary benefits	**1,092,167**	1,249,790
Contributions to defined contribution plans	**1,425,378**	1,996,236
	17,692,132	18,146,274
Depreciation of property, plant and equipment (included in administrative expenses)		
— Owned *(note 16)*	**12,121,969**	13,422,022
— Right-of-use assets *(note 17)*	**2,688,632**	2,865,273
	14,810,601	16,287,295
Impairment loss on repossessed assets	**605,191**	–
Impairment loss on non-current assets		
— Property, plant and equipment *(note 16)*	**10,137,526**	57,913,916
— Impairment loss on hotel properties recycled to loss for the year	**–**	18,868,773
	10,137,526	76,782,689
Auditor's remuneration	**1,880,000**	1,550,000
Bad debt written off	**–**	451,707
Legal and professional fees	**4,058,006**	5,072,307
Minimum lease payments under operating leases		
— Short-term lease expenses	**115,800**	169,289
Property taxes	**1,936,609**	2,293,478

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

	Year ended 31 December 2022								
	Ngan Iek HK$	Siew Pek Tho HK$	Thng Bock Cheng John HK$	Chan So Kuen HK$	Simon Luk HK$ (Note b)	Lin Jianguo HK$ (Note c)	Zhang Shuo HK$ (Note d)	Zhao Guoming HK$ (Note e)	Total HK$
Fees	–	890,000	180,000	180,000	144,000	–	–	–	1,394,000
Salaries, allowances and benefits in kind	–	–	–	–	–	–	–	–	–
Contributions to defined contribution plans	–	–	–	–	–	–	–	–	–
Total	–	890,000	180,000	180,000	144,000	–	–	–	1,394,000

	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

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 has retired as a non-executive director of the Company with effect from 28 June 2022.

d. Mr. Zhang Shuo has resigned as a non-executive director of the Company with effect from 27 August 2022.

e. Mr. Zhao Guoming has resigned as a non-executive director of the Company with effect from 10 November 2022.

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

(Continued)

(b) Five highest paid employees

The five highest paid individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 included 1 director (2021: 1 directors) and their emoluments are reflected in note 12(a). The emoluments of the remaining 4 highest paid individuals (2021: 4) for the year ended 31 December 2022 are as follows:

	Year ended 31 December	
	2022	2021
	HK$	HK$
Salaries, allowances and benefits in kind	**4,692,045**	5,100,943
Contributions to defined contribution plans	**300,676**	221,119
	4,992,721	5,322,062

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

	Year ended 31 December	
	2022	2021
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**3**	2

During the year ended 31 December 2022, 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 (2021: Nil). None of the directors, nor the five highest paid employees has waived or agreed to waive any emoluments during the year (2021: Nil).

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

	Year ended 31 December	
	2022	2021
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**3**	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 (2021: Nil).

Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2021: 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 (2021: 25%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC. (2021: 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 (2021: 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	
	2022 **HK$**	2021 HK$
Current — Singapore Corporate Income Tax		
— Tax for the year	**(321,803)**	(2,602,538)
— Under provision in respect of prior years	**–**	(128,634)
	(321,803)	(2,731,172)
Current — Japan Corporate Income Tax		
— Tax for the year	**(4,233)**	(5,026)
Deferred tax		
— Current year *(note 30)*	**13,187**	(135,803)
Total income tax expense	**(312,849)**	(2,872,001)

13. INCOME TAX EXPENSE *(Continued)*

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	
	2022	2021
	HK$	HK$
Loss before income tax expense	**(54,756,853)**	(112,897,343)
Tax at Singapore Corporate Income Tax rate of 17%	**9,308,665**	19,192,548
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(2,062,681)**	8,343,822
Tax effect of expense not deductible for tax purpose	**(2,576,063)**	(7,987,331)
Tax effect of income not taxable for tax purpose	**10,921**	430,339
Effect of tax exemptions	**99,012**	201,606
Tax effect of deductible temporary differences not recognised	**(2,102,365)**	(1,774,699)
Tax effect of tax loss not recognised	**(2,990,338)**	(21,149,652)
Under provision in prior years	**–**	(128,634)
Income tax expense	**(312,849)**	(2,872,001)

At 31 December 2022, no unused tax loss can be carried forward indefinitely (2021: 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:

	2022 **HK$**	2021 HK$
Losses		
Losses for the purposes of basic losses per share	**(54,289,081)**	(113,066,303)
Interest expenses on convertible bonds	**2,585,474**	2,173,361
	(51,703,607)	(110,892,942)*
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 2022 (2021: 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$54,289,081 (2021: HK$113,066,303), and the weighted average number of ordinary shares of 3,490,000,000 (2021: 3,490,000,000) in issue during the year ended 31 December 2022.

15. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2022 (2021: 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 2021	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	–	(19,945,238)	–	–	–	–	–	(19,945,238)
Exchange realignment	(100,467)	(5,676,312)	(6,662,410)	(99,730)	(489,569)	(105,154)	(2,994,145)	(16,127,787)
At 31 December 2021 and 1 January 2022	**9,813,683**	**115,824,202**	**133,022,494**	**4,542,903**	**19,193,316**	**1,020,081**	**190,095,709**	**473,512,388**
Additions	**–**	**–**	**1,363,724**	**102,579**	**724,917**	**–**	**–**	**2,191,220**
Adjustment arising on revaluation	**–**	**5,314,544**	**–**	**–**	**–**	**–**	**–**	**5,314,544**
Exchange realignment	**(111,162)**	**(1,674,012)**	**(5,318,480)**	**(11,118)**	**(150,874)**	**(118,135)**	**(14,946,114)**	**(22,329,895)**
At 31 December 2022	**9,702,521**	**119,464,734**	**129,067,738**	**4,634,364**	**19,767,359**	**901,946**	**175,149,595**	**458,688,257**
Accumulated depreciation								
At 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 and 1 January 2022	**–**	**–**	**82,383,020**	**4,259,486**	**16,045,066**	**616,529**	**33,246,447**	**136,550,548**
Depreciation charge for the year	**–**	**2,480,960**	**8,529,000**	**130,589**	**793,834**	**187,586**	**–**	**12,121,969**
Write back on revaluation	**–**	**(2,197,052)**	**–**	**–**	**–**	**–**	**–**	**(2,197,052)**
Impairment loss	**–**	**545,697**	**–**	**–**	**–**	**2,454**	**9,589,375**	**10,137,526**
Exchange realignment	**–**	**(829,605)**	**(3,173,997)**	**10,191**	**9,532**	**(73,483)**	**(3,239,608)**	**(7,296,970)**
At 31 December 2022	**–**	**–**	**87,738,023**	**4,400,266**	**16,848,432**	**733,086**	**39,596,214**	**149,316,021**
Net book value								
At 31 December 2021	9,813,683	115,824,202	50,639,474	283,417	3,148,250	403,552	156,849,262	336,961,840
At 31 December 2022	**9,702,521**	**119,464,734**	**41,329,715**	**234,098**	**2,918,927**	**168,860**	**135,553,381**	**309,372,236**

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2022 and 31 December 2021, 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 2022 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 2022. 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 2022 than during normal market conditions. For the year ended 31 December 2022, a revaluation surplus has been recognised due to a favourable turn from COVID-19 pandemic in Singapore, the resumption of quarantine-free travel and the hotel operations has been resumed since April 2022. The revaluation surplus of HK$$7,511,596, net of applicable deferred tax expense of HK$1,276,971, was credited to hotel properties revaluation reserve in the amount of approximately HK$6,234,625 and HK$545,697 was debited to the profit or loss and included in the impairment loss on non-current assets. (2021: The revaluation deficit of HK$18,070,167 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). If the buildings had not been revalued, it would have been included in the consolidated financial statements at historical cost of HK$63,274,456 (2021: HK$63,897,810) as at 31 December 2022.

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 *(Continued)*

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 2022, certain property, plant and equipment with net carrying amount of approximately HK$134,918,172 (2021: HK$133,156,270) were pledged to the bank for banking facilities granted to the Group (note 28).

During the year ended 31 December 2022, the construction progress was slowed down due to the tight financial resources of the Group. At 31 December 2022, 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 2022. 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 2022 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 2022 is a discount rate of 9%.

The recoverable amounts of Bintan CGU is amounted to HK$139,725,600, which is less than its carrying amount by HK$9,591,829. 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, it 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 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 and 1 January 2022	**1,252,730**	**993,585**	**72,128,046**	**74,374,361**
Amortisation	**(884,281)**	**(252,164)**	**(1,552,187)**	**(2,688,632)**
Exchange realignment	**–**	**1,367**	**99,644**	**101,011**
At 31 December 2022	**368,449**	**742,788**	**70,675,503**	**71,786,740**

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

	2022 **HK$**	2021 HK$
At the beginning of the year (level 3 recurring fair value)	**182,918,780**	185,419,039
Change in fair value	**(52,746)**	543,211
Exchange realignment	**(15,256,833)**	(3,043,470)
At the end of the year (level 3 recurring fair value)	**167,609,201**	182,918,780

During the years ended 31 December 2022 and 2021, there was no direct operating expenses arising from investment properties. As at 31 December 2022 and 2021, 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 2022 and 2021 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	**2022**	2021
Direct comparison approach (Level 3):		
Market unit rate with adjustment for property location, size, time, accessibility, surrounding environment and other relevant factors — per square meter	**Range** **HK$229 – HK$359**	Range HK$251 – HK$398

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 2022, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2021: 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 2022 and 2021.

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. PREPAYMENTS FOR CONSTRUCTION

As at 31 December 2022 and 31 December 2021, the prepayments for construction is related to advances made under the construction contract related to development in Bintan Islands, Indonesia.

20. DEPOSIT FOR ACQUISITION OF LAND

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

21. HOTEL INVENTORIES

Hotel inventories comprise food and beverage and other consumables.

22. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2019, the Group obtained from distressed debtors (note 23) by taking possession of collaterals held as security. The nature and carrying value of these assets held as at 31 December 2022 is summarised as follows:

	At 31 December	
	2022	2021
	HK$	HK$
At the beginning of the year	**11,179,211**	10,823,641
Impairment loss on assets classified as held for sale	**(605,191)**	–
Exchange realignment	**(838,906)**	355,570
At the end of the year	**9,735,114**	11,179,211

The estimated market value of the repossessed asset held by the Group as at 31 December 2022 was approximately RMB8.6 million (equivalent to approximately HK$9.7 million). It comprises retail shops in respect of which the Group has acquired assess or control through court proceedings for release in full or in part of the obligations of a borrower (note 23). 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.

The repossessed assets were not sold because of market sentiment in the PRC and held by the Group as at 31 December 2022 and 2021. Such delay is caused by events or circumstances beyond the control of the Group. The repossessed assets are available for immediate sales in the market.

23. DISTRESSED DEBT ASSETS AT AMORTISED COST

On 25 April 2017, a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with Zhuhai Shi Kang Ming De Enterprise Management Service Limited ("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	
	2022	2021
	HK$	HK$
Current	**36,832,835**	40,879,592
Non-current	**–**	–
	36,832,835	40,879,592

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.

As at the financial year ended 31 December 2022, the contractual cash flows of these distressed debt assets have been modified and the Group expects these distressed debt assets would be settled within 1 year. The debt modification would not result in a substantial modification and accordingly the Company would adopt the modification accounting. The estimated financial impact of the debt modification is a loss of approximately HK$502,118 for the year ended 31 December 2022 and was disclosed in note 7 to these consolidated financial statements.

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:

	2022	2021
	HK$	HK$
At the beginning of the year	**56,307,980**	68,369,422
Less: net modification loss recognised during the year *(note 7)*	**(502,118)**	(4,664,622)
Less: sale proceeds received from disposal of distressed debt assets	**–**	(9,396,647)
Exchange realignment	**(4,295,093)**	1,999,827
Gross amount of distressed debt assets	**51,510,769**	56,307,980
Less: loss allowance for ECLs	**(14,677,934)**	(15,428,390)
At the end of the year	**36,832,835**	40,879,592

During the year ended 31 December 2022, 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$14,677,934 is recognised as at 31 December 2022. Details of the loss allowance for ECLs are set out in note 43(a) to the consolidated financial statements.

24. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2022	2021
	HK$	HK$
Trade receivables *(note a)*	**4,463,207**	3,824,756
Contract assets *(note b)*	**301,502**	3,968
Prepayments	**707,290**	926,146
Deposits	**838,702**	1,284,975
Other receivables	**812,691**	837,121
	7,123,392	6,876,966

(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	
	2022	2021
	HK$	HK$
Current to 30 days	**2,779,013**	2,223,885
31 to 60 days	**1,666,796**	1,513,137
61 to 90 days	**17,337**	12,536
Over 90 days	**61**	75,198
	4,463,207	3,824,756

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Contract assets

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

	At 31 December	
	2022	2021
	HK$	HK$
Contract assets arising from:		
Hotel business	**301,502**	3,968

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 2022 and 2021, 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 43(a) to the consolidated financial statements.

25. CASH AND CASH EQUIVALENTS

	At 31 December	
	2022	2021
	HK$	HK$
Cash at bank and on hand	**12,382,300**	26,360,451

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.

26. TRADE AND OTHER PAYABLES

	At 31 December	
	2022	2021
	HK$	HK$
Current liabilities		
Trade payables *(note a)*	**689,744**	726,522
Contract liabilities *(note b)*	**19,891**	767,095
Accruals and other payables	**14,220,541**	9,579,312
Construction payables	**43,561,547**	47,527,422
Interest payable of convertible bonds	**19,716,840**	10,528,259
	78,208,563	69,128,610
Non-current liabilities		
Construction payables *(note c)*	**7,927,079**	8,648,557

(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	
	2022	2021
	HK$	HK$
Current to 30 days	**631,651**	665,710
31 to 60 days	**–**	4,637
61 to 90 days	**–**	3,467
Over 90 days	**58,093**	52,708
	689,744	726,522

26. TRADE AND OTHER PAYABLES *(Continued)*

(b) Contract liabilities

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

	At 31 December	
	2022	2021
	HK$	HK$
Contract liabilities arising from:		
Hotel business	**19,891**	767,095

Movements in contract liabilities

	2022	2021
	HK$	HK$
At the beginning of the year	**767,095**	770,274
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	**(765,664)**	(770,274)
Increase in contract liabilities as a result of receipt in advance from hotel operating activities	**18,460**	767,095
At the end of the year	**19,891**	767,095

(c) Construction payables

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

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

	At 31 December	
	2022	2021
	HK$	HK$
Amount due to a non-controlling shareholder of subsidiaries *(note a)*	**7,825,397**	8,537,621
Amount due to a director *(note b)*	**10,126,863**	10,251,007

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. As at 31 December 2022, Mr. Ngan Iek had shareholding in the Company with significant influence.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

	At 31 December	
	2022	2021
	HK$	HK$
Current		
Secured		
— bank borrowings due for repayment within one year *(note a)*	**279,321,188**	188,732,366
— other borrowing due for repayment within one year	**267,139**	303,854
	279,588,327	189,036,220
Non-current		
Secured		
— bank borrowings due for repayment after one year	**2,382,512**	98,095,270
— other borrowing due for repayment after one year	**616,475**	981,681
	2,998,987	99,076,951
	282,587,314	288,113,171
Current		
Bank overdrafts *(note b)*	**12,912,290**	–

Note a: Revolving loans amounted to HK$180,478,900 (2021: HK$179,114,900) are subject to renewal for every 1,3 or 6 months. Bank borrowings of HK$279,321,188 are subject to renewal and refinancing in January 2023.

Note b: Bank overdrafts at 31 December 2022 carry interest at floating rates ranging from 3.92% to 4.35% per annum (2021: Nil).

28. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS *(Continued)*

Bank borrowings bear interest ranging from 0.07% to 2.26% (2021: 1.75% to 2%) per annum above the bank's Singapore swap offer rate. The effective interest rate ranging from 0.67 % to 4.36% (2021: from 0.67% to 2.41%). The Group has entered into four (2021: four) interest rate swap contracts to hedge the interest rate risk of the floating rate interest-bearing bank borrowings (note 31).

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$134,918,172 as at 31 December 2022 (2021: HK$133,156,270) (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 2022, 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% (2021: 0.46% to 1.36%) per annum. Personal guarantee is provided from a director of the Company's subsidiary.

At 31 December 2022 and 2021, total current and non-current bank and other borrowings, other than bank overdrafts, were scheduled to repay as follows:

	At 31 December	
	2022 HK$	2021 HK$
On demand or within one year	**279,588,327**	189,036,220
More than one year, but not exceeding two years	**246,590**	98,375,750
More than two years, but not exceeding five years	**1,484,901**	701,201
Over five years	**1,267,496**	–
	282,587,314	288,113,171

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

28. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS *(Continued)*

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 43(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 2022.

In June 2023, the Group entered into a one-year loan facility agreement with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

29. 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 HK$	**Interest** HK$	**Present value** HK$
As at 31 December 2022			
Not later than one year	**551,560**	**23,180**	**528,380**
Later than one year and not later than two years	**171,023**	**16,138**	**154,885**
Later than two years and not later than five years	**170,744**	**592**	**170,152**
	893,327	**39,910**	**853,417**
As at 31 December 2021			
Not later than one year	1,173,699	87,215	1,086,484
Later than one year and not later than two years	550,268	23,059	527,209
Later than two years and not later than five years	339,186	16,604	322,582
	2,063,153	126,878	1,936,275

30. 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 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 and 1 January 2022	**(10,735,316)**	**(10,492,750)**	**–**	**(21,228,066)**
Charge to profit or loss for the year *(note 13)*	**–**	**13,187**	**–**	**13,187**
Credit to other comprehensive income	**1,276,974**	**–**	**–**	**1,276,974**
Exchange realignment	**(97,677)**	**874,682**	**–**	**777,005**
At 31 December 2022	**(9,556,019)**	**(9,604,881)**	**-**	**(19,160,900)**

Reconciliation to the consolidated statement of financial position

	At 31 December 2022 HK$	2021 HK$
Deferred tax liabilities	**(19,160,900)**	(21,228,066)

As at 31 December 2022, 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.

31. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	At 31 December	
	2022	2021
	HK$	HK$
Interest rate swaps	**1,397,368**	(2,557,956)
Less: Current portion	**1,397,368**	(2,159,353)
Non-current portion	**–**	(398,603)

At 31 December 2022, the notional amount of the outstanding interest rate swap contract was approximately HK$279,321,188 (2021: HK$286,827,636).

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% (2021: 2.62%). At 31 December 2022, the Group's effective interest of bank borrowings is fixed at 3.85% (2021: 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.

	2022	2021
	HK$	HK$
At the beginning of the year	**(2,557,956)**	(4,311,676)
Gain on cash flow hedges	**3,879,415**	1,691,679
Exchange realignment	**75,909**	62,041
At the end of the year	**1,397,368**	(2,557,956)

32. CONVERTIBLE BONDS

	At 31 December			
	2022		2021	
	Liability components HK$	**Equity conversion components HK$**	Liability components HK$	Equity conversion components HK$
2015 Convertible bonds *(note a)*	**32,861,400**	**10,698,249**	32,861,400	10,698,249
2020 Convertible bonds *(note b)*	**16,220,595**	**14,342,489**	13,635,121	14,342,489
	49,081,995	**25,040,738**	46,496,521	25,040,738

(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 2022, 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.

32. CONVERTIBLE BONDS *(Continued)*

(a) 2015 Convertible bonds *(Continued)*

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 2021	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 2021, 1 January 2022 and 31 December 2022	**32,861,400**	**10,698,249**	**43,559,649**

The interest expense of 2015 Convertible Bonds for the year ended 31 December 2022 is calculated using the effective interest method by applying an effective interest rate of approximately 13.37% to the liability component.

On 28 March 2023, the Group received a writ of summons filed in the High Court of Hong Kong by the bondholder ("CMI Hong Kong") of 2015 Convertible Bonds for the repayment of the principal, the interest and the default interest accrued thereon the 2015 Convertible Bonds since maturity date. On 13 September 2023, the Group has entered into a standstill agreement with CMI Hong Kong with key terms as follows:

(i) CMI Hong Kong covenants and agrees that during the period from the date of the standstill agreement to the date falling on 31 December 2023, unless as earlier terminated by CMI Hong Kong, it shall not initiate or pursue any legal proceedings or other remedies against the defaults under the instrument of 2015 Convertible Bonds.

(ii) The Group shall make partial repayments to CMI Hong Kong for the principal amount of the 2015 Convertible Bonds together with all accrued and unpaid interests and/or default interests thereon in the manner set out below:

(a) The Group shall repay HK$5,128,013.70 on the date of the standstill agreement;

(b) If resumption of trading in the shares of the Company (the "Trading Resumption") occurs prior to 16 December 2023, the Company shall repay (1) an amount equal to HK$8,000,000 plus interests at the rate of 10.5% per annum accrued thereon from 17 June 2023 until the next business day following the Trading Resumption, and (2) HK$7,368,506.85 on or before 16 December 2023; and

(c) If Trading Resumption has not occurred prior to 16 December 2023, the Group shall repay HK$15,789,657.53 on or before 16 December 2023.

32. CONVERTIBLE BONDS *(Continued)*

(a) 2015 Convertible bonds *(Continued)*

The Group has repaid HK$5,128,017.70 as mentioned in (ii)(a) above. As the management of the Group had anticipated that the Trading Resumption would not occur prior to 16 December 2023 as mentioned in (ii)(c) above, the Group acknowledged CMI Hong Kong and agreed with CMI Hong Kong on 28 December 2023 that:

(i) the Standstill Period shall be extended to 16 February 2024; and

(ii) the Company shall repay HK$16,057,191.78 on or before 16 February 2024 as further partial repayment to CMI Hong Kong for the principal amount of the 2015 Convertible Bonds together with accrued and unpaid interests and/or default interests thereon.

During the Standstill Period, the management of the Company will continue to negotiate with CMI Hong Kong to further extend the Standstill Period and to agree on a repayment schedule for the remaining amount due under the 2015 Convertible Bonds, as and when appropriate.

(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 is 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 2022, none of the 2020 Convertible Bonds has been converted into ordinary shares of the Group or repurchased by the Company.

	Liability component HK$	**Equity conversion component** HK$	**Total** HK$
At 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 and 1 January 2022	**13,635,121**	**14,342,489**	**27,977,610**
Effective interest expense for the year	**2,585,474**	**–**	**2,585,474**
At 31 December 2022	**16,220,595**	**14,342,489**	**30,563,084**

33. SHARE CAPITAL

	At 31 December 2022 HK$	2021 HK$
Authorised:		
50,000,000,000 (2021: 50,000,000,000) ordinary shares of HK$0.001 (2021: HK$0.001) each	**50,000,000**	50,000,000
Issued and fully paid:		
3,490,000,000 (2021: 3,490,000,000) ordinary shares of HK$0.001 (2021: HK$0.001) each	**3,490,000**	3,490,000

The movements in issued share capital were as follows:

	2022		2021	
	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

34. 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 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 and 1 January 2022	**333,122,249**	**25,040,738**	**(167,139,293)**	**191,023,694**
Loss and total comprehensive income for the year	**–**	**–**	**(73,802,887)**	**(73,802,887)**
At 31 December 2022	**333,122,249**	**25,040,738**	**(240,942,180)**	**117,220,807**

35. 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	
	2022	2021
	HK$	HK$
Salaries, allowances and benefits in kind	**5,582,045**	5,750,943
Contributions to defined contribution plans	**300,676**	221,119
	5,882,721	5,972,062

(ii) Details of the balances with related parties are disclosed in note 27 to the consolidated financial statements.

(iii) As disclosed in note 28 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.

36. 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 2022, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 31 December	
	2022	2021
	HK$	HK$
Within one year	**3,716,160**	4,539,015
In the second to fifth years inclusive	**2,681,689**	1,038,635
	6,397,849	5,577,650

37. CAPITAL COMMITMENTS

At 31 December 2022, the Group had the following capital commitments:

	At 31 December	
	2022	2021
	HK$	HK$
Authorised, but not contracted for, in respect of Property, plant and equipment	**53,461,675**	58,327,450
Contracted, but not provided for, in respect of Property, plant and equipment	**14,901,879**	15,258,931

38. CONTINGENT LIABILITIES

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

39. NOTES SUPPORTING CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	At 31 December 2022 HK$	2021 HK$
Cash and cash equivalents in the consolidated cash flow statement	**12,382,300**	26,360,451

(b) Reconciliation of liabilities arising from financing activities:

	Lease liabilities (note 29) HK$	Interest payable of convertible bonds (note 26) HK$	Derivative financial instruments (note 31) HK$	Amount due to a director (note 27) HK$	Interest-bearing bank and other borrowings (note 28) HK$	Convertible bonds (note 32) HK$	Total HK$
At 1 January 2022	1,936,275	10,528,259	2,557,956	10,251,007	288,113,171	46,496,521	359,883,189
Changes from cash flows:							
Receipt	–	–	–	1,902,167	–	–	1,902,167
Proceeds from bank borrowings	–	–	–	–	2,382,512	–	2,382,512
Repayment of bank loans	–	–	–	–	(10,940,314)	–	(10,940,314)
Repayments of lease liabilities	(1,083,938)	–	–	–	–	–	(1,083,938)
Interest paid	(71,199)	–	(7,332,461)	–	(2,526,560)	–	(9,930,220)
Total changes from financing cash flows:	(1,155,137)	–	(7,332,461)	1,902,167	(11,084,362)	–	(17,669,793)
Exchange realignment:	1,080	–	(75,909)	(2,026,311)	3,031,945	–	930,805
Other changes:							
Interest expenses	71,199	9,858,420	7,332,461	–	2,526,560	2,585,474	22,374,114
Gain on cash flow hedges through other comprehensive income	–	–	(3,879,415)	–	–	–	(3,879,415)
Others	–	(669,839)	–	–	–	–	(669,839)
Total other changes	71,199	9,188,581	3,453,046	–	2,526,560	2,585,474	17,824,860
At 31 December 2022	853,417	19,716,840	(1,397,368)	10,126,863	282,587,314	49,081,995	360,969,061

39. NOTES SUPPORTING CASH FLOW STATEMENT *(Continued)*

(b) Reconciliation of liabilities arising from financing activities: *(Continued)*

	Lease liabilities (note 29) HK$	Interest payable of convertible bonds (note 26) HK$	Derivative financial instruments (note 31) HK$	Amount due to a director (note 27) HK$	Interest-bearing bank and other borrowings (note 28) HK$	Convertible bonds (note 32) 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 of	–	–	–	(22,021,406)	–	–	(22,021,406)
Repayment of bank loans	–	–	–	–	(8,540,989)	–	(8,540,989)
Repayments of lease liabilities	(1,133,416)	–	–	–	–	–	(1,133,416)
Interest paid	–	–	(1,405,060)	–	(6,795,066)	–	(8,200,126)
Total changes from financing cash flows:	(1,133,416)	–	(1,405,060)	(22,021,406)	(15,336,055)	–	(39,895,937)
Exchange realignment:	(11,429)	–	(62,041)	1,422,348	(4,992,915)	–	(3,644,037)
Other changes:							
Interest expenses	127,127	9,858,420	1,405,060	–	9,640,544	2,173,361	23,204,512
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
Repayment of lease liabilities	(111,841)	–	–	–	–	–	(111,841)
Others	–	10,303	–	–	–	–	10,303
Total other changes	1,857,537	9,868,723	(286,619)	–	8,797,145	2,173,361	22,410,147
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

39. NOTES SUPPORTING CASH FLOW STATEMENT *(Continued)*

(c) Total cash outflow for leases

	Year ended 31 December	
	2022	2021
	HK$	HK$
Within operating cash flows	**151,169**	169,289
Within financing cash flows	**1,075,167**	1,245,258
	1,226,336	1,414,547

These amounts relate to the following:

	Year ended 31 December	
	2022	2021
	HK$	HK$
Lease rentals paid	**1,226,336**	1,414,547
	1,226,336	1,414,547

40. 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

41. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2022 is HK$1,696,461 (2021: HK$2,660,283), among which HK$941,435 is attributable to PT Hang Huo Investment (2021: HK$1,807,666) and HK$755,116 is for PT Hang Huo International (2021: HK$822,295).

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	
	2022 HK$	2021 HK$	**2022 HK$**	2021 HK$
For the year ended 31 December				
Revenue	**–**	–	**–**	–
(Loss)/profit for the year	**(10,159,695)**	(33,815,839)	**14,913**	80,763
Total comprehensive income	**(11,616,516)**	(35,043,024)	**(671,785)**	(54,660)
(Loss)/profit allocated to non-controlling interests	**(929,321)**	(2,705,267)	**(67,179)**	8,076
For the year ended 31 December				
Cash flows used in operating activities	**(1,854,546)**	(34,034,078)	**(54,473)**	719
Cash flows used in investing activities	**25,262**	33,028,439	**–**	–
Cash flows (used in)/generated from financing activities	**100,715**	602,651	**–**	–
Net cash outflows	**(1,728,569)**	(402,988)	**(54,473)**	719
As at 31 December				
Current assets	**2,180,959**	2,729,591	**2,114,106**	2,249,978
Non-current assets	**279,207,176**	314,711,062	**17,965,297**	19,655,146
Current liabilities	**(254,363,352)**	(277,410,660)	**(10,430,618)**	(11,379,953)
Non-current liabilities	**(15,257,973)**	(16,646,667)	**(2,097,624)**	(2,302,225)
Net assets	**11,766,810**	23,383,326	**7,551,161**	8,222,946
Accumulated non-controlling interests	**941,345**	1,870,666	**755,116**	822,295

42. 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	
	2022	2021
	HK$	HK$
Financial assets		
Measured at amortised cost:		
Distressed debt assets at amortised cost	**36,832,835**	40,879,592
Trade receivables	**4,463,207**	3,824,756
Deposits and other receivable	**1,651,393**	2,122,096
Cash and cash equivalents	**12,382,300**	26,360,451
Total	**55,329,735**	73,186,895
Derivative financial instruments:		
Interest rate swap	**1,397,368**	–
Total	**56,727,103**	73,186,895
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**689,744**	726,522
Accruals and other payables	**85,426,007**	76,283,550
Amount due to a non-controlling shareholder of subsidiaries	**7,825,397**	8,537,621
Amount due to a director	**10,126,863**	10,251,007
Interest-bearing bank and other borrowings, secured	**282,587,314**	288,113,171
Lease liabilities	**853,417**	1,936,275
Convertible bonds	**49,081,995**	46,496,521
Total	**436,590,737**	432,344,667
Derivative financial instruments:		
Interest rate swap	**–**	2,557,956
Total	**436,590,737**	434,902,623

42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

(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$1,397,368 (2021: HK$2,557,956) as at 31 December 2022 is grouped into level 2 of the fair value hierarchy.

During the years ended 31 December 2022 and 2021, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

43. 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 2022, the trade receivables from the five largest debtors represented 87% (2021: 85%) of the total trade receivables respectively, while the largest debtor represented 77% (2021: 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 2022

	Expected credit loss rate	Gross carrying amount HK$	Loss allowance HK$
Current	–	3,080,515	–
With 1 months past due	3%	–	–
1 to 3 months past due	3%	1,666,796	50,004
3 to 12 months past due	10%	17,398	1,740
Total		4,764,709	51,744

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

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

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.

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Distressed debt asset at amortised cost *(Continued)*

(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 2022 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:

	2022 **HK$**	2021 HK$
At the beginning of the year	**15,428,390**	13,673,885
Reversal of ECLs *(note 9)*	**–**	(2,347,443)
Loss allowance for ECLs *(note 9)*	**442,265**	3,630,281
Exchange realignment	**(1,192,721)**	471,667
At the end of the year *(note 23)*	**14,677,934**	15,428,390

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(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.

2022	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	**689,744**	**689,744**	**689,744**	**–**	**–**
Accruals and other payables	**85,426,007**	**85,426,007**	**77,498,928**	**7,927,079**	**–**
Amount due to a non-controlling shareholder of subsidiaries	**7,825,397**	**7,825,397**	**7,825,397**	**–**	**–**
Amount due to a director	**10,126,863**	**10,126,863**	**10,126,863**	**–**	**–**
Interest-bearing bank and other borrowings	**282,587,314**	**284,263,461**	**281,153,216**	**1,816,241**	**1,294,004**
Lease liabilities	**853,417**	**893,327**	**551,560**	**341,767**	**–**
Convertible bonds	**49,081,995**	**57,989,400**	**32,861,400**	**25,128,000**	**–**
Total non-derivatives	**436,590,737**	**447,214,199**	**410,707,108**	**35,213,087**	**1,294,004**

2022	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)	**(8,715,583)**	**(8,715,583)**	**–**
Interest rate swap — cash flow hedges outflow	**7,318,215**	**7,318,215**	**–**
Total derivatives	**(1,397,368)**	**(1,397,368)**	**–**

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

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)	(5,838,923)	(5,838,923)	–
Interest rate swap — cash flow hedges outflow	8,396,879	8,396,879	–
Total derivatives	2,557,956	2,557,956	–

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.

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(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	
	2022 HK$	2021 HK$
Notional amount	**279,321,188**	287,246,271
Carrying amount of derivative financial instruments — Assets/(Liabilities)	**1,397,368**	(2,557,956)

The swap mature over the next year 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.

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Interest rate risk *(Continued)*

(i) Hedges of interest rate risk *(Continued)*

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

	2022 HK$	2021 HK$
At the beginning of the year	(2,557,956)	(4,311,676)
Effective portion of the cash flow hedge recognised in other comprehensive income	3,879,415	1,691,679
Exchange realignment	75,909	62,041
At the end of the year	1,397,368	(2,557,956)

The entire balance in the hedging reserve relates to continuing hedges. During the years ended 31 December 2022 and 2021, 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			
	2022		2021	
	Effective interest rate %	HK$	Effective interest rate %	HK$
Fixed rate borrowings:				
Interest-bearing bank borrowings	3.85	281,703,700	3.85	286,827,636
Other borrowing	0.46	883,614	0.46	1,285,535
Bank overdrafts	3.92–4.35	12,912,290	–	–
Lease liabilities	3.96–6.69	853,417	3.96–6.69	1,936,275
Convertible bonds	18.96–30	49,081,995	18.96–30	46,496,521
Total borrowings		345,435,016		336,545,967
Fixed rate borrowings as a percentage of total borrowings		100%		100%

43. FINANCIAL RISK MANAGEMENT *(Continued)*

(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	
	2022 Effect on other component of equity HK$	2021 Effect on other component of equity HK$
SG$ to HK$:		
Appreciates by 1%	**(395,315)**	(353,250)
Depreciates by 1%	**395,315**	353,250
IDR to HK$:		
Appreciates by 9%	**12,833,274**	1,564,337
Depreciates by 9%	**(12,833,274)**	(1,564,337)
JPY to HK$:		
Appreciates by 14%	**7,781,440**	951,436
Depreciates by 14%	**(7,781,440)**	(951,436)
RMB to HK$:		
Appreciates by 8%	**2,841,884**	3,451,894
Depreciates by 8%	**(2,841,884)**	(3,451,894)

44. 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	
	2022	2021
	HK$	HK$
Amount due to a non-controlling shareholder of subsidiaries	**7,825,397**	8,537,621
Amount due to a director	**10,126,863**	10,251,007
Interest-bearing bank and other borrowings	**282,587,314**	288,113,171
Bank overdrafts	**12,912,290**	–
Lease liabilities	**853,417**	1,936,275
Convertible bonds	**49,081,995**	46,496,521
Less: cash and cash equivalents	**(12,382,300)**	(26,360,451)
Net debts	**351,004,976**	328,974,144
Total equity	**148,272,936**	220,701,522
Net debt to equity ratio	**237%**	149%

45. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 HK$	2021 HK$
Non-current assets			
Property, plant and equipment		**7,972**	13,925
Right-of-use assets		**368,449**	1,252,730
Interests in subsidiaries		**59,500,080**	59,500,080
Total non-current assets		**59,876,501**	60,766,735
Current assets			
Deposits, prepayments and other receivable		**350,460**	350,460
Amounts due from subsidiaries		**194,506,087**	211,891,163
Amount due from a director		**–**	32,032,412
Cash and cash equivalents		**95,781**	837,346
Total current assets		**194,952,328**	245,111,381
Current liabilities			
Amounts due to subsidiaries		**55,972,235**	51,149,883
Accruals and other payables		**28,190,298**	12,411,755
Amount due to a director		**500,000**	–
Lease liabilities		**373,494**	932,769
Convertible bonds		**32,861,400**	32,861,400
Total current liabilities		**117,897,427**	97,355,807
Net current assets		**77,054,901**	147,755,574
Total assets less current liabilities		**136,931,402**	208,522,309
Non-current liabilities			
Lease liabilities		**–**	373,494
Convertible bonds		**16,220,595**	13,635,121
Total non-current liabilities		**16,220,595**	14,008,615
Net assets		**120,710,807**	194,513,694
Equity			
Share capital		**3,490,000**	3,490,000
Reserves	34	**117,220,807**	191,023,694
Total equity		**120,710,807**	194,513,694

On behalf of the Board

He Dingding **Lui Tin Shun**

46. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in the notes to the consolidated financial statements, there was no material events that after the report period to be disclosed.

PARTICULARS OF PROPERTIES

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 2022: approximately 73%
- Expected completion date: early 2025
- 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				
	2022	2021	2020	2019	2018
	HK$	HK$	HK$	HK$ (restated)	HK$
Revenue	**33,331,520**	49,718,776	57,615,424	55,235,432	60,628,594
(Loss)/profit before income tax expense	**(54,756,853)**	(112,897,343)	(44,675,180)	(64,671,098)	2,111,346
(Loss)/profit for the year	**(55,069,702)**	(115,769,344)	(48,302,876)	(67,620,770)	(3,052,772)
Total comprehensive income for the year	**(72,428,586)**	(121,934,328)	(62,678,176)	(58,701,091)	(26,498,557)

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$	HK$	HK$	HK$ (restated)	HK$
Total assets	**617,286,469**	682,603,667	829,076,475	891,927,310	1,027,779,008
Total liabilities	**(469,013,533)**	(461,902,145)	(486,440,625)	(500,955,773)	(578,106,380)
Non-controlling interests	**(1,694,447)**	(2,660,283)	(5,475,041)	(5,625,527)	(5,511,263)
	146,578,489	218,041,239	337,160,809	385,346,010	444,161,365

Note:

The consolidated results of the Group for each of the two years ended 31 December 2021 and 2022 and the consolidated assets and liabilities of the Group as at 31 December 2021 and 2022 are those set out on pages 47 to 132 of this annual report.

The summary above does not form part of the audited financial statements.