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## **Link Holdings Limited**

**華星控股有限公司\***

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

**(Stock Code: 8237)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Link Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.*

\* For identification purposes only

## INTERIM RESULTS

The Board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Review Period**”) as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

	Notes	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Revenue	4	<b>26,499,970</b>	19,424,936	<b>13,790,710</b>	9,679,853
Cost of sales		<b>(9,959,825)</b>	(8,516,586)	<b>(5,479,657)</b>	(5,456,971)
Gross profit		<b>16,540,145</b>	10,908,350	<b>8,311,053</b>	4,222,882
Other income		<b>1,397,222</b>	366,786	<b>447,736</b>	76,495
Selling expenses		<b>(961,341)</b>	(1,148,798)	<b>(571,494)</b>	(688,972)
Administrative expenses		<b>(15,224,217)</b>	(18,037,733)	<b>(7,642,051)</b>	(10,304,275)
Finance costs	5	<b>(4,937,957)</b>	(2,667,059)	<b>(2,394,942)</b>	(1,190,652)
Gain on changes in fair value of investment properties		<b>6,309,513</b>	12,510,649	<b>6,309,513</b>	12,510,649
Fair value gain/(loss) on derivative financial instruments		<b>25,045</b>	68,442	<b>–</b>	(147,478)
Profit before income tax expense	6	<b>3,148,410</b>	2,000,637	<b>4,459,815</b>	4,478,649
Income tax expense	7	<b>(2,458,782)</b>	(1,493,203)	<b>(2,026,543)</b>	(1,424,550)
Profit for the period		<b>689,628</b>	507,434	<b>2,433,272</b>	3,054,099
<b>Other comprehensive income that will not be reclassified to profit or loss:</b>					
Gain on revaluation of properties		<b>661,917</b>	75,975,416	<b>661,917</b>	75,975,416
Tax expense related to gain on revaluation of properties		<b>(112,526)</b>	(12,915,821)	<b>(112,526)</b>	(12,915,821)
Exchange difference related to revaluation of properties		<b>–</b>	180,281	<b>–</b>	180,281

	<i>Notes</i>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
		<b>For six months ended</b>		<b>For three months ended</b>	
		<b>30 June</b>		<b>30 June</b>	
		<b>2016</b>	2015	<b>2016</b>	2015
		<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>					
Exchange difference on translating foreign operations		<b>6,372,841</b>	(2,356,271)	<b>(3,795,697)</b>	543,625
Other comprehensive income for the period, net of tax		<b>6,922,232</b>	60,883,605	<b>(3,246,306)</b>	63,783,501
<b>Total comprehensive income for the period</b>		<b>7,611,860</b>	61,391,039	<b>(813,034)</b>	66,837,600
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		<b>457,899</b>	(2,053,588)	<b>2,186,391</b>	663,866
Non-controlling interests		<b>231,729</b>	2,561,022	<b>246,881</b>	2,390,233
		<b>689,628</b>	507,434	<b>2,433,272</b>	3,054,099
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>6,662,573</b>	58,371,741	<b>(1,527,918)</b>	63,833,191
Non-controlling interests		<b>949,287</b>	3,019,298	<b>714,884</b>	3,004,409
		<b>7,611,860</b>	61,391,039	<b>(813,034)</b>	66,837,600
Earnings/(loss) per share	9				
Basic and diluted					
(HK cents per share)		<b>0.01</b>	(0.07)	<b>0.06</b>	0.02

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	204,100,121	192,136,997
Investment properties	10	152,700,976	142,642,525
Prepayments for the development of investment properties		2,992,496	–
Prepaid lease payments		75,317,965	72,397,016
Deposits paid in connection with the acquisition of an associate	11	3,203,703	1,662,721
Deposits for acquisition of lands	12	17,208,051	10,956,600
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total non-current assets		455,523,312	419,795,859
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Hotel inventories		178,403	103,619
Trade and other receivables	13	10,782,387	8,081,901
Cash and cash equivalents		317,845,329	325,996,570
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current assets		328,806,119	334,182,090
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current liabilities</b>			
Trade and other payables	14	19,082,803	31,029,543
Amount due to non-controlling interests	15	8,677,620	21,379,555
Interest-bearing bank borrowings	16	80,747,879	58,572,830
Amount due to a director	15	52,531,997	29,500,000
Provision for taxation		1,429,708	377,337
Derivative financial instruments	17	–	209,934
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current liabilities		162,470,007	141,069,199
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net current assets</b>		166,336,112	193,112,891
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Total assets less current liabilities</b>		621,859,424	612,908,750
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	16	143,914,283	143,160,547
Deferred tax liabilities		13,821,487	11,559,366
Convertible bonds	18	14,555,550	13,653,792
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total non-current liabilities		172,291,320	168,373,705
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net assets</b>		449,568,104	444,535,045
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Equity</b>			
Share capital	19	3,490,000	3,490,000
Reserves		441,451,085	432,774,276
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		444,941,085	436,264,276
<b>Non-controlling interests</b>		4,627,019	8,270,769
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Total equity</b>		449,568,104	444,535,045
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity holders of the Company								Total equity HK\$
	Share capital HK\$	Share premium HK\$ (note 1)	Hotel properties revaluation reserve HK\$ (note 2)	Other reserve HK\$ (note 3)	Translation reserve HK\$ (note 4)	Retained earnings HK\$	Total HK\$	Non-controlling interests HK\$	
Balance at 1 January 2015	2,800,000	107,645,695	-	15	(14,110,972)	52,888,425	149,223,163	4,655,739	153,878,902
(Loss)/profit for the period	-	-	-	-	-	(2,053,588)	(2,053,588)	2,561,022	507,434
Other comprehensive income									
- Gain on revaluation of properties	-	-	75,975,416	-	-	-	75,975,416	-	75,975,416
- Tax expense related to gain on revaluation of properties	-	-	(12,915,821)	-	-	-	(12,915,821)	-	(12,915,821)
- Exchange differences related to revaluation of properties	-	-	180,281	-	-	-	180,281	-	180,281
- Exchange differences arising on translation of foreign operation	-	-	-	-	(2,814,547)	-	(2,814,547)	458,276	(2,356,271)
Total comprehensive income for the period	-	-	63,239,876	-	(2,814,547)	(2,053,588)	58,371,741	3,019,298	61,391,039
<b>Balance at 30 June 2015 (unaudited)</b>	<b>2,800,000</b>	<b>107,645,695</b>	<b>63,239,876</b>	<b>15</b>	<b>(16,925,519)</b>	<b>50,834,837</b>	<b>207,594,904</b>	<b>7,675,037</b>	<b>215,269,941</b>

Attributable to equity holders of the Company

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i> <i>(note 1)</i>	Hotel properties revaluation reserve <i>HK\$</i> <i>(note 2)</i>	Other reserve <i>HK\$</i> <i>(note 3)</i>	Translation reserve <i>HK\$</i> <i>(note 4)</i>	Convertible bonds reserve <i>HK\$</i> <i>(note 5)</i>	Retained earnings <i>HK\$</i>	Total <i>HK\$</i>	Non- controlling interests <i>HK\$</i>	Total equity <i>HK\$</i>
Balance at 1 January 2016	3,490,000	333,122,249	63,759,124	15	(25,714,718)	10,698,249	50,909,357	436,264,276	8,270,769	444,535,045
Profit for the period	-	-	-	-	-	-	457,899	457,899	231,729	689,628
Other comprehensive income										
– Gain on revaluation of properties	-	-	661,917	-	-	-	-	661,917	-	661,917
– Tax expense related to gain on revaluation of properties	-	-	(112,526)	-	-	-	-	(112,526)	-	(112,526)
– Exchange differences arising on translation of foreign operation	-	-	-	-	6,154,575	-	-	6,154,575	1,355,409	7,509,984
– Effect of change in functional currency	-	-	-	-	260,862	-	(760,154)	(499,292)	(637,851)	(1,137,143)
Total comprehensive income for the period	-	-	549,391	-	6,415,437	-	(302,255)	6,662,573	949,287	7,611,860
Acquisition of additional interest in a subsidiary	-	-	-	2,014,236	-	-	-	2,014,236	(4,593,037)	(2,578,801)
<b>Balance at 30 June 2016 (unaudited)</b>	<b>3,490,000</b>	<b>333,122,249</b>	<b>64,308,515</b>	<b>2,014,251</b>	<b>(19,299,281)</b>	<b>10,698,249</b>	<b>50,607,102</b>	<b>444,941,085</b>	<b>4,627,019</b>	<b>449,568,104</b>

*Notes:*

- The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- Hotel properties revaluation reserve represents the gains arising from the revaluation of the Group's leasehold land and buildings (other than investment property). The balance on this reserve is wholly undistributable.
- The other reserve of the Group represents the difference between the nominal value of shares issued by the Company and the aggregate nominal value of the issued share capital of the 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 a subsidiary acquired.
- 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.
- 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).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	(Unaudited)	
	For six months ended	
	30 June	
	2016	2015
	HK\$	HK\$
<b>Net cash from/(used in) operating activities</b>	<b>1,720,860</b>	(280,915)
<b>Cash flows from investing activities</b>		
Settlement of derivative financial instruments	(174,392)	(1,210,599)
Deposits paid for acquisition of lands	(5,719,888)	(11,505,800)
Acquisition of additional interest in a subsidiary	(2,578,801)	–
Interest received	693,385	–
Purchase of property, plant and equipment	(17,984,541)	(26,538,090)
Deposits paid for acquisition of an associate	(1,540,982)	–
Increase in prepayments for the development of investment properties	(2,992,496)	–
<b>Net cash used in investing activities</b>	<b>(30,297,715)</b>	(39,254,489)
<b>Cash flows from financing activities</b>		
Increase in amount due to director	23,031,997	18,596,546
Proceeds from borrowings	9,619,547	–
Repayment of borrowings	(13,864,850)	(9,444,536)
Decrease in amount due to non-controlling interests	(13,588,095)	–
Interest paid	(4,034,933)	(2,667,059)
<b>Net cash from financing activities</b>	<b>1,163,666</b>	6,484,951
<b>Net decrease in cash and cash equivalents</b>	<b>(27,413,189)</b>	(33,050,453)
Cash and cash equivalents at beginning of period	325,996,570	102,476,136
Effect of exchange rate changes on cash and cash equivalents	2,151,676	(1,707,491)
Cash and cash equivalents at end of period	<b>300,735,057</b>	67,718,192
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	317,845,329	77,495,804
Bank overdraft	(17,110,272)	(9,777,612)
	<b>300,735,057</b>	67,718,192

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION AND BASIS OF PREPARATION

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 Island and its principal place of business in Hong Kong is located at Unit No. 3503 on 35/F of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is an investment holding and its subsidiaries are principally engaged in hotel ownership and operation of hotel services and property investment.

The interim financial information have been prepared in accordance with IAS 34, '**Interim financial reporting**' issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The interim financial information for the six months ended 30 June 2016 are unaudited but have been reviewed by the audit committee of the Company. The interim financial information was approved and authorised for issue by the Board on 12 August 2016.

## 2 A) PRINCIPAL ACCOUNTING POLICIES

The interim financial information has been prepared on the historical cost basis except for hotel properties, investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual report for the year ended 31 December 2015, except as described below:

The subsidiaries in Indonesia changed their functional currency from Singapore dollar ("SGD") to Indonesian Rupiah ("IDR") with effect from 1 January 2016 to reflect the current and prospective economic substance of the underlying transactions and circumstances of those subsidiaries. As a result of the expiry of rental income contract, there was increasing influence of IDR over those subsidiaries in terms of operating activities and this triggered the change in functional currency. In prior years, the subsidiaries' transactions with their customers were denominated in SGD.

The effect of the change in the functional currency to IDR was applied prospectively in the condensed consolidated financial statements. The Group translated all items into the new functional currency using the exchange rate as at 1 January 2016.

The Group has not early applied the following new and revised International Financial Reporting Standards (“IFRS”) that have been issued but are not yet effective:

IFRS 9 (2014)	Financial Instruments <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Lease <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

\* No mandatory effective date yet determined but it is available for immediate adoption

## 2 B) JUDGEMENTS

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management’s assessment of the economic environment in which the entities operate and the entities’ process of determining sales prices.

## 3 OPERATING SEGMENT INFORMATION

The Group 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 marker considers the business primarily on the basis of the geographical locations. The Group has two reportable segments. The following summary describes the operations in each of the Group’s reportable segments:

- Singapore
- Indonesia

### (a) Reportable segments

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenues, other income, costs and expenditures directly attributable to each operating segment. Central administrative cost 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-marker for assessment of segment performance.

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

**Segment revenue and results**

	Singapore HK\$	Indonesia HK\$	Total HK\$
<b>For the six months ended 30 June 2016 (Unaudited)</b>			
External Revenue	<u>26,499,970</u>	<u>–</u>	<u>26,499,970</u>
Segment profit	<u>2,131,231</u>	<u>5,531,903</u>	7,663,134
Corporate income			693,385
Central administrative cost ( <i>note</i> )			(4,145,130)
Corporate finance costs			(1,088,024)
Fair value gain on derivative financial instruments			<u>25,045</u>
Profit before income tax expense			<u>3,148,410</u>

*Note:* Central administrative cost mainly represents legal and professional expenses, directors' remuneration and head office rental expenses.

	Singapore HK\$	Indonesia HK\$	Total HK\$
<b>For the six months ended 30 June 2015 (Unaudited)</b>			
External Revenue	<u>17,703,986</u>	<u>1,720,950</u>	<u>19,424,936</u>
Segment (loss)/profit	<u>(9,185,830)</u>	<u>14,228,268</u>	5,042,438
Central administrative cost ( <i>note</i> )			(3,110,243)
Fair value gain on derivative financial instruments			<u>68,442</u>
Profit before income tax expense			<u>2,000,637</u>

*Note:* Central administrative cost mainly represents legal and professional expenses, directors' remuneration and head office rental expenses.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of corporate income, fair value gain on derivative financial instruments, corporate finance costs and central administrative cost. This is the information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

***Segment assets***

	<b>(Unaudited)</b> <b>30 June</b> <b>2016</b> <b>HK\$</b>	(Audited) 31 December 2015 <b>HK\$</b>
Singapore	<b>288,613,189</b>	272,083,776
Indonesia	<b>173,037,458</b>	153,599,126
Total segment assets	<b>461,650,647</b>	425,682,902
Unallocated ( <i>note</i> )	<b>322,678,784</b>	328,295,047
Consolidated assets	<b>784,329,431</b>	753,977,949

*Note:* Unallocated assets represent deposits paid in connection with the acquisition of an associate, prepayments and cash and cash equivalents.

***Segment liabilities***

	<b>(Unaudited)</b> <b>30 June</b> <b>2016</b> <b>HK\$</b>	(Audited) 31 December 2015 <b>HK\$</b>
Singapore	<b>256,463,463</b>	229,579,420
Indonesia	<b>12,493,808</b>	21,395,420
Total segment liabilities	<b>268,957,271</b>	250,974,840
Unallocated ( <i>note</i> )	<b>65,804,056</b>	58,468,064
Consolidated liabilities	<b>334,761,327</b>	309,442,904

*Note:* Unallocated liabilities represent amount due to a director, accruals of corporate expenses and convertible bonds.

**(b) Geographical information**

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

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Singapore	279,017,200	264,082,513
Indonesia	172,901,523	153,599,126
Hong Kong	3,604,589	2,114,220
	<u>455,523,312</u>	<u>419,795,859</u>

**(c) Information about major customers**

The Group did not have any single customer contributed more than 10% of the Group's revenue during the period ended 30 June 2016 (six months ended 30 June 2015: Nil).

**4 REVENUE**

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

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Hotel room	22,360,473	13,673,655	11,576,855	6,615,049
Food and beverage	554,015	1,467,775	358,399	722,790
Rental income from hotel properties	3,024,359	1,803,979	1,542,763	870,319
Rental income from investment properties	–	1,720,950	–	867,555
Others (note 1)	561,123	758,577	312,693	604,140
	<u>26,499,970</u>	<u>19,424,936</u>	<u>13,790,710</u>	<u>9,679,853</u>

Note 1: The amount mainly represents laundry and car park services.

## 5 FINANCE COSTS

	(Unaudited)		(Unaudited)	
	For six months ended 30 June		For three months ended 30 June	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
Interest on bank borrowings	3,577,237	2,667,059	1,634,267	1,190,652
Bank overdraft interest	272,696	–	180,413	–
Shareholder's loan interest	185,000	–	128,750	–
Convertible bonds	903,024	–	451,512	–
	<u>4,937,957</u>	<u>2,667,059</u>	<u>2,394,942</u>	<u>1,190,652</u>

## 6 PROFIT BEFORE INCOME TAX EXPENSE

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

	(Unaudited)		(Unaudited)	
	For six months ended 30 June		For three months ended 30 June	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
Staff costs (including directors' remuneration)				
– Wages and salaries	6,599,966	7,979,816	3,315,224	4,371,757
– Short-term non-monetary benefits	456,716	528,903	237,612	312,584
– Contributions to defined contribution plans	838,658	938,713	452,364	509,389
Depreciation of property, plant and equipment	4,222,790	8,449,078	2,148,388	7,514,309
Fair value (gain)/loss on derivative financial instruments	25,045	(68,442)	–	147,478
Bad debts written off	27,029	–	27,029	–
Amortisation of prepaid lease payments	716,883	730,647	363,895	368,330
Singapore property taxes	1,228,544	1,414,334	671,513	712,986
	<u>1,228,544</u>	<u>1,414,334</u>	<u>671,513</u>	<u>712,986</u>

## 7 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 period ended 30 June 2016 (six months ended 30 June 2015: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% (six months ended 30 June 2015: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits as determined in accordance with the relevant Indonesia income tax rules and regulations (six months ended 30 June 2015: 10% on its gross rental income and 25% on its assessable profits).

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



## **10 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

During the six months ended 30 June 2016, the Group acquired property, plant and equipment amounting to approximately HK\$5,768,046 (six months ended 30 June 2015: approximately HK\$18,015,080), of which amount of approximately HK\$5,424,847 represented the renovation of the hotel buildings.

The hotel buildings of the Group located in Singapore were revalued as at 30 June 2016 and 31 December 2015. The valuations were carried out by Avista Valuation Advisory Limited (“Avista”), an independent qualified professional valuers not connected to Group. They have relevant professional qualifications and recent experience in the location and category of property being valued.

During the six months ended 30 June 2016, a net gain of HK\$661,917 (six months ended 30 June 2015: a net gain of HK\$75,975,416) and deferred tax thereon of HK\$112,526 (six months ended 30 June 2015: HK\$12,915,821) have been recognised in other comprehensive income of the condensed consolidated statement of comprehensive income in respect of property, plant and equipment.

The investment properties of the Group located in Bintan were revalued as at 30 June 2016 and 31 December 2015. The valuations were carried out by Avista.

During the six months ended 30 June 2016, a net gain of HK\$6,309,513 (six months ended 30 June 2015: a net gain of HK\$12,510,649) and deferred tax thereon of HK\$1,577,378 (six months ended 30 June 2015: HK\$1,251,605) have been recognised. Changes 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 condensed consolidated statement of comprehensive income.

No addition of investment properties was made during the period ended 30 June 2016 (six months ended 30 June 2015: Nil).

## **11 DEPOSITS PAID IN CONNECTION WITH THE ACQUISITION OF AN ASSOCIATE**

On 1 February 2016, the Group and an independent third party, Mr. Bi Jingjun, entered into the equity transfer agreement pursuant to which the Group has conditionally agreed to acquire and Mr. Bi Jingjun has conditionally agreed to sell 42.3% equity interest in Zhuhai Kang Ming De Investment Limited, at the consideration of RMB21,150,000. The deposits paid in connection with the acquisition of an associate amounted to HK\$3,203,703 as at 30 June 2016 (2015: HK\$1,662,721). The transaction was completed in July 2016.

## **12 DEPOSITS FOR ACQUISITION OF LANDS**

The amount represents refundable earnest money to the independent representatives nominated by the Vendors (as defined in the Company’s announcement dated 30 December 2015), one of the Vendors is non-controlling interests, pursuant to the non-legally binding memorandum of understanding for the acquisition of lands located in Bintan, Indonesia.

During the six months ended 30 June 2016, the Group entered into the sale and purchase agreement, of which amount of IDR9,940,800,000 (equivalent to approximately HK\$5,719,888) represented the consideration for the acquisition of lands located in Bintan, Indonesia.

**13 TRADE AND OTHER RECEIVABLES**

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Trade receivables	3,504,813	2,163,526
Prepayments	1,679,183	757,336
Deposits	5,172,322	4,965,856
Other receivables	426,069	195,183
	<u>10,782,387</u>	<u>8,081,901</u>

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 the reporting period, based on the invoice date, is as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Current to 30 days	2,602,274	1,086,931
31 to 60 days	802,640	572,880
61 to 90 days	97,850	213,449
Over 90 days	2,049	290,266
	<u>3,504,813</u>	<u>2,163,526</u>

The aged analysis of trade receivables that are net of impairment loss, at the end of the reporting period, is as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Neither past due nor impaired	2,602,274	1,659,811
With 1 months past due	802,640	213,449
1 to 3 months past due	99,899	200,373
3 to 12 months past due	–	79,004
More than 1 year past due	–	10,889
	<u>3,504,813</u>	<u>2,163,526</u>

Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

#### 14 TRADE AND OTHER PAYABLES

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Trade payables ( <i>note</i> )	2,515,975	1,265,502
Receipt in advance, accruals and other payables	6,405,118	7,583,089
Construction payables	10,161,710	22,180,952
	<u>19,082,803</u>	<u>31,029,543</u>

*Note:* 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 the reporting period, based on the invoice dates, is as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Current to 30 days	2,108,050	956,836
31 to 60 days	–	154,233
61 to 90 days	121,231	–
Over 90 days	286,694	154,433
	<u>2,515,975</u>	<u>1,265,502</u>

## 15 AMOUNT DUE TO NON-CONTROLLING INTERESTS/A DIRECTOR

The amounts due to non-controlling interests/a director are unsecured, interest-free and repayable on demand.

## 16 INTEREST-BEARING BANK BORROWINGS

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
<b>Current</b>		
Secured		
– bank overdraft	17,110,272	–
– bank borrowings due for repayment within one year	29,108,805	25,703,030
– bank borrowings due for repayment which contain a repayment on demand clause	<u>34,528,802</u>	<u>32,869,800</u>
	<b>80,747,879</b>	58,572,830
<b>Non-current</b>		
Secured		
– bank loans due for repayment after one year	<u>143,914,283</u>	<u>143,160,547</u>
	<b><u>224,662,162</u></b>	<b><u>201,733,377</u></b>

Bank borrowings bear interest at 1.25% to 2.00% (2015: 1.25% to 2.00%) per annum above the bank's Singapore SWAP Offer Rate. The effective interest rate ranged from 1.68% to 4.18% (2015: from 2.08% to 4.04%).

## 17 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments represent interest rate swap contracts held by the Group, in which the contracts period range from 5 to 7 years with the maturity date on 14 March 2016.

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

	Contracted fixed interest rate	(Unaudited) Fair value at 30 June 2016 HK\$	(Audited) Fair value at 31 December 2015 HK\$	Maturity date
Swap #1	2.63%	–	84,852	14 March 2016
Swap #2	2.63%	–	<u>125,082</u>	14 March 2016
Total balance of current portion		<u>–</u>	<u>209,934</u>	

As at 30 June 2016, all remaining interest rate swap contracts have been matured (31 December 2015: notional amounts of the outstanding interest rate swap contracts of HK\$132.5 million).

The interest rate swap contracts are 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. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The fair value of financial instruments is based on the management's best estimation. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

## 18 CONVERTIBLE BONDS

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

The 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 shares of the Company at a price of HK\$0.33 per share, subject to anti-dilutive adjustments.

The Convertible Bonds contain liability and equity components. The equity component is included in the equity headed "convertible bonds reserve".

The fair value of the liability component of the Convertible Bonds at the issue date was valued by an independent valuer 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 Convertible Bonds are bearing interest at fixed rate of 0.01% per annum and are payable annually in arrears.

The Convertible Bonds at the date of issuance on 30 November 2015 were recognised as follows:

	2015 HK\$
Face value of Convertible Bonds issued	25,278,000
Equity component on initial recognition upon issuance of Convertible Bonds	11,174,000
Capitalised expenses	(475,751)
Equity component of Convertible Bonds as at 30 November	10,698,249
Liability component on initial recognition upon issuance of Convertible Bonds	14,104,000
Capitalised expenses	(600,501)
Liability component of Convertible Bonds as at 30 November	13,503,499

The carrying values of the liability component of the Convertible Bonds recognised in the condensed consolidated statement of financial position as at 30 June 2016 are as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
At beginning of period/year	13,653,792	–
Issue of Convertible Bonds	–	14,104,000
Capitalised expenses	–	(600,501)
Effective interest expense for the period/year	903,024	150,504
Accrual of interest expense on Convertible Bonds	<u>(1,266)</u>	<u>(211)</u>
At end of period/year	<u><u>14,555,550</u></u>	<u><u>13,653,792</u></u>

The interest expense of Convertible Bonds for the period ended 30 June 2016 is calculated using the effective interest method by applying an effective interest rate of approximately 13.37% (31 December 2015: 13.37%) to the liability component.

## 19 SHARE CAPITAL

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Authorised:		
50,000,000,000 (31 December 2015: 50,000,000,000) ordinary shares of HK\$0.001 (31 December 2015: HK\$0.001) each	<u><u>50,000,000</u></u>	<u><u>50,000,000</u></u>
Issued and fully paid:		
3,490,000,000 (31 December 2015: 3,490,000,000) ordinary shares of HK\$0.001 (31 December 2015: HK\$0.001) each	<u><u>3,490,000</u></u>	<u><u>3,490,000</u></u>

	At 30 June 2016		At 31 December 2015	
	Number of shares in issue	Issued share capital HK\$	Number of shares in issue	Issued share capital HK\$
At beginning of the period/year	3,490,000,000	3,490,000	2,800,000,000	2,800,000
Issue of shares to shareholders	—	—	690,000,000	690,000
At end of the period/year	<u>3,490,000,000</u>	<u>3,490,000</u>	<u>3,490,000,000</u>	<u>3,490,000</u>

## 20 RELATED PARTY TRANSACTIONS

(i) The Group had the following material transactions with related parties during the period:

Names of related party	Nature of transaction	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Mr. Tjiagus Thamrin, Non-controlling interests	Rental income ( <i>note a</i> )	—	1,720,950	—	867,555
CMI Hong Kong	Interest expenses ( <i>note b</i> )	<u>185,000</u>	—	<u>128,750</u>	—

(a) The related party transactions were carried out on terms mutually agreed between the Group and the non-controlling interests, and conducted in the ordinary and usual course of the Group's business.

(b) Loan interest expenses paid to the shareholder based on the agreement signed by both parties.

(ii) Compensation of key management personnel of the Group, including directors' remuneration is as follows:

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Salaries, allowances and benefits in kind	1,404,711	2,527,858	710,875	1,459,934
Pension scheme contributions	<u>100,397</u>	<u>160,880</u>	<u>48,273</u>	<u>112,280</u>
	<u>1,505,108</u>	<u>2,688,738</u>	<u>759,148</u>	<u>1,572,214</u>

- (iii) As at 31 December 2015 and 30 June 2016, the Group's banking facilities and interest-bearing bank borrowings are secured by the pledge of certain property, plant and equipment of the Group, corporate guarantees from the Company and the Company's subsidiary, a fixed and floating charge on all of the Group's assets and undertakings and a charge over an operating bank account of the Company's subsidiary.
- (iv) Details of balances with related parties are set out in the condensed consolidated statement of financial position.

## 21 OPERATING LEASE ARRANGEMENTS

### As lessee

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases of office rental which are payable as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Within one year	949,246	1,070,902
In the second to fifth years inclusive	—	469,739
	<u>949,246</u>	<u>1,540,641</u>

### 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 30 June 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Within one year	4,373,621	2,496,736
In the second to fifth years inclusive	23,088	299,582
	<u>4,396,709</u>	<u>2,796,318</u>

## 22 CAPITAL COMMITMENTS

At 30 June 2016, the Group had the following capital commitments:

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Authorised, but not contracted for, in respect of leasehold improvement	–	5,084,602
Contracted, but not provided for, in respect of leasehold improvement	–	675,436
	<u>–</u>	<u>675,436</u>

## 23 CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 30 June 2016 and 31 December 2015.

## 24 EVENT AFTER THE REPORTING PERIOD

On 17 June 2016, the Group entered into a non-legally binding letter of intent with CCCC Third Harbour Engineering Co., Ltd. (the “Contractor”), pursuant to which the Contractor agreed to carry out the construction work on the Bintan Land. On 27 July 2016, the Group and the Contractor entered into a supplemental letter of intent pursuant to which the Contractor shall set up a construction office to coordinate the construction work on the Bintan Land within 30 business days from the date of the supplemental letter of intent and the Group is requested to pay a refundable deposit of HK\$50 million within 10 business days from the date of the supplemental letter of intent.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 June 2016 (the “Review Period”), the Company and the subsidiaries (collectively, the “Group”) continued to stay focus on the operation of Link Hotel in Singapore and devise the master plan of the development of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the “Prospectus”).

### **Financial highlights**

For the Review Period, the Group recorded a revenue of approximately HK\$26.5 million (2015: approximately HK\$19.4 million), accounting for an increase of approximately 36.5%. The net profit increased from approximately HK\$0.51 million of the corresponding period last year to approximately HK\$0.69 million. The increase in net profit is primarily attributable to the increase in gross profit of the Group derived from the increase in total available room nights and room nights sold after the completion of renovation for Link Hotel in Singapore during the Review Period.

Profit attributable to shareholders was approximately HK\$0.46 million (2015: loss attributable to shareholders of approximately HK\$2.1 million). Basic earnings per share was HK\$0.01 cents (2015: basic loss per share of HK\$0.07 cents). The Board does not recommend the payment of any dividend for the Review Period (2015: Nil).

As at 30 June 2016, cash and cash equivalents was approximately HK\$317.8 million (31 December 2015: approximately HK\$326.0 million).

### **Business review**

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. There is no material change in the Group’s business during the Review Period. The operation of Link Hotel has been and is expected to continue to be its principal business.

### **Hotel operation**

For the Review Period, room revenue amounted to approximately HK\$22.4 million (2015: approximately HK\$13.7 million) accounting for approximately 84.5% (2015: approximately 70.6%) of the Group’s total revenue. Room revenue represents revenue generated from hotel accommodation in Link Hotel and depends in part on the achieved average room rate and occupancy rate.

The following table sets out the total available room nights, occupancy rate, average room rate and Revenue per Available Room (“RevPAR”) for the Review Period indicated:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
Total available room nights	<b>49,686</b>	26,266
Occupancy rate	<b>66.1%</b>	64.9%
Average room rate (HK\$)	<b>617.9</b>	728.5
RevPAR (HK\$)	<b>409.1</b>	470.4

For the Review Period, F&B revenue was approximately HK\$0.55 million (2015: approximately HK\$1.5 million), representing approximately 2.1% (2015: approximately 7.7%) of the total revenue. F&B revenue represents the sale of food and beverages in the restaurant, bar, room service and meeting space of Link Hotel.

The Group leased shop units located at Link Hotel and received rental income from hotel tenants. For the Review Period, rental income from hotel tenants was approximately HK\$3.0 million (2015: approximately HK\$1.8 million) representing approximately 11.3% (2015: approximately 9.3%) of the total revenue.

#### **Bintan Assets**

The Company has completed the acquisition of Bintan Assets in Indonesia during the year ended 31 December 2014 and classified the Bintan Assets as investment properties and rented it to a connected person since then. The tenancy agreement was expired on 31 December 2015 and had not been renewed.

For the period ended 30 June 2015, rental income from investment properties amounted to approximately HK\$1.7 million representing approximately 8.8% of the Group’s total revenue (six months ended 30 June 2016: N/A). The development plan of the Bintan Assets is still under discussion.

#### **Liquidity, financial resources and capital structure**

During the Review Period, the Group mainly financed its operations with its own working capital, bank borrowings and advance from a Director. As at 30 June 2016, the Group had net current assets of approximately HK\$166.3 million (31 December 2015: approximately HK\$193.1 million), including bank balances and cash of approximately HK\$317.8 million (31 December 2015: approximately HK\$326.0 million) and current portion of interest-bearing bank borrowings denominated in Singapore dollar of approximately HK\$80.7 million (31 December 2015: approximately HK\$58.6 million).

The gearing ratio calculated based on our total debts (being interest-bearing bank borrowings and convertible bonds incurred not in the ordinary course of business) divided by our total equity and multiplied by 100% as at 30 June 2016 was approximately 53.2% (31 December 2015: approximately 48.5%).

## **Significant investments**

The Group did not acquire or hold any significant investment during the Review Period (2015: Nil).

## **Material acquisitions and disposals**

During the Review Period, the Group has entered into an equity transfer agreement (details as disclosed in the Company's announcement dated 1 February 2016) in relation to the acquisition of 42.3% equity interest in Zhuhai Kang Ming De Investment Limited<sup>#</sup>, a company located at Guangxi Zhuang Autonomous Region in People's Republic of China ("PRC"). The transaction has been completed in July 2016.

During the Review Period, the Group has also entered into an equity transfer agreement (details as disclosed in the Company's announcement dated 11 March 2016) in relation to the acquisition of the paid-up capital of the subsidiary, PT. Hang Huo Investment, and the loan owed by the subsidiary. The transaction has been completed during the Review Period.

## **Contingent liabilities**

As at 30 June 2016, the Group did not have any material contingent liabilities (2015: Nil).

## **Employees and remuneration policies**

As at 30 June 2016, the Group engaged a total of 57 employees (2015: a total of 65). Total staff costs including Directors' remuneration for the Review Period amounting to approximately HK\$7.9 million (2015: approximately HK\$9.4 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 30 June 2016, no options had been granted under the share option scheme.

## **Foreign currency exposure**

Substantially all the transactions of the Group's subsidiaries in Singapore and Indonesia are carried out in Singapore dollar and Indonesia Rupiah, respectively, which are the functional currencies of the major subsidiaries. Therefore, the risks on foreign currency risk of Singapore dollar and Indonesia Rupiah are minimal. However, the translation of functional currencies of the subsidiaries in Singapore and Indonesia to presentation currency in Hong Kong dollar might be exposed to foreign currency risk.

## **Charges on group assets**

As at 30 June 2016, certain properties of the Group amounting to approximately HK\$197.9 million (31 December 2015: approximately HK\$185.5 million) were used to secure the banking facilities.

## **Dividends**

The Directors do not recommend payment of any dividend in the respect of the Review Period. (2015: Nil).

## **Segment information**

During the Review Period, the Group has two reportable segments on the basis of the geographical locations at Singapore and Indonesia.

## **Future prospects**

In view of the uncertain economic prospects for 2016, the Group adopts an optimistic attitude to cope with challenges and capture opportunities in a positive way, and is confident in its future growth. The completion of the renovation of Link Hotel in Singapore brings a brand new image to our valuable guests and attracts more guests around the world, which would lead to the increase in the Group's profit in the future.

Looking forward to 2016, to achieve rapid appreciation of Bintan Assets, the Group is expediting the planning process of the master development plan of the Bintan Assets and aims to carry out the construction of first stage of first phase of the Bintan Development Plan by the end of 2016. The Group has signed a non-legally binding letter of intent (as supplemented by the supplemental letter of intent dated 27 July 2016) with CCCC Third Harbour Engineering Co., Ltd. (the "Contractor") during the Review Period, pursuant to which the Contractor agreed to carry out the construction work on the Bintan Land. The Group believes that with the support from the PRC construction industry leader with extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of areas, the development of Bintan Land could be in great efficiency with high quality assurance. By taking our advantage as a professional hotel as well as integrating the hotel and tourism industry chain, the Group will further improve the overall return of its assets and its enterprise value, with an aim to be a leader of vacation and resort industry in Asia with international competitiveness.

To capture the rapid economic growth from the recent growth in the tourism industry in the PRC and other area in Asia, the Group intends to expand its business horizon to the Greater China region and other Asian countries. The acquisition of the 42.3% equity interest of a company located in Guangxi Zhuang Autonomous Region has been completed in July 2016. It helps to broaden the Group's income streams, and more importantly, it represents a milestone for the Group on expanding to the Greater China region. The Group will take the opportunity of "One Belt, One Road" and continuously seek potential acquisition in PRC.

## Use of proceeds in the Placing

Listed on GEM on 7 July 2014, the Group raised net proceeds of approximately HK\$97.1 million from the Placing (as defined in the Prospectus).

Pursuant to the announcements of the Company dated 16 June 2015 and 30 June 2015 in relation to the reallocation and change in use of proceeds, the Board has resolved to reallocate and change the use of proceeds from the Placing to pay for the implementation cost of the Bintan Development Plan and for working capital and general corporate purpose of the Group.

The following is a summary of the use of proceeds for the amount of approximately HK\$97.1 million after the Placing:

	<b>Intended amount</b> <i>HK\$</i> <i>(million)</i>	<b>Intended usage up to 30 June 2016</b> <i>HK\$</i> <i>(million)</i>	<b>Actual approximate amount utilised up to 30 June 2016</b> <i>HK\$</i> <i>(million)</i>
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	22.8	22.8	22.8
Devising a master development plan for the future development of the Bintan Assets and the construction of the beachfront resort according to the preliminary first phase of the master development plan	51.3	51.3	4.1
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.0	4.0	1.7
	<u>80.1</u>	<u>78.1</u>	<u>28.6</u>

The Directors plan to use the remaining net proceeds of approximately HK\$17.0 million for working capital and other general corporate purpose. As at 30 June 2016, approximately HK\$10.8 million have already been utilised for working capital and other general corporate purpose.

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

All the unutilised balances have been placed in licensed banks in Singapore and Hong Kong.

## **COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS**

### **Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation**

The renovation has been completed during the Review Period. The total cost of the renovation amounted to approximately HK\$56.2 million.

### **Devising a master plan for the future development of the Bintan Assets**

The master plan of the development of Bintan Assets is under discussion with professional parties. As disclosed in the announcement of the Company dated 30 June 2015, the preliminary first stage of the first phase of the Bintan Development Plan comprising the construction of a beachfront resort, has been devised. According to the revised working schedule of the first stage of the first phase of the Bintan Development Plan, the construction of a beachfront resort will commence by the end of 2016.

### **Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries**

The Group is seeking opportunities in hotel management and franchising business in Southeast Asian countries.

### **Further strengthening our sales and marketing force**

Link Hotel has set up a sales and marketing team to promote its brand to potential new guests. For example, Link Hotel has sold its room on the internet by joining some famous travel agencies' online platform. Traveller could easily spot out Link Hotel by typing keyword. It helps to promote the reputation and room sale for Link Hotel.

### **Continuing to identify sites and/or seek acquisition opportunities to expand our hotel business in Southeast Asian countries**

On 30 December 2015, PT. Hang Huo International, (the "JV Company") (being the proposed purchaser), and Tjiagus Thamrin, Siti Maryam Mucti, Verdy Veriady Thamrin, Ira Karmila Tharmin, Yeo Bing Hong, Pretty Ariestawati, Novita, Tri Noviardi Thamrin and Agus Setiawan (being the proposed vendors) entered into an acquisition agreement, pursuant to which the JV Company conditionally agreed to purchase from the proposed vendors 10 parcels of land situated at Gunung Kijang Village, Gunung Kijang District in Bintan, Indonesia at the consideration of S\$2,000,000. The Group had paid the refundable earnest money in the sum of S\$2,000,000 (equivalent to approximately HK\$10,987,400), funded by the internal resources of the Group, to the independent representatives nominated by the proposed vendors in cash, pursuant to the non-legally binding memorandum of understanding entered into between Mr. Tjiagus Thamrin and the Group in January 2015 for the purpose of facilitating further negotiation for the acquisition. The acquisition was expected to be completed on 31 December 2016.

During the Review Period, the Group entered into the sale and purchase agreement at the consideration of approximately IDR9.9 billion (equivalent to approximately HK\$5.7 million) for the acquisition of lands located in Bintan, Indonesia. The acquisition was expected to be completed on 31 December 2016.

Other than disclosed above, the Group continues in seeking acquisition opportunities to expand its hotel business in Southeast Asian countries.

### **Corporate governance code**

The Group had complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules throughout the Review Period.

### **Code of conduct regarding securities transactions by directors**

The Company adopted Rules 5.48 to Rules 5.67 of the GEM Listing Rules as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiry to all the Directors, all the Directors confirmed that they had throughout the Review Period complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by directors.

### **Purchase, sale or redemption of the Company's listed securities**

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the Review Period. Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Review Period.

### **Audit committee**

The Group has an audit committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system. The audit committee comprises the three independent non-executive Directors. Mr. Chan So Kuen is the chairman of the audit committee.

The condensed consolidated financial statements have not been audited by the auditors of the Company, but the audit committee has reviewed the accounting principles and policies adopted by the Group and the unaudited interim financial results for the Review Period.

### **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 Review Period and up to and including the date of this interim announcement.

## Compliance adviser

As updated and notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), except for the professional fees for acting as the compliance adviser and the financial adviser pursuant to the separate agreements entered into between Guotai Junan and the Company, none of Guotai Junan, or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company as at 30 June 2016 pursuant to Rule 6A.32 of the GEM Listing Rules.

## Sufficiency of public float

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

## Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2016, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (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 will be required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules, is as follows:

### Long positions in shares of the Company

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

*Note:* These shares are registered in the name of Vertic Holdings Limited ("Vertic"), a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in the shares of the Company held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic.

## Long positions in Vertic, an associated corporation of the Company

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

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

Save as disclosed above, as at 30 June 2016, none of the Directors had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

## Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As at 30 June 2016, 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, 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:

## Long position in Shares

Name of Shareholder	Capacity	Number of shares	Approximate percentage of the total issued voting shares of the Company
Vertic	Beneficial Owner	1,900,000,000 (Note 1)	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 (Note 2)	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial Owner	690,000,000 (Note 3)	19.77%
Minsheng (Shanghai) Assets Management Company Limited <sup>#</sup> (民生(上海)資產管理有限公司) ("Minsheng Shanghai")	Interest of controlled corporation	690,000,000 (Note 3)	19.77%
China Minsheng Investment Corporation Limited <sup>#</sup> (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%

### Notes:

1. Vertic is a company beneficially 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.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.
3. Such Shares are held by CMI Hong Kong, which is wholly-owned by Minsheng Shanghai, which is in turn wholly-owned by China Minsheng Investment. Both Minsheng Shanghai and China Minsheng Investment are deemed to be interested in all the Shares held by CMI Hong Kong by virtue of the SFO.

## Long position in 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 voting shares of the Company
CMI Hong Kong	Beneficial Owner	HK\$25,278,000	76,600,000	2.19%
Minsheng Shanghai	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%

*Note:* Such underlying shares are held by CMI Hong Kong, which is wholly-owned by Minsheng Shanghai, which is in turn wholly-owned by China Minsheng Investment. Both Minsheng Shanghai and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong by virtue of the SFO.

Save as disclosed above, as at 30 June 2016, 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 who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### Interest and short positions of other persons who are required to disclose their interests

Save as disclosed above, as at 30 June 2016, so far as the Directors are aware, no person or company (not being a director or chief executive of the Company) had any interests and/or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO.

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

Hong Kong, 12 August 2016

# *In this announcement, 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.*

*As at the date of this announcement, the executive Directors are Mr. Ngan Iek, Datuk Siew Pek Tho and Mr. Chen Changzheng; the non-executive Directors are Ms. Ngan Iek Peng, Mr. Liu Tianlin and Ms. Feng Xiaoying; and the independent non-executive Directors are Mr. Thng Bock Cheng John, Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene and Mr. Lu Nim Joel.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 “Latest Company Announcements” page of the GEM Website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.linkholdingslimited.com](http://www.linkholdingslimited.com).*