Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8237)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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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*

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to announce the consolidated annual audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Notes	***HK$***	*HK$*
Revenue	*5*	**66,017,970**	52,336,912
Cost of sales		**(17,420,382)**	(18,945,416)
Gross profit		**48,597,588**	33,391,496
Other income	*6*	**769,277**	1,787,551
Selling expenses		**(1,629,216)**	(1,990,321)
Administrative expenses		**(35,096,206)**	(33,410,151)
Finance costs	*7*	**(6,467,893)**	(9,353,084)
Gain on changes in fair value of investment properties		**2,137,386**	20,649,800
Fair value gain on derivative financial instruments		**–**	25,045
Share of results of an associate		**11,193,631**	6,554,223
Profit before income tax expense	*8*	**19,504,567**	17,654,559
Income tax expense	*9*	**(8,346,065)**	(5,715,950)
Profit for the year		**11,158,502**	11,938,609
Other comprehensive income that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**4,625**	1,861,599
Tax expense related to gain on revaluation of properties		**(786)**	(316,472)
Share of other comprehensive income of an associate		**767,921**	595,145
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**12,718,921**	(4,513,162)
Other comprehensive income for the year, net of tax		**13,490,681**	(2,372,890)
Total comprehensive income for the year		**24,649,183**	9,565,719
Profit attributable to:			
Owners of the Company		**11,047,089**	10,675,733
Non-controlling interests		**111,413**	1,262,876
		11,158,502	11,938,609
Total comprehensive income attributable to:			
Owners of the Company		**24,525,718**	7,720,166
Non-controlling interests		**123,465**	1,845,553
		24,649,183	9,565,719
Earnings per share	*10*		
– Basic (HK cents per share)		**0.317**	0.306
– Diluted (HK cents per share)		**0.310**	0.306

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		At 31 December	
		2017	2016
	Notes	***HK$***	*HK$*
Non-current assets			
Property, plant and equipment	*12*	**270,592,920**	194,697,115
Investment properties	*12*	**171,116,397**	168,596,836
Prepaid lease payments		**79,587,028**	74,843,367
Interest in an associate	*13*	**48,102,571**	33,125,020
Prepayments for construction	*14*	**75,157,291**	98,293,536
Deposits for acquisition of lands	*15*	**5,839,482**	5,825,446
Distressed debt assets classified as receivables	*16*	**75,762,165**	–
Total non-current assets		**726,157,854**	575,381,320
Current assets			
Hotel inventories		**140,863**	95,653
Distressed debt assets classified as receivables	*16*	**52,495,298**	–
Trade and other receivables	*17*	**5,489,845**	4,046,785
Amount due from an associate	*13*	**22,458,524**	–
Cash and cash equivalents		**60,018,281**	187,600,277
Total current assets		**140,602,811**	191,742,715
Current liabilities			
Trade and other payables	*18*	**23,399,473**	19,043,712
Obligations under finance lease		**201,514**	175,524
Amount due to a non-controlling shareholder of subsidiaries		**8,485,210**	8,464,814
Amount due to a related company		**–**	50,000,000
Amount due to a director		**119,154,366**	7,707,457
Interest-bearing bank borrowings		**83,983,124**	73,425,196
Provision for taxation		**5,720,586**	1,040,461
Total current liabilities		**240,944,273**	159,857,164
Net current (liabilities)/assets		**(100,341,462)**	31,885,551
Total assets less current liabilities		**625,816,392**	607,266,871

	At 31 December	
	2017	2016
	HK$	*HK$*
Non-current liabilities		
Obligations under finance lease	**86,913**	264,319
Interest-bearing bank borrowings	**110,653,438**	123,273,608
Deferred tax liabilities	**21,358,875**	16,728,619
Convertible bonds	**17,546,020**	15,478,362
Total non-current liabilities	**149,645,246**	155,744,908
Net assets	**476,171,146**	451,521,963
Equity		
Share capital	**3,490,000**	3,490,000
Reserves	**467,034,396**	442,508,678
	470,524,396	445,998,678
Non-controlling interests	**5,646,750**	5,523,285
Total equity	**476,171,146**	451,521,963

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company									
	Share capital HK$	Share premium HK$ (Note a)	Hotel properties revaluation reserve HK$ (Note b)	Other reserve HK$ (Note c)	Translation reserve HK$ (Note d)	Convertible bonds reserve HK$ (Note e)	Retained earnings HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
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 year	–	–	–	–	–	–	10,675,733	10,675,733	1,262,876	11,938,609
Other comprehensive income										
– Gain on revaluation of properties	–	–	1,861,599	–	–	–	–	1,861,599	–	1,861,599
– Tax expense related to gain on revaluation of properties	–	–	(316,472)	–	–	–	–	(316,472)	–	(316,472)
– Share of other comprehensive income of an associate	–	–	595,145	–	–	–	–	595,145	–	595,145
– Exchange differences arising on translation of foreign operations	–	–	–	–	(4,596,547)	–	–	(4,596,547)	1,220,528	(3,376,019)
– Effect of change in functional currency	–	–	–	–	260,862	–	(760,154)	(499,292)	(637,851)	(1,137,143)
Total comprehensive income for the year	–	–	2,140,272	–	(4,335,685)	–	9,915,579	7,720,166	1,845,553	9,565,719
Acquisition of additional interest in a subsidiary	–	–	–	2,014,236	–	–	–	2,014,236	(4,593,037)	(2,578,801)
At 31 December 2016 and 1 January 2017	**3,490,000**	**333,122,249**	**65,899,396**	**2,014,251**	**(30,050,403)**	**10,698,249**	**60,824,936**	**445,998,678**	**5,523,285**	**451,521,963**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**11,047,089**	**11,047,089**	**111,413**	**11,158,502**
Other comprehensive income										
– Gain on revaluation of properties	**–**	**–**	**4,625**	**–**	**–**	**–**	**–**	**4,625**	**–**	**4,625**
– Tax expense related to gain on revaluation of properties	**–**	**–**	**(786)**	**–**	**–**	**–**	**–**	**(786)**	**–**	**(786)**
– Share of other comprehensive income of an associate	**–**	**–**	**767,921**	**–**	**–**	**–**	**–**	**767,921**	**–**	**767,921**
– Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**12,706,869**	**–**	**–**	**12,706,869**	**12,052**	**12,718,921**
Total comprehensive income for the year	**–**	**–**	**771,760**	**–**	**12,706,869**	**–**	**11,047,089**	**24,525,718**	**123,465**	**24,649,183**
At 31 December 2017	**3,490,000**	**333,122,249**	**66,671,156**	**2,014,251**	**(17,343,534)**	**10,698,249**	**71,872,025**	**470,524,396**	**5,646,750**	**476,171,146**

Notes:

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

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

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

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

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

NOTES TO THE CONSOLIDATED 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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Unit No. 3503, 35/F of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

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

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

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 29 March 2018.

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

(a) Adoption of new/revised IFRSs – effective 1 January 2017

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 12, Disclosure of Interests in Other Entities

Amendments to IAS 7 – Disclosure Initiative
The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 12, Disclosure of Interests in Other Entities
The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of IFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to IFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5.

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

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

Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to 2014-2016 Cycle	Amendments to IAS 28, Investments in Associates and Joint Ventures[1]
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transaction[1]
IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)[1]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 9	Payment Features with Negative Compensation[2]
IFRS 16	Leases[2]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted

Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

The Directors anticipate that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets in relation to the impairment assessment on receivables, with the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs. However, it is not practicable to provide a reasonable estimate of the effect until the Directors have performed a detailed review. Except for above mentioned, the Directors do not anticipate that the adoption of IFRS 9 in the future will have any other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2017.

IFRS 15 – Revenue from Contracts with Customers
The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Based on the current business model, the Directors do not expect the adoption of IFRS 15 would result in any significant impact on the amounts reported on the Group's financial statements in the future. However, there will be additional qualitative and quantitative disclosures upon the adoption of IFRS 15.

Amendments to IFRS 15 – Revenue from Contracts with Customers
The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to IAS 40, Investment Property – Transfers of Investment Property
The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

IFRIC–Int 22 – Foreign Currency Transactions and Advance Consideration
The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation
The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

IFRS 16 – Leases
IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. Furthermore, extensive disclosures are required by IFRS 16.

As set out in the consolidated financial statements, total operating lease commitment of the Group in respect of leased premises as at 31 December 2017 is amounted to HK$1,570,657. Upon the adoption of IFRS 16, the Directors expect that the commitments in the future in respect of leased premises with the terms more than twelve months will be required to be recognised in the financial statements of the Group in the future as right-of-use assets and lease liabilities and the Directors do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results. In addition, the Group currently considers refundable rental deposits paid as at 31 December 2017 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments. Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

IFRIC-Int 23 – Uncertainty over Income Tax Treatments
The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

The Directors anticipated that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, hotel buildings and financial instruments, which are measured at fair values. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates.

At the end of reporting period, its current liabilities exceeded its current assets by HK$100,341,462. The consolidated financial statements have been prepared on a going concern basis as the Directors are confident that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2017, on the basis that (a) the Group has confidence that the application for the extension of the existing loan of approximately HK$52.3 million will be approved and extended for more than twelve months. The Directors do not consider it probable that the bank will exercise its discretion to demand repayment of the loans within the next twelve months from 31 December 2017 as the Group continues to fulfil the covenants relating to drawn down facilities; (b) The Director and the non-controlling shareholder of subsidiaries will not request the Group to repay the outstanding amount approximately HK$119.2 million and HK$8.5 million respectively until the Group is in a position to repay; (c) the Group's operations can generate sufficient cash flows for twelve months from 31 December 2017; and (d) the Group has available facilities up to approximately HK$63.4 million as at 31 December 2017.

The Group has started to negotiate with the relevant bank to renew its existing bank borrowings before year end. A written and binding new banking facility letter was subsequently executed with the bank by the Group before the date of approval of these consolidated financial statement. The new banking facility was renewed and the available facility was increased by SG$25 million (equivalent to approximately HK$146 million).

Accordingly the Directors are of the opinion that, in the absence of unforeseen circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting date and it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2017 on a going concern basis notwithstanding the net current liabilities position of the Group.

(c) **Functional and presentation currency**

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

(d) **Change in functional currency of subsidiaries**

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

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.

4. OPERATING SEGMENT INFORMATION

Management determines its operating segments based on the report reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the basis of the geographical locations. The operations in the People's Republic of China (the "PRC") and Japan have been included as the Group acquired a hotel building in Japan and purchased the distressed debt assets in PRC. The Group is currently organised into four reportable segments. The following summary describes the operations in each of the Group's reportable and operating segments:

– Operation of hotel business in Singapore, Indonesia and Japan
– Distressed debt asset management in PRC

(a) **Reportable segments**

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenues, incomes and gains, costs and expenditures directly attributable to each operating segment. Central 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-maker for assessment of segment performance.

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

Segment revenue and results

	Operation of hotel business			Distressed debt asset management	
	Singapore *HK$*	**Indonesia** *HK$*	**Japan** *HK$*	**The PRC** *HK$*	**Total** *HK$*
For the year ended 31 December 2017					
External Revenue	**48,847,168**	**–**	**–**	**17,170,802**	**66,017,970**
Segment profit	**2,271,235**	**1,814,181**	**(2,840,502)**	**15,958,959**	**17,203,873**
Corporate income – Others					**685**
Central administrative cost					**(8,823,622)**
Corporate finance cost					**(70,000)**
Share of results of an associate					**11,193,631**
Profit before income tax expense					**19,504,567**

	Operation of hotel business			Distressed debt asset management	
	Singapore *HK$*	Indonesia *HK$*	Japan *HK$*	The PRC *HK$*	Total *HK$*
For the year ended 31 December 2016					
External Revenue	52,336,912	–	–	–	52,336,912
Segment profit	848,304	20,461,099	–	–	21,309,403
Corporate income – Others					845,180
Central administrative cost					(11,079,292)
Fair value gain on derivative financial instruments					25,045
Share of results of an associate					6,554,223
Profit before income tax expense					17,654,559

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

Segment assets

All assets are allocated to reportable segments other than investment in an associate, prepayment of legal and professional fees, corporate's property, plant and equipment and cash and cash equivalents.

	2017	2016
	HK$	*HK$*
Operation of hotel business		
Singapore	**273,772,128**	263,287,482
Indonesia	**291,616,753**	281,972,355
Japan	**40,207,191**	–
Distressed debt asset management		
The PRC	**150,756,580**	–
Total segment assets	**756,352,652**	545,259,837
Unallocated	**110,408,013**	221,864,198
Consolidated assets	**866,760,665**	767,124,035

Segment liabilities

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

	2017	2016
	HK$	*HK$*
Operation of hotel business		
Singapore	**224,187,195**	222,471,701
Indonesia	**16,273,567**	15,707,388
Japan	**2,032,635**	–
Distressed debt asset management		
The PRC	**8,047,411**	–
Total segment liabilities	**250,540,808**	238,179,089
Unallocated	**140,048,711**	77,422,983
Consolidated liabilities	**390,589,519**	315,602,072

Other segment information

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

	Operation of hotel business			Distressed debt asset management		
	Singapore *HK$*	**Indonesia** *HK$*	**Japan** *HK$*	**The PRC** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
For the year ended 31 December 2017						
Additions to property, plant and equipment	**377,255**	**30,658,724**	**39,289,875**	**18,446**	**–**	**70,344,300**
Depreciation of property, plant and equipment	**(11,025,058)**	**–**	**–**	**(1,384)**	**(101,225)**	**(11,127,667)**
Amortisation of prepaid lease payments	**(1,439,424)**	**(115,456)**	**–**	**–**	**–**	**(1,554,880)**
Gain on changes in fair value of investment properties	**–**	**2,137,386**	**–**	**–**	**–**	**2,137,386**
Interest income	**6,370**	**33,052**	**12**	**–**	**2**	**39,436**
Interest expenses	**(6,397,893)**	**–**	**–**	**–**	**(70,000)**	**(6,467,893)**

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

	Operation of hotel business			Distressed debt asset management		
	Singapore *HK$*	Indonesia *HK$*	Japan *HK$*	The PRC *HK$*	Unallocated *HK$*	Total *HK$*
For the year ended 31 December 2016						
Additions to property, plant and equipment	12,474,375	3,856,657	–	–	–	16,331,032
Additions of investment properties	–	11,037,554	–	–	–	11,037,554
Additions to prepaid lease payments	–	5,481,732	–	–	–	5,481,732
Depreciation of property, plant and equipment	(11,168,210)	–	–	–	(101,225)	(11,269,435)
Amortisation of prepaid lease payments	(1,436,369)	–	–	–	–	(1,436,369)
Gain on changes in fair value of investment properties	–	20,649,800	–	–	–	20,649,800
Interest income	–	1,092	–	–	792,906	793,998
Interest expenses	(7,868,125)	–	–	–	(1,484,959)	(9,353,084)

(b) **Geographical information**

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

	Non-current assets As at 31 December 2017 HK$	**2016 HK$**
Operation of hotel business		
Singapore	**271,140,218**	259,933,673
Indonesia	**291,616,753**	281,972,353
Japan	**39,269,324**	–
Distressed debt asset management		
The PRC	**75,779,939**	–
Unallocated	**48,351,620**	33,475,294
	726,157,854	575,381,320

(c) **Information about major customers**

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

5. REVENUE

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

	Year ended 31 December 2017 HK$	**2016 HK$**
Hotel room	**40,711,072**	43,729,287
Food and beverage	**1,387,712**	1,297,629
Rental income from hotel properties	**5,645,916**	6,228,176
Income from distressed debt assets classified as receivables	**17,170,802**	–
Others *(note)*	**1,102,468**	1,081,820
	66,017,970	52,336,912

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

6. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December	
	2017	2016
	HK$	*HK$*
Government grants *(note)*	**155,477**	779,235
Interest income from bank deposits	**39,436**	793,998
Others	**574,364**	214,318
	769,277	1,787,551

Note: The government grants represent Special Employment Credit and Productivity and Innovation Credit received from Singapore Government and Inland Revenue Authority of Singapore respectively during the year. There are no unfulfilled conditions or contingencies attached to these grants.

7. FINANCE COSTS

	Year ended 31 December	
	2017	2016
	HK$	*HK$*
Interest on bank borrowings *(note a)*	**5,719,330**	7,108,931
Bank overdraft interest	**965,616**	743,687
Interest on loan from related parties	**70,000**	285,000
Finance lease interest	**19,329**	15,507
Convertible bonds	**2,070,186**	1,827,092
Total interest expense on financial liabilities not at fair value through profit or loss	**8,844,461**	9,980,217
Less: amount capitalised *(note b)*	**(2,376,568)**	(627,133)
	6,467,893	9,353,084

Notes:

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

b. Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.49% to expenditure on qualifying assets.

8. PROFIT BEFORE INCOME TAX EXPENSE

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

	Year ended 31 December	
	2017	2016
	HK$	*HK$*
Staff costs (excluding directors' remuneration)		
Wages and salaries	**12,032,016**	11,237,535
Short-term non-monetary benefits	**1,133,596**	944,523
Contributions to defined contribution plans	**1,829,635**	1,743,598
	14,995,247	13,925,656
Depreciation of property, plant and equipment (included in administrative expenses)		
– Owned	**10,932,313**	11,181,228
– Held under finance leases	**195,354**	88,207
	11,127,667	11,269,435
Amortisation of prepaid lease payments (included in administrative expenses)	**1,554,880**	1,436,369
Auditor's remuneration	**980,000**	870,000
Bad debt written off	**11,638**	27,029
Legal and professional fees	**5,226,897**	5,827,306
Singapore property taxes	**2,360,963**	2,461,558

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2016: Nil).

Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2016: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profit as determined in accordance with the relevant Indonesia income tax rules and regulations (2016: 25%).

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

Subsidiary operating in Japan is subject to national corporate income tax, inhabitant tax, and enterprise tax (hereinafter collectively referred to as "Japan Profits Tax") in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 23% for the year based on the existing legislation, interpretations and practices in respect thereof. No provision for Japan Profits Tax has been provided as the Group has no estimate assessable profit arising in Japan for the year ended 31 December 2017.

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

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

	Year ended 31 December	
	2017	2016
	HK$	*HK$*
Current – Singapore Corporate Income Tax		
– Tax for the year	**(2,314,983)**	(575,822)
– (Under)/over provision in respect of prior years	**(619,382)**	22,322
Current – The PRC Enterprise Income Tax		
– Tax for the year	**(1,810,989)**	–
	(4,745,354)	(553,500)
Deferred tax		
– Current year	**(3,600,711)**	(5,162,450)
Total income tax expense	**(8,346,065)**	(5,715,950)

No deferred tax has been recognised in respect of unused tax losses of HK$2,833,500 (2016: HK$11,119,495) due to the predictability of future profit streams. The unused tax loss can be carried forward indefinitely.

10. EARNINGS PER SHARE

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

	2017	2016
	HK$	*HK$*
Earnings		
Earnings for the purposes of basic earnings per share	**11,047,089**	10,675,733
Interest expenses on convertible bonds	**–**	N/A
Earnings for the purposes of diluted earnings per share	**11,047,089**	10,675,733
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,490,000,000**	3,490,000,000
Effect of dilutive potential ordinary shares on convertible bonds	**76,600,000**	N/A
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,566,600,000**	3,490,000,000

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the year ended 31 December 2017 (2016: 3,490,000,000 ordinary shares).

For the year ended 31 December 2017, diluted earnings per share assumed the conversion of the Company's outstanding convertible bonds since its conversion would result in a decrease in earnings per share (2016: diluted earnings per share are the same as basic earnings per share as the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share).

11. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2017 (2016: Nil).

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year ended 31 December 2017, the Group acquired property, plant and equipment amounting to HK$70,344,300 (2016: HK$16,331,032).

As at 31 December 2017, construction in progress includes all costs related to the construction of the resorts and amenities. The accumulated costs will be transferred to the appropriate property, plant and equipment upon completion.

The Group's buildings was valued on 31 December 2017 by AVISTA Valuation Advisory Limited ("Avista"), a qualified professional valuer not connected to the Group, who holds a recognised and relevant professional qualification and has recent experience in the location and category of property, plant and equipment being valued. The revaluation surplus of HK$4,625 (2016: HK$1,861,599) net of applicable deferred income taxes of HK$786 (2016: HK$316,472) was credited to hotel properties revaluation reserve in the amount of approximately HK$3,839 (2016: HK$1,545,127). If the buildings had not been revalued, it would have been included in the consolidated financial statements at historical cost of HK$52,474,488 (2016: HK$49,053,770) as at 31 December 2017.

The investment properties of the Group comprising lands only are located in Bintan Islands, Indonesia which are held under medium-term lease and currently at undetermined future use. The valuations of the investment properties were carried out by Avista as at 31 December 2017 and 31 December 2016.

During the year ended 31 December 2016, the Group transferred HK$11,037,554 from deposits for acquisition of lands to investment properties and transferred HK$5,481,732 from investment properties to prepaid lease payments. No such transfer was made during the year ended 31 December 2017. A gain on change in fair value of HK$2,137,386 (2016: HK$20,649,800) and applicable deferred tax thereon of HK$534,347 (2016: HK$5,162,450) have been recognised in consolidated statement of comprehensive income in respect of the investment properties.

13. INVESTMENT IN AN ASSOCIATE

	At 31 December	
	2017	2016
	HK$	*HK$*
Share of net assets of an associate	**43,214,726**	28,579,386
Goodwill	**4,887,845**	4,545,634
	48,102,571	33,125,020
Amount due from an associate *(note)*	**22,458,524**	–

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

14. PREPAYMENTS FOR CONSTRUCTION

As at 31 December 2017 and 2016, the prepayments for construction is related to advances made under the construction contract related to development in Bintan Islands, Indonesia.

15. DEPOSITS FOR ACQUISITION OF LANDS

The amount represented the consideration to the independent third parties, pursuant to the sale and purchase agreements for the acquisition of lands located in Bintan Islands, Indonesia.

16. DISTRESSED DEBT ASSETS CLASSIFIED AS RECEIVABLES

	At 31 December	
	2017	2016
	HK$	*HK$*
Current	**52,495,298**	–
Non-current	**75,762,165**	–
	128,257,463	–

On 25 April 2017, a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with Zhuhai Shi Kang Ming De Enterprise Management Services Limited# 珠海市康明德企業管理服務有限公司 ("Kang Ming De"), an associate of the Group, pursuant to which Kang Ming De conditionally agreed to assign, and the wholly-owned subsidiary agreed to accept, the distressed debt assets and the enforcement right of the collaterals in connection with the non-performing debts, at the cash consideration of RMB108.9 million (equivalent to HK$125,555,116). The transaction was completed on 29 September 2017.

Distressed debt assets classified as receivables are measured at amortised cost using the effect interest method in accordance with IFRS 9 Financial Instruments. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the distressed debt assets.

17. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2017	2016
	HK$	*HK$*
Trade receivables *(note)*	**1,489,490**	1,988,722
Prepayments	**2,850,539**	866,552
Deposits	**950,893**	877,283
Other receivables	**198,923**	314,228
	5,489,845	4,046,785

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

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

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

	At 31 December	
	2017	2016
	HK$	*HK$*
Current to 30 days	**968,277**	1,438,468
31 to 60 days	**419,901**	414,600
61 to 90 days	**22,179**	47,698
Over 90 days	**79,133**	87,956
	1,489,490	1,988,722

18. TRADE AND OTHER PAYABLES

	At 31 December	
	2017	2016
	HK$	*HK$*
Trade payables *(note)*	**1,393,580**	1,029,509
Receipt in advance	**6,223,815**	59,583
Accruals and other payables	**8,382,900**	5,754,033
Construction payables	**7,399,178**	12,200,587
	23,399,473	19,043,712

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

	At 31 December	
	2017	2016
	HK$	*HK$*
Current to 30 days	**1,088,749**	834,359
31 to 60 days	**38,170**	4,931
Over 90 days	**266,661**	190,219
	1,393,580	1,029,509

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2017 (the "Year"), the Company 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 Year, the Group recorded a profit of approximately HK$11.2 million, representing a slight decrease of approximately HK$0.7 million or 5.9% from the year ended 31 December 2016. Although share of results from an associate and the income from disposal of the distressed debts assets contribute favourable results to our Group, the effect is offset by a lower fair value increase of investment properties during the Year.

Profit attributable to owners of the Company was approximately HK$11 million (2016: approximately HK$10.7 million). Basic earnings per share was approximately HK$0.32 cents (2016: approximately HK$0.31 cents). The Board does not recommend the payment of any dividend for the Year (2016: Nil).

BUSINESS REVIEW

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. Except for the commencement of distressed debt assets management business, there is no material change in business during the Year. The operation of Link Hotel has been and is expected to continue to be its principal business.

Hotel operation

For the Year, room revenue amounted to approximately HK$40.7 million (2016: approximately HK$43.7 million) accounting for approximately 61.7% (2016: approximately 83.6%) 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 years indicated:

	2017	2016
Total available room nights	**100,010**	100,284
Occupancy rate	**63.9%**	69.6%
Average room rate *(HK$)*	**587.6**	570.1
RevPAR *(HK$)*	**370.6**	436.1

For the Year, food and beverages ("F&B") revenue was approximately HK$1.4 million (2016: approximately HK$1.3 million), representing 2.1% (2016: 2.5%) of the total revenue. F&B revenue represents the sale of F&B in the 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 Year, rental income from hotel tenants was approximately HK$5.6 million (2016: approximately HK$6.2 million) representing approximately 8.5% (2016: approximately 11.9%) of the total revenue.

For the Year, other income mainly comprised of sundry income from hotel guests amounted to approximately HK$0.57 million (2016: other income mainly comprised of Singapore government grants of approximately HK$0.78 million and interest income amounted to approximately HK$0.79 million).

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan was signed in September 2016 (detailed as disclosed in the Company's announcement dated 29 September 2016). During the Year, the construction plan has been amended for more fitting to the latest theme of the resort. Thus, it is expected that the construction will be completed in late 2018 due to this improvement change.

Distressed debt assets management business

On 25 April 2017, 廣西恒和智達資產管理有限公司 (Guangxi Heng He Zhi Da Asset Management Limited[#], ("the Assignee")), a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with Kang Ming De (the "Assignor"), an associate of the Group, pursuant to which the Assignor conditionally agreed to assign, and the Assignee conditionally agreed to accept, the distressed debt assets and the enforcement right of the collaterals in connection with the non-performing debts, at the cash consideration of RMB108.9 million (equivalent to approximately HK$125.6 million). The assignment was completed on 29 September 2017.

During the Year, the income from distressed debts assets was HK$17.2 million.

Liquidity, financial resources and capital structure

During the Year, the Group mainly financed its operations with its own working capital and bank loans. As at 31 December 2017, the Group had net current liabilities of approximately HK$100.3 million (2016: net current assets of approximately HK$31.9 million), including cash and cash equivalents of approximately HK$60 million (2016: approximately HK$187.6 million) and interest-bearing bank borrowing of approximately HK$84 million (2016: approximately HK$73.4 million). During the Year, the Group has negotiated with the relevant bank to renew its existing bank borrowings. A written and binding new banking facility letter was subsequently executed with the bank by the Group in January 2018. The new banking facility was renewed and the additional available facility was in Singapore dollar ("S$") of 25 million (equivalent to approximately HK$146 million). Please refer to note 3b to the consolidated financial statements for details. The Directors will manage the capital of the Group and are confident that the Group will have sufficient financial resources to finance its working capital requirements.

The gearing ratio calculated based on the Group's total debts (being interest-bearing bank borrowings and convertible bonds) divided by the Group's total equity and multiplied by 100% as at 31 December 2017 was approximately 44.6% (2016: 47.0%).

There is no purchase, cancellation, conversion or redemption of the convertible bonds during the Year. As such, the outstanding principal amount of the convertible bonds remained approximately HK$25.3 million (2016: approximately HK$25.3 million) with the maturity date due on 30 November 2020.

As at 31 December 2017, out of aggregate gross proceeds of the issue of the convertible bonds of approximately HK$253 million as disclosed in the circular of the Company dated 6 November 2015 (the "Circular"), the Group has utilised approximately HK$2.8 million for professional and other related expenses incurred in connection with the issue of the convertible bonds, approximately HK$107.5 million as the prepayments for the Bintan Assets and approximately HK$134.2 million for settling part of the consideration of the acquisition of an associate, a Japanese hotel and the distressed debt assets. The remaining net proceeds of approximately HK$8.5 million has not yet been used and is intended to be applied for the development of the Bintan Assets and potential acquisitions as disclosed in the Circular.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2016: Nil).

Material acquisitions and disposals

During the Year, the Group has conducted the following material acquisitions:

a. On 25 April 2017, the Assignee and the Assignor, entered into a debt assignment agreement, pursuant to which the Assignor has conditionally agreed to assign, and the Assignee has conditionally agreed to accept the 19 non-performing debts bid by the Assignor (the "Debt Receivables") at an auction meeting dated 9 October 2016 and the enforceable right of the collaterals in connection with the Debt Receivables, at the consideration of RMB108.9 million. Please refer to the announcement of the Company dated 25 April 2017 for details. The transaction has been completed in September 2017.

b. On 11 October 2017, Star Adventure Investment Limited ("Star Adventure"), an indirect wholly-owned subsidiary of the Company, and Mr. Bi Jingjun ("Mr. Bi") entered into a non-legally binding memorandum of understanding ("MOU"), pursuant to which Mr. Bi intended to dispose of, and Star Adventure intended to acquire, not more than 40% equity interest in Kang Ming De. Please refer to the announcement of the Company dated 11 October 2017 for details. The transaction is under due diligence process.

c. On 27 December 2017, Mr. Tjiagus Thamrin ("Mr. Thamrin"), a connected person of the Company, and the other eleven vendors, namely, Tri Noviardi Thamrin, Tasmiati, Agus Setiawan, Lely Thamrin, Konry Thamrin, Ira Karmila Thamrin, Verdy Veriady Thamrin, Tarwie Thamrin, Siti Maryam Mucti, Tjiagus Thamrin and PT Bintan Agro Wisata Permai (collectively, "the Vendor Group") entered into the conditional sale and purchase agreement with a direct wholly-owned subsidiary of the Company, Golden Gate Investments Limited ("Golden Gate"), pursuant to which Golden Gate has conditionally agreed to acquire and the Vendor Group has conditionally agreed to sell the land, buildings and furniture and machineries (collectively, the "Assets") erected thereon Bintan Agro Beach Resort for an aggregate consideration of S$29,000,000. Please refer to the announcements of the Company dated 27 December 2017 for details. The transaction is still under due diligence process.

Contingent liabilities

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: Nil).

Employees and remuneration policies

As at 31 December 2017, the Group engaged a total of 50 employees (2016: a total of 52). Total staff costs excluding Directors' remuneration for the Year amounting to approximately HK$15.0 million (2016: approximately HK$13.9 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

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

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. As at 31 December 2017, 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 ("PRC") are carried out in Singapore dollar, Indonesia Rupiah, Japanese Yen and Renminbi ("RMB") respectively, which are the functional currencies of the subsidiaries. Therefore, foreign currency risk for the respective currencies above are minimal. However, the translation of functional currencies for respective subsidiaries above to presentation currency in Hong Kong dollar might be exposed to foreign currency risk.

Charges on group assets

As at 31 December 2017, certain properties of the Group located in Singapore with an aggregate net carrying amount of approximately HK$187.5 million (2016: approximately HK$180.1 million) were used to secure the banking facilities.

Segment information

During the Year, the Group had four reportable segments on the basis of the geographical locations at Singapore, Indonesia, Japan and the PRC.

Dividends

The Directors do not recommend payment of any divided in the respect of the Year (2016: Nil).

Use of proceeds in the Placing

Upon listing of the Company's shares 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 (as defined in the Prospectus) 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:

	Intended amount *HK$ (million)*	**Intended usage up to 31 December 2016** *HK$ (million)*	**Actual approximate amount utilised up to 31 December 2017** *HK$ (million)*
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	22.8	22.8	22.8
Devising a master 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	8.4
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.0	6.0	6.0
	80.1	80.1	37.2

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 31 December 2017, 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 Year. The total cost of the renovation amounted to HK$65.0 million.

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

The development of the Bintan Land has started after entering into the construction contract during the Year.

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. Travellers could easily spot out Link Hotel by typing keywords. 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") as 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 as vendors entered into an acquisition agreement, pursuant to which the JV Company conditionally agreed to purchase from the vendors 10 parcels of land situated at Gunung Kijang Village, Gunung Kijang District in Bintan, Indonesia at the consideration of S$2 million. The Group had paid the refundable earnest money in the sum of S$2 million (equivalent to approximately HK$11 million), funded by the internal resources of the Group, to the independent representatives nominated by the 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 is expected to be fully completed in 2018.

During 2016, the Group entered into the sale and purchase agreement at the consideration of approximately IDR9.9 billion (equivalent to approximately HK$5.8 million) for the acquisition of lands located in Bintan, Indonesia. The acquisition was expected to be completed in 2018.

On 27 December 2017, the Vendor Group entered into the conditional sale and purchase agreement with Golden Gate, pursuant to which Golden Gate has conditionally agreed to acquire and the Vendor Group has conditionally agreed to sell the land, buildings and furniture and machineries erected thereon Bintan Agro Beach Resort for an aggregate consideration of S$29 million (equivalent to approximately HK$168.4 million). The acquisition is still under due diligence process.

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

OUTLOOKS

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

Apart from the existing investment in an associate and the distressed debt assets, 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 rapid economic growth from the recent growth in the tourism industry in the PRC and other area in Asia, The Group will further seek potential acquisition opportunities to maximise shareholder's value.

OTHER INFORMATION

ANNUAL GENERAL MEETING (THE "AGM")

The 2017 AGM of the Company will be held on Friday, 25 May 2018 at 12:00 noon, the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Monday, 21 May 2018 to Friday 25 May 2018 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 May 2018.

AUDIT COMMITTEE

The Group has an audit committee (the "Audit Committee") which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls systems of the Company, nominate and monitor external auditors and provide advice and comments to the Directors. The Audit Committee comprises the three independent non-executive Directors. Mr. Chan So Kuen is the chairman of the Audit Committee.

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

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

COMPETING BUSINESS

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, 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 Rule 5.46 to 5.67 of the GEM Listing Rules, is as follows:

Long positions in shares of the Company

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

Note:

These shares are registered in the name of Vertic Holdings Limited ("Vertic"), 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	Position	Approximate percentage of shareholding in the associated corporation
Mr. Ngan Iek	Beneficial owner	500	Long	50%
Ms. Ngan Iek Peng	Beneficial owner	250	Long	25%
Datuk Siew Pek Tho	Interest of spouse *(Note)*	250	Long	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 those disclosed above, as at 31 December 2017, none of the Directors had any interests or short positions in the Shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.45 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2017, 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
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%
CMI Asia Assets Management Company Limited (Formerly known as Minsheng (Shanghai) Assets Management Company Limited# 中民投亞洲資產管理有限公司（前稱民生（上海）資產管理有限公司）("CMI Asia")	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%
China Minsheng Investment Corporation Limited# (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%

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 CMI Asia, which is in turned 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.

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

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company
CMI Hong Kong	Beneficial owner	HK$25,278,000	76,600,000	2.19%
CMI Asia	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 CMI Asia, which is in turned 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.

Save as disclosed above, as at 31 December 2017, 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.

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

Save as disclosed above, as at 31 December 2017, 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.

CORPORATE GOVERNANCE CODE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules.

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

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

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

Hong Kong, 29 March 2018

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. Chen Guogang and Ms. Feng Xiaoying; and the independent non-executive Directors are Mr. Thng Bock Cheng John, Mr. Chan So Kuen, and Mr. Lai Yang Chau, Eugene.

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

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

In this announcement, translated English names of Chinese entities for which no official English translation exist are unofficial.