



Link Holdings Limited 華星控股有限公司*

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

* For identification purposes only

Interim Report 2021

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene

COMPANY SECRETARY

Mr. Tong Hing Wah, HKICPA

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

Mr. Chan So Kuen (*Chairman*)
Mr. Thng Bock Cheng John
Mr. Lai Yang Chau, Eugene

REMUNERATION COMMITTEE

Mr. Lai Yang Chau, Eugene
(*Chairman*)
Mr. Ngan Iek
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Thng Bock Cheng John

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ngan Iek (*Chairman*)
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene
Mr. Thng Bock Cheng John

REGISTERED OFFICE

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

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKER

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AUDITOR

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Certified Public Accountants
25th Floor, Wing On Centre
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STOCK CODE

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COMPANY'S WEBSITE

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FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2021 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2020 as set out below. This interim report has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

For the Review Period, the Group’s operating results were as follows:

- revenue of the Group from hotel operation amounted to approximately HK\$22.4 million (2020: approximately HK\$24.3 million), representing a decrease of approximately 8.0% as compared to the corresponding period in 2020.
- loss attributable to owners of the Company amounted to approximately HK\$20.5 million (2020: loss of approximately HK\$26.9 million).
- basic losses per share was approximately HK cents 0.587 (2020: basic losses per share of approximately HK cents 0.772).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2021	2020	2021	2020
		HK\$	HK\$	HK\$	HK\$
			(Restated)		(Restated)
Revenue	3	22,368,247	24,318,266	11,039,694	12,239,419
Cost of sales		(11,349,245)	(12,132,396)	(5,337,899)	(5,868,218)
Gross profit		11,019,002	12,185,870	5,701,795	6,371,201
Loss from distressed debt assets at amortised cost		(3,887,771)	(9,606,278)	(778,406)	(4,480,624)
Other income, other gains and losses		2,764,489	723,705	1,187,601	518,345
Selling expenses		(580,726)	(987,051)	(209,934)	(348,998)
Administrative expenses		(17,275,670)	(18,465,249)	(8,129,587)	(8,071,748)
Finance costs		(11,855,231)	(7,045,488)	(5,534,419)	(4,282,124)
Loss on changes in fair value of investment properties		–	(207,295)	–	(207,295)
Share of results of an associate	4	–	(5,912,078)	–	(5,912,078)
Loss before income tax	5	(19,815,907)	(29,313,864)	(7,762,950)	(16,413,321)
Income tax (expense)/credit	6	(730,595)	2,346,361	(432,559)	1,173,164
Loss for the period		(20,546,502)	(26,967,503)	(8,195,509)	(15,240,157)
Other comprehensive income that will not be reclassified to profit or loss:					
Gain on revaluation of properties		1,097,718	1,269,488	1,097,718	1,269,488
Tax expense related to gain on revaluation of properties		(186,612)	(215,813)	(186,612)	(215,813)
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(15,753,211)	(11,110,227)	1,149,625	30,299,884
(Loss)/Gain on cash flow hedges		(552,980)	(2,758,431)	458,384	(2,758,431)
Other comprehensive income for the period, net of tax		(15,395,085)	(12,814,983)	2,519,115	28,595,128
Total comprehensive income for the period		(35,941,587)	(39,782,486)	(5,676,394)	13,354,971

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	(Unaudited)		(Unaudited)	
	For six months ended		For three months ended	
	30 June		30 June	
Notes	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
		(Restated)		(Restated)
(Loss)/Profit for the period attributable to:				
Owners of the Company	(20,499,713)	(26,941,724)	(8,168,668)	(15,241,219)
Non-controlling interest	(46,789)	(25,779)	(26,841)	1,062
	(20,546,502)	(26,967,503)	(8,195,509)	(15,240,157)
Total comprehensive income attributable to:				
Owners of the Company	(35,672,189)	(39,517,364)	(5,653,936)	12,718,006
Non-controlling interest	(269,398)	(265,122)	(22,458)	636,965
	(35,941,587)	(39,782,486)	(5,676,394)	13,354,971
Losses per share				
Basic (HK cents per share)	(0.587)	(0.772)	(0.234)	(0.437)
Diluted (HK cents per share)	(0.587)	(0.772)	(0.234)	(0.437)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	At 30 June 2021 (Unaudited)	At 31 December 2020 (Audited)
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current assets		
Property, plant and equipment	416,528,169	437,816,015
Right-of-use assets	75,579,069	76,535,027
Investment properties	177,865,539	185,419,039
Prepayments for construction	837,738	873,315
Deposits for acquisition of lands	1,617,637	1,664,347
	672,428,152	702,307,743
Current assets		
Hotel inventories	428,344	436,395
Reposessed assets	10,966,811	10,823,641
Distressed debt assets at amortised costs	42,141,379	54,695,537
Trade and other receivables	9 8,805,042	21,292,146
Cash and bank balances	29,470,303	39,521,013
	91,811,879	126,768,732
Current liabilities		
Trade and other payables	10 61,426,916	62,986,971
Amount due to a non-controlling shareholder of subsidiaries	8,326,686	8,680,300
Amount due to a director	10,064,436	30,850,065
Interest-bearing bank and other borrowings	189,085,755	190,062,483
Lease liabilities	896,111	599,560
Provision for taxation	2,999,467	3,714,754
Derivative financial instruments	2,999,327	4,311,676
Convertible Bonds	32,861,400	32,861,400
	308,660,098	334,067,209

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	At 30 June 2021 (Unaudited)	At 31 December 2020 (Audited)
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Net current liabilities	(216,848,219)	(207,298,477)
Total assets less current liabilities	455,579,933	495,009,266
Non-current liabilities		
Other payables	10 8,434,882	8,793,090
Interest-bearing bank and other borrowings	104,292,253	109,582,513
Lease liabilities	849,226	624,023
Deferred tax liabilities	21,061,886	21,912,030
Derivative financial instruments	1,793,952	–
Convertible bonds	12,453,471	11,461,760
Total non-current liabilities	148,885,670	152,373,416
Net assets	306,694,263	342,635,850
Equity		
Share capital	3,490,000	3,490,000
Reserves	297,998,620	333,670,809
Total equity attributable to owners of the Company	301,488,620	337,160,809
Non-controlling interests	5,205,643	5,475,041
Total equity	306,694,263	342,635,850

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Hotel properties revaluation reserve	Other reserve	Translation reserve	Convertible bonds reserve	Hedging reserve	Retained earnings/ (Accumulated losses)	Total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		(note a)	(note b)	(note c)	(note d)	(note e)	(note f)					
At 1 January 2020 (as previously reported)	3,490,000	333,122,249	69,358,928	2,014,251	(29,944,068)	10,698,249	(4,394,641)	12,993,519	397,338,487	5,625,527	402,964,014	
Prior year adjustments (note g)	-	-	(261,930)	-	178,641	-	-	(11,909,188)	(11,992,477)	-	(11,992,477)	
As restated	3,490,000	333,122,249	69,096,998	2,014,251	(29,765,427)	10,698,249	(4,394,641)	1,084,331	385,346,010	5,625,527	390,971,537	
Loss for the period	-	-	-	-	-	-	-	(26,941,724)	(26,941,724)	(25,779)	(26,967,503)	
Other comprehensive income												
- Gain on revaluation of properties	-	-	1,269,488	-	-	-	-	-	1,269,488	-	1,269,488	
- Tax expense related to gain on revaluation of properties	-	-	(215,813)	-	-	-	-	-	(215,813)	-	(215,813)	
- Exchange differences arising on translation of foreign operations	-	-	-	(10,870,884)	-	-	-	(10,870,884)	(239,343)	(239,343)	(11,110,227)	
- Loss on cash flow hedges	-	-	-	-	-	(2,758,431)	-	(2,758,431)	-	-	(2,758,431)	
Total comprehensive income for the period	-	-	1,053,675	(10,870,884)	-	(2,758,431)	(26,941,724)	(39,517,364)	(265,122)	(265,122)	(39,782,486)	
At 30 June 2020 (Unaudited)	3,490,000	333,122,249	70,150,673	2,014,251	(40,636,311)	10,698,249	(7,153,072)	(25,857,393)	345,828,646	5,360,405	351,189,051	
	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Hotel properties revaluation reserve	Other reserve	Translation reserve	Convertible bonds reserve	Hedging reserve	Retained earnings	Total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		(note a)	(note b)	(note c)	(note d)	(note e)	(note f)					
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 period	-	-	-	-	-	-	-	(20,499,713)	(20,499,713)	(46,789)	(20,546,502)	
Other comprehensive income												
- Gain on revaluation of properties	-	-	1,097,718	-	-	-	-	-	1,097,718	-	1,097,718	
- Tax expense related to gain on revaluation of properties	-	-	(186,612)	-	-	-	-	-	(186,612)	-	(186,612)	
- Exchange differences arising on translation of foreign operations	-	-	-	(15,453,821)	-	(76,781)	-	(15,530,602)	(222,609)	(222,609)	(15,753,211)	
- Loss on cash flow hedges	-	-	-	-	-	(552,980)	-	(552,980)	-	-	(552,980)	
Total comprehensive income for the period	-	-	911,106	(15,453,821)	-	(629,761)	(20,499,713)	(35,672,189)	(269,398)	(269,398)	(35,941,587)	
At 30 June 2021 (Unaudited)	3,490,000	333,122,249	50,599,872	2,014,251	(41,630,371)	25,040,738	(4,833,583)	(66,314,536)	301,488,620	5,205,643	306,694,263	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

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 from the revaluation of hotel buildings of the Group and the associate (other than investment property).
- c. 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.
- 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.
- g. Please refer to the Company's 2020 annual report – note 47 to the consolidated financial statements for the year ended 31 December 2020 for details of the prior year adjustments.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For six months ended 30 June	
	2021 (Unaudited) HK\$	2020 (Unaudited) HK\$
Net cash flows generated from/(used in) operating activities	8,182,612	(8,465,945)
Net cash generated from/(used in) investing activities	11,566,356	(1,020,440)
Net cash used in financing activities	(28,920,356)	(9,287,144)
Net decrease in cash and cash equivalents	(9,171,388)	(18,773,529)
Cash and cash equivalents at beginning of period	39,521,013	36,685,154
Effect of exchange rate changes	(879,322)	(423,269)
Cash and cash equivalents at end of period	29,470,303	17,488,356
Represented by:		
Cash and bank balances	29,470,303	22,651,203
Bank overdrafts	-	(5,162,847)
	29,470,303	17,488,356

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial information for the Review Period has been prepared in accordance with the International Accounting Standard issued by the International Accounting Standards Board and the applicable disclosure requirements of the GEM Listing Rules.

The basis of preparation and the accounting policies applied are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2020 included in the Company's 2020 annual report, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2021.

The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

- (a) An analysis of the Group's revenue representing the aggregate amount of income from hotel operations and distressed debt assets is as follows:

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
<i>Hotel operations:</i>				
Hotel room	17,484,429	16,791,501	8,637,866	9,123,969
Food and beverage	4,432,196	4,215,215	2,231,644	1,723,546
Rental income from hotel properties	–	1,773,542	–	302,666
Others (Note 1)	451,622	1,538,008	170,184	1,089,238
	22,368,247	24,318,266	11,039,694	12,239,419
Income from distressed debt assets at amortised cost	–	6,010,020	–	3,044,983
Less: modification loss (Note 2)	(3,887,771)	(15,616,298)	(778,406)	(7,525,607)
	(3,887,771)	(9,606,278)	(778,406)	(4,480,624)

Notes:

- The amount mainly represents laundry and car park services.
 - The amount arises from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow.
- (b) Disaggregation of revenue:

For the six months ended 30 June (Unaudited)

	Hotel business		Distressed debt asset management	
	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
Primary geographical markets				
Singapore	20,359,020	21,075,234	–	–
Japan	2,009,227	3,243,032	–	–
PRC	–	–	(3,887,771)	(9,606,278)
Total	22,368,247	24,318,266	(3,887,771)	(9,606,278)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 SHARE OF RESULTS OF AN ASSOCIATE

In December 2020, the Group completed the disposal of its interests in an associate. Hence, there was no share of results of an associate for the Review Period.

5 LOSS BEFORE INCOME TAX

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

	(Unaudited)		(Unaudited)	
	For six months ended		For three months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
Staff costs (<i>Note</i>)	10,424,146	10,460,142	5,224,277	4,325,523
Depreciation of property, plant and equipment	6,628,453	6,961,496	3,297,240	3,734,529
Depreciation of right-of-use assets	1,505,531	1,349,598	732,627	660,678
Singapore property tax expense/(over provision)	1,800,982	767,220	891,795	(161,260)

Note: Staff costs include wages and salaries, short-term non-monetary benefits, and contributions to defined contribution plans.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6 INCOME TAX (EXPENSE)/CREDIT

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 six months ended 30 June 2021 (2020: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the six months ended 30 June 2021 (2020: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits for the six months ended 30 June 2021 as determined in accordance with the relevant Indonesia income tax rules and regulations (2020: 25%).

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

The major components of the income tax (expense)/credit for the periods are as follows:

	(Unaudited)		(Unaudited)	
	For six months ended 30 June		For three months ended 30 June	
	2021	2020	2021	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Current tax (expense)/over provision				
– Singapore Corporate Income Tax	(730,595)	(107,032)	(432,559)	1,184
Deferred tax credit	–	2,453,393	–	1,171,980
Total income tax (expense)/credit for the period	(730,595)	2,346,361	(432,559)	1,173,164

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7 LOSSES PER SHARE

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

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$

Losses

Losses for the purpose of basic losses per share	(20,499,713)	(26,941,724)	(8,168,668)	(15,241,219)
Interest expenses on convertible bonds	991,713	–	498,597	–

Losses for the purpose of diluted losses per share	(19,508,000)	(26,941,724)	(7,670,071)	(15,241,219)
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	For six months ended 30 June		For three months ended 30 June	
	2021 Shares	2020 Shares	2021 Shares	2020 Shares

Number of shares:

Weighted average number of ordinary shares for the purpose of basic losses per share	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Effect of potential dilutive ordinary shares on convertible bonds	N/A	N/A	N/A	N/A

Weighted average number of ordinary shares for the purpose of diluted losses per share	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
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Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the six months ended 30 June 2021 (2020: 3,490,000,000 ordinary shares).

For the six months ended 30 June 2021 and 2020, diluted losses per share is the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: Nil).

9 TRADE AND OTHER RECEIVABLES

As at 30 June 2021, trade and other receivables comprised trade receivables of HK\$7,175,538 (31 December 2020: HK\$6,338,904).

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 of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2021 HK\$	At 31 December 2020 HK\$
Current to 30 days	3,743,671	5,435,193
31 to 60 days	3,411,113	903,629
61 to 90 days	20,673	–
Over 90 days	81	82
	7,175,538	6,338,904

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10 TRADE AND OTHER PAYABLES

As at 30 June 2021, trade and other payables comprised trade payables of HK\$1,041,235 (31 December 2020: HK\$1,559,674).

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:

	At 30 June 2021 <i>HK\$</i>	At 31 December 2020 <i>HK\$</i>
Current to 30 days	980,897	1,331,259
31 to 60 days	-	161,912
Over 90 days	60,338	66,503
	1,041,235	1,559,674

As at 30 June 2021, other payables comprised construction payables with current portion of HK\$46,352,724 (31 December 2020: HK\$48,320,812) and non-current portion of HK\$8,434,882 (31 December 2020: HK\$8,793,090).

11 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12 EFFECT OF COVID-19

The outbreak of COVID-19 had affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments and brought unprecedented challenges and added uncertainties to the economy. COVID-19 affected the financial performance and position of the hotel business including the room rate and occupancy rate of hotels, construction progress of the Bintan resort business, and the fair value of hotel buildings and investment properties. The Directors are continuing to assess the implications of the COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and its continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021.

As the global COVID-19 situation remains very fluid as at the date these condensed financial statements were authorized for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write-downs in the subsequent financial periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the Review Period, the Group continued to stay focused on the operation of its hotel business, and 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")). Save as disclosed in this interim report, there is no material change in the Group's businesses during the Review Period. The operation of Link Hotel in Singapore continued to generate the main source of income for the Group during the Review Period.

FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue from hotel operation of approximately HK\$22.4 million (2020: HK\$24.3 million), representing a decrease of approximately 8.0% as compared to the corresponding period in the last year, which was mainly due to the adverse effect on the Group's hotel business in Japan caused by the outbreak of the COVID-19 pandemic since early 2020 and the snowstorm in Japan in early 2021 which resulted in the substantial decline of revenue of the Group's spa hotel in Japan. Nevertheless, the income from the Group's Link Hotel in Singapore arising from government contracts for using the hotel as quarantine accommodation provided stable revenue for the Group in the first half of 2021.

For the Review Period, loss attributable to owners of the Company was approximately HK\$20.5 million (2020: loss of approximately HK\$26.9 million). Such loss situation was mainly due to (i) the recognition of loss from the Group's distressed debt assets (i.e. income from distressed debt assets at amortised cost less modification loss) of approximately HK\$3.9 million for the Review Period (2020: loss of approximately HK\$9.6 million); (ii) the incurring of operating loss of approximately HK\$4.9 million (2020: operating loss of approximately HK\$5.5 million) for the Group's spa hotel in Japan amid the subsisting COVID-19 pandemic and further affected by the snowstorm which happened in early 2021; and (iii) the incurring of penalty interest of approximately HK\$5.0 million due to the default on redemption of convertible bonds which matured in November 2020.

Basic losses per share for the Review Period was approximately HK cents 0.587 (2020: basic losses per share of approximately HK cents 0.772).

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel operation

For the Review Period, room revenue amounted to approximately HK\$17.5 million (2020: approximately HK\$16.8 million), accounting for approximately 78.2% (2020: approximately 69.0%) 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 94.1% of total room revenue for the Review Period (2020: approximately 90.9%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Review Period also included a minor contribution from the Group's spa hotel in Japan which commenced operation in September 2019.

During the Review Period, although the normal business of Link Hotel in Singapore was adversely affected by worldwide travel restrictions and lockdown measures due to the COVID-19 pandemic, the hotel has been used as quarantine accommodation for local residents since the second quarter of 2020. As such, the adverse effect was mitigated and the hotel was able to sustain its operation. Nevertheless, the use of Link Hotel as quarantine accommodation is subject to periodic renewal of the relevant contracts with the Singapore government. Should the Link Hotel be unable to renew such contracts or the contracts are renewed with less favourable terms due to competition with other local hotel players, while the lockdown measures due to the COVID-19 pandemic subsist and restrict the normal business of the hotel, the income of Link Hotel will be adversely affected going forward.

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 periods indicated:

	Six months ended 30 June	
	2021	2020
Total available room nights	49,594	49,868
Occupancy rate	97%	54%
Average room rate (HK\$)	309.4	518.5
RevPAR (HK\$)	301.5	278.1

For the Review Period, food and beverage ("F&B") revenue was approximately HK\$4.4 million (2020: approximately HK\$4.2 million), representing approximately 19.8% (2020: approximately 17.3%) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group leases shop units in its Link Hotel in Singapore and receives rental income from hotel tenants. For the Review Period, there was no rental income from hotel tenants (2020: approximately HK\$1.8 million, representing approximately 7.3% of the total revenue from hotel business) since the shop units of Link Hotel cannot be leased out when it was used as COVID-19 quarantine accommodation during the Review Period.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company's announcement dated 29 September 2016). During 2020 and the Review Period, due to the tight financial resources and the COVID-19 pandemic, the construction progress was substantially suspended. Based on the assessment of the Group's financial resources available, the Group made certain design changes in order to accommodate for a reduced budget of the overall construction cost. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic has affected the supply chains of various sectors worldwide, including the supply of construction materials. At the same time, as the tourism industry worldwide shall take time to recover and normalise, aiming at providing a newly furnished resort for tourists' enjoyment shortly after the COVID-19 pandemic, the Company expected that, on the basis of having adequate funding, the completion of the construction of the resort project shall be postponed to the end of 2022.

Distressed debt assets management business

During the Review Period, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK\$3.9 million (2020: loss of approximately HK\$9.6 million). Due to the outbreak of the COVID-19 pandemic and the consequent economic downturn and decrease in investment sentiments in the PRC, the execution plan on recovering the distressed debts was adversely affected during the Review Period.

Liquidity, financial resources and capital structure

During the Review Period, the Group mainly financed its operations with its own working capital and bank loans. As at 30 June 2021, the Group had net current liabilities of approximately HK\$216.8 million, including cash and bank balances of approximately HK\$29.5 million, short-term interest-bearing bank and other borrowings of approximately HK\$189.1 million, and convertible bonds with principal sum and default penalty totalling approximately HK\$32.9 million (matured in November 2020 but not yet redeemed). As at 30 June 2021, the Group also had non-current interest-bearing bank and other borrowings of approximately HK\$104.3 million which were due for repayment after one year but within five years. As at 30 June 2021, the Group's bank borrowings bore interest at 1.3% per annum (31 December 2020: 1.75% per annum) above the bank's Singapore swap offer rate. The effective interest rate was fixed at 2.62% per annum (31 December 2020: 3.85% per annum). During the Review Period, the Group had an interest rate swap contract to hedge the interest rate risk of the floating rate interest-bearing bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net debt to equity ratio calculated based on the Group's total debts (being amounts due to a non-controlling shareholder of subsidiaries and a director, lease liabilities, interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents) divided by the Group's total equity and multiplied by 100% as at 30 June 2021 was approximately 107% (31 December 2020: approximately 101%).

There is no cancellation, conversion or redemption of the convertible bonds during the Review Period. As such, the total outstanding principal amounts of the convertible bonds (including the accreted principal amount in respect of the convertible bonds which matured in November 2020 but defaulted in repayment) remained at approximately HK\$58.0 million as at 30 June 2021 (31 December 2020: approximately HK\$58.0 million) with maturity dates on 30 November 2020 and 17 July 2025 in respect of principal amounts of approximately HK\$32.9 million and HK\$25.1 million respectively.

Measures to address the going concern issue

During the Review Period and up to the date of this interim report, in order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the audit qualification on going concern (as disclosed in the independent auditor's report for the year ended 31 December 2020) in the financial year ending 31 December 2021, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

- (1) the Group cooperated with the review by its principal lending bank (the "Lending Bank") on its loans, and passed the annual credit assessment conducted by the Lending Bank in March 2021, and the next credit assessment will be conducted in March 2022;
- (2) the Group arranged smooth rollover/renewal of its revolving loans during the Review Period, and made the interest payment for the revolving loans as requested by the Lending Bank on time;
- (3) the Group successfully negotiated with the Lending Bank to partially defer the principal repayments of its instalment loans for the period from February to June 2021;

MANAGEMENT DISCUSSION AND ANALYSIS

- (4) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Subject to the relief of travel restrictions of Indonesia to allow the PRC construction team of the contractor to travel there to conduct on-site surveying works and ascertain the bills of quantities (which is a pre-requisite for further negotiation), it is expected that further details will be discussed with the contractor in the second half of 2021;
- (5) the Group's Link Hotel in Singapore obtained government contracts for using the hotel as COVID-19 quarantine accommodation since the second quarter of 2020 and has successfully renewed such contracts upon periodic review by the Singapore government authority. The latest government contract for such usage has been extended to mid-October 2021. The Group will continue to apply for renewal of the contracts with the government should the COVID-19 pandemic subsist, so as to allow the hotel to earn a stable income to sustain its operation;
- (6) the Group will continue to apply for COVID-19 related government subsidies applicable to its hotels in Singapore and Japan, including salary subsidies, levy fee for foreign workers and costs of hotel sterilization, which will reduce the operation costs of the Group to a certain extent;
- (7) the Group will negotiate with potential purchaser(s) regarding the disposal of its distressed debt assets in order to generate working capital and strengthen the Group's liquidity position; and
- (8) the Company will continue its negotiation with the convertible bond holder for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020.

Significant investments

The Group did not acquire or hold any significant investment during the Review Period (2020: nil).

Material acquisitions and disposals

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

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As at 30 June 2021, the Group did not have any contingent liabilities (31 December 2020: nil).

Employees and remuneration policies

As at 30 June 2021, the Group engaged a total of approximately 61 employees (31 December 2020: approximately 77). Total staff costs including Directors' remuneration for the Review Period amounted to approximately HK\$10.4 million (2020: approximately HK\$10.5 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 2021, no options had been granted under the share option scheme.

Foreign currency exposure

Substantially all the transactions of the Group's subsidiaries in Singapore, Indonesia, Japan and the People's Republic of China (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 the presentation currency in Hong Kong dollar might be exposed to foreign currency risk. During the Review Period, the Group had not used any financial instruments for foreign currency risk hedging purposes.

Charges on group assets

As at 30 June 2021, certain property, plant and equipment of the Group with net carrying amount of approximately HK\$136.1 million (31 December 2020: approximately HK\$140.9 million) were pledged to secure for the banking facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Directors do not recommend the payment of any dividend for the Review Period. (2020: Nil).

Breach of convertible bonds by the Company

Pursuant to the convertible bonds (the “2020 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 2020 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 2020 Convertible Bonds, which constituted an event of default, the CB Holder has issued two letters in December 2020 to the Company demanding for the immediate repayment of the principal sum and default penalty under the 2020 Convertible Bonds together with all default interest. As at the date of this report, the Company is in the course of negotiating with the CB Holder for an amicable repayment schedule.

OUTLOOK

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

Although the Group is facing challenges arising from the outbreak of the COVID-19 pandemic since January 2020 which has led to the travel restrictions of tourists from Hong Kong, China and certain countries, and affected the Group’s hotel business in Asia, the Directors consider such unfavourable market conditions could be progressively relieved upon the effective implementation of vaccination programmes worldwide, and will not affect the Group’s hotel business in the medium to long run. The Group will continue to explore potential projects for expanding its business horizon to the Greater China region and other Asian countries in order to capture the opportunities arising from the growth in the tourism industry in the PRC and other areas in Asia. Nevertheless, the Group will take a cautious approach when seeking potential acquisition opportunities to maximise shareholders’ value.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee is responsible for, among others, reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system, and providing advice to the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan So Kuen, Mr. Thng Bock Cheng John and Mr. Lai Yang Chau, Eugene. Mr. Chan So Kuen is the chairman of the Audit Committee.

The condensed consolidated financial statements for the Review Period have not been audited by the auditors of the Company. The Audit Committee has reviewed the basis of preparation, the accounting principles and policies adopted by the Group and the unaudited 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.

CORPORATE GOVERNANCE CODE

Except that Mr. Ngan Iek, chairman of the Company, and all the non-executive Directors and independent non-executive Directors, due to their respective other important engagements, did not attend the annual general meeting of the Company held on 23 June 2021, the Group had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the Review Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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 report.

OTHER INFORMATION

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

As at 30 June 2021, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Charter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long position 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 <i>(Note)</i>	54.44%

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

OTHER INFORMATION

Long position 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 1</i>)	250	25%

Notes:

1. Datuk Siew Pek Tho is the spouse of Ms. Ngan Iek Chan who is the owner of 25% shareholdings in Vertic. Datuk Siew Pek Tho is deemed to be interested in the 25% shareholdings in Vertic held by Ms. Ngan Iek Chan under Part XV of the SFO.
2. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

Save as those disclosed above, as at 30 June 2021, none of the Directors had any interests or short positions in the shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

OTHER INFORMATION

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

As at 30 June 2021, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors) 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
Vertic	Beneficial owner	1,900,000,000 <i>(Note 1)</i>	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 <i>(Note 2)</i>	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 <i>(Note 3)</i>	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 <i>(Note 3)</i>	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 <i>(Note 3)</i>	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 <i>(Note 4)</i>	8.88%

OTHER INFORMATION

Notes:

1. Vertic is a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.
3. Such shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the shares held by CMI Hong Kong under Part XV of the SFO.
4. Pursuant to the notices of disclosure of interest filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

Long position in 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 30 June 2021, the Company has a total number of 3,490,000,000 shares in issue.
2. Such underlying shares are held by CMI Hong Kong, a company wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under 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.

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

Hong Kong, 13 August 2021

- # 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.