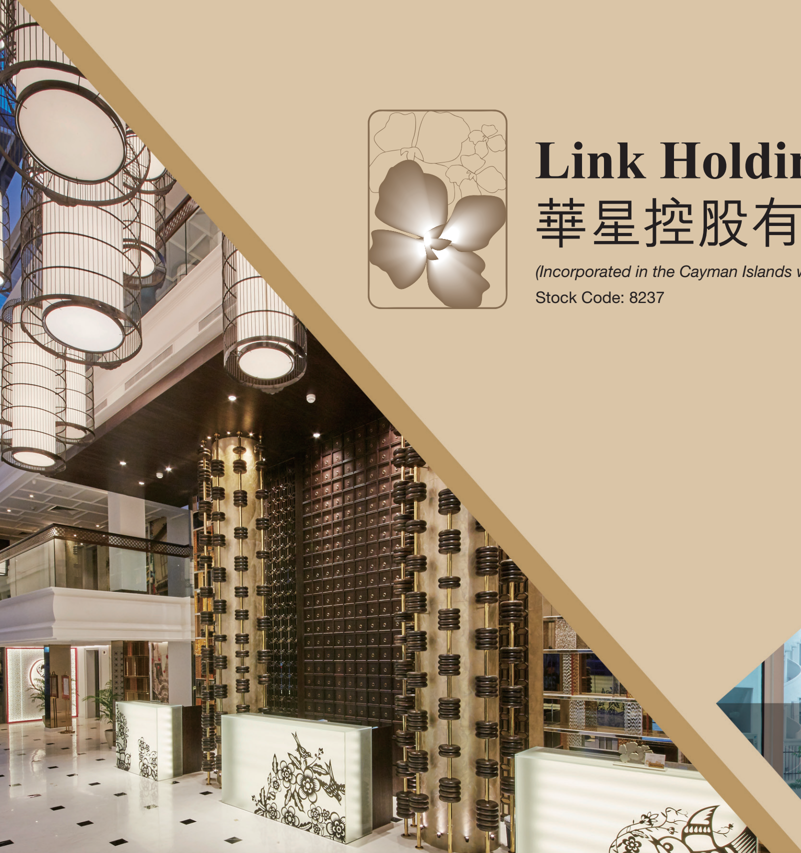

Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237

2018

Interim Report

* *For identification purposes only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors

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

Non-executive Directors

Ms. Ngan Iek Peng
Ms. Feng Xiaoying (resigned on 30 July 2018)
Mr. Chen Guogang (appointed on 9 May 2017)

Independent non-executive Directors

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

Company Secretary

Mr. Lau Tak Shing, 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

Room 3503, 35/F
West Tower of
Shun Tak Centre
Nos.168-200 Connaught Road
Central
Sheung Wan
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Banker

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

Auditor

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

Stock Code

8237

Company's Website

www.linkholdingslimited.com

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2018 (the "Review Period"), the Company and the subsidiaries (collectively, the "Group") continued to stay focus on the operation of Link Hotel in Singapore and devise the master plan of the development of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 ("the Prospectus")).

Financial highlights

For the Review Period, the Group recorded a revenue of approximately HK$37.1 million (2017: approximately HK$23.6 million), accounting for an increase of approximately 57.2%. The net profit increased from approximately HK$3.9 million of the corresponding period last year to approximately HK$6.5 million. Improvement of the Group's performance was mainly derived from the income from distressed debt assets classified as receivables.

Profit attributable to shareholders was approximately HK$6.27 million (2017: approximately HK$3.77 million). Basic earnings per share was HK$0.18 cents (2017: HK$0.108 cents). The Board does not recommend the payment of any dividend for the Review Period (2017: Nil).

Business review

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

Hotel operation

For the Review Period, room revenue amounted to approximately HK$20.6 million (2017: approximately HK$19.1 million) accounting for approximately 55.5% (2017: approximately 80.9%) of the Group's total revenue. Room revenue represents revenue generated from hotel accommodation in Link Hotel and depends in part on the achieved average room rate and occupancy rate.

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

	Six months ended 30 June	
	2018	2017
Total available room nights	**49,594**	49,594
Occupancy rate	**64%**	63.1%
Average room rate (HK$)	**586.7**	556.1
RevPAR (HK$)	**376.4**	350.9

For the Review Period, F&B revenue was approximately HK$0.86 million (2017: approximately HK$0.94 million), representing approximately 2.3% (2017: approximately 4.0%) of the total revenue. F&B revenue represents the sale of food and beverages 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 Review Period, rental income from hotel tenants was approximately HK$3.1 million (2017: approximately HK$3.1 million) representing approximately 8.4% (2017: approximately 13.1%) of the total revenue.

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 2017, 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

In 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 珠海市康明德企業管理服務有限公司 (Zhuhai Shi Kang Ming De Corporate Management Services Limited#, 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 Review Period, the income from distressed debt assets was approximately HK$11.8 million (2017: N/A), accounting for approximately 31.8% of the Group's total revenue.

Liquidity, financial resources and capital structure

During the Review Period, the Group mainly financed its operations with its own working capital, bank borrowings and advance from a Director. As at 30 June 2018, the Group had net current liabilities of approximately HK$73.5 million (31 December 2017: net current assets of approximately HK$100.3 million), including cash and cash equivalents of approximately HK$190.5 million (31 December 2017: approximately HK$60 million) and current portion of interest-bearing bank borrowings of approximately HK$189 million (31 December 2017: approximately HK$84 million).The Directors will manage the capital of the Group and are confident that the Group will have sufficient financial resources to meet its working capital requirements. Please see note 1(b) to the condensed consolidated interim financial statements for details.

The gearing ratio calculated based on the Group's total debts (being interest-bearing bank borrowings and convertible bonds incurred not in the ordinary course of business) divided by the Group's total equity and multiplied by 100% as at 30 June 2018 was approximately 70.9% (31 December 2017: approximately 44.6%).

Significant investments

The Group did not acquire or hold any significant investment during the Review Period (2017: Nil).

Material acquisitions and disposals

During the Review Period, the Group did not have any material acquisitions and disposals.

Contingent liabilities

As at 30 June 2018, the Group did not have any material contingent liabilities (2017: Nil).

Employees and remuneration policies

As at 30 June 2018, the Group had a total of 51 employees (2017: a total of 57). Total staff costs including Directors' remuneration for the Review Period amounts to approximately HK$7.9 million (2017: approximately HK$8.8 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 2018, 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 respectively, which are the functional currencies of the subsidiaries. Therefore, the risks on 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 30 June 2018, certain properties of the Group amounting to approximately HK$180.4 million (31 December 2017: approximately HK$187.5 million) were used to secure the banking facilities.

Dividends

The Directors do not recommend payment of any dividend in the respect of the Review Period. (2017: Nil).

Segment information

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

Future prospects

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 Company shall make further announcements on the progress of ongoing projects, such as the proposed acquisition of additional equity interest in an associate of the Company (which have been disclosed in the Company's announcement dated 11 October 2017), as and when appropriate.

Use of proceeds in the Placing

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

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

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

	Intended amount *HK$ (million)*	Intended usage up to 31 December 2016 *HK$ (million)*	Actual approximate amount utilised up to 30 June 2018 *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 development plan for the future development of the Bintan Assets and the construction of the beachfront resort according to the preliminary first phase of the master development plan	51.3	51.3	9.9
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.0	6.0	6
	80.1	80.1	38.7

The Directors plan to use the remaining net proceeds of approximately HK$17.0 million for working capital and other general corporate purpose. As at 30 June 2018, 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.

Corporate governance code

The Group had complied with the code provisions set out in the Corporate Governance Code as set out 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 securities transactions in securities of the Company by the Directors. Having made specific enquiry to all the Directors, all the Directors confirmed that they had throughout the Review Period complied with the required standard of dealings.

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

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

Audit committee

The Group has an audit committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system 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 reviewed the accounting principles and policies adopted by the Group and the unaudited interim financial results for the Review Period.

Competing interest

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

Directors' interests in shares and underlying shares of the Company

As at 30 June 2018, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules, is as follows:

Long positions in shares of the Company

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

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

Long positions in Vertic, an associated corporation of the Company

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

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

Save as disclosed above, as at 30 June 2018, none of the Directors had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2018, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of shares	Approximate percentage of the total issued voting shares of the Company
Vertic	Beneficial Owner	1,900,000,000 *(Note 1)*	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 *(Note 2)*	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial Owner	690,000,000 *(Note 3)*	19.77%

Name of Shareholder	Capacity	Number of shares	Approximate percentage of the total issued voting shares of the Company
China Mingseng Asia Asset 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%
China Orient Asset Management Corporation	Beneficial Owner	310,000,000	8.88%

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 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.

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

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued voting shares of the Company
CMI Hong Kong	Beneficial Owner	HK$25,278,000	76,600,000	2.19%
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 turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

Save as disclosed above, as at 30 June 2018, 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 issued shares carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

Save as disclosed above, as at 30 June 2018, 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.

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.

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

Hong Kong, 14 August 2018

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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of Link Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 22 to 88 which comprises the condensed consolidated statement of financial position of Link Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2018 and the related condensed consolidated statement of comprehensive income for the six months period ended 30 June 2018 and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 14 August 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

	Note	For six months ended 30 June		For three months ended 30 June	
		2018	2017	**2018**	2017
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Note	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	6	**37,073,605**	23,614,165	**15,736,277**	10,719,099
Cost of sales		**(8,053,699)**	(8,855,100)	**(3,789,379)**	(4,397,396)
Gross profit		**29,019,906**	14,759,065	**11,946,898**	6,321,703
Other income		**3,248,232**	458,507	**2,087,234**	326,528
Selling expenses		**(991,791)**	(728,807)	**(491,316)**	(382,176)
Administrative expenses		**(20,452,630)**	(16,687,950)	**(11,222,778)**	(8,157,277)
Finance costs	7	**(5,075,951)**	(3,743,612)	**(3,239,813)**	(1,782,237)
Gain on changes in fair value of investment properties		**3,975,795**	2,140,313	**3,975,795**	2,140,313
Share of results of an associate		**(1,289,157)**	8,233,717	**(4,986,269)**	3,950,597
Profit/(loss) before income tax expense	8	**8,434,404**	4,431,233	**(1,930,249)**	2,417,451
Income tax expense	9	**(1,963,759)**	(535,078)	**(1,963,759)**	(508,326)
Profit/(loss) for the period		**6,470,645**	3,896,155	**(3,894,008)**	1,909,125
Other comprehensive income that will not be reclassified to profit or loss:					
Gain on revaluation of properties		**172,160**	21,598	**172,160**	21,598
Tax expense related to gain on revaluation of properties		**(29,267)**	(3,672)	**(29,267)**	(3,672)
Share of other comprehensive income of an associate		**(158,830)**	100,547	**(158,830)**	100,547
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		**(11,881,481)**	10,550,719	**(15,698,794)**	4,261,525
Other comprehensive income for the period, net of tax		**(11,897,418)**	10,669,192	**(15,714,731)**	4,379,998
Total comprehensive income for the period		**(5,426,773)**	14,565,347	**(19,608,739)**	6,289,123

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

	Note	For six months ended 30 June 2018 (Unaudited) HK$	2017 (Unaudited) HK$	For three months ended 30 June 2018 (Unaudited) HK$	2017 (Unaudited) HK$
Profit/(loss) for the period attributable to:					
Owners of the Company		**6,269,368**	3,774,693	**(4,093,248)**	1,784,300
Non-controlling interests		**201,277**	121,462	**199,240**	124,825
		6,470,645	3,896,155	**(3,894,008)**	1,909,125
Total comprehensive income attributable to:					
Owners of the Company		**(5,367,227)**	14,334,235	**(19,600,872)**	6,138,617
Non-controlling interests		**(59,546)**	231,112	**(7,867)**	150,506
		(5,426,773)	14,565,347	**(19,608,739)**	6,289,123
Earnings/(losses) per share	*11*				
Basic (HK cents per share)		**0.180**	0.108	**(0.117)**	0.051
Diluted (HK cents per share)		**0.176**	0.106	**(0.117)**	0.050

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	At 30 June 2018 (Unaudited) HK$	At 31 December 2017 (Audited) HK$
Non-current assets			
Property, plant and equipment	12	**268,374,584**	270,592,920
Investment properties	12	**173,215,367**	171,116,397
Prepaid lease payments		**77,422,396**	79,587,028
Interest in an associate	13	**45,811,455**	48,102,571
Prepayments for construction	14	**68,716,801**	75,157,291
Deposits for acquisition of lands		**1,459,448**	5,839,482
Distressed debt assets classified as receivables	15	**76,141,181**	75,762,165
Total non-current assets		**711,141,232**	726,157,854
Current assets			
Hotel inventories		**108,744**	140,863
Distressed debt asset classified as receivables	15	**52,543,556**	52,495,298
Trade and other receivables	16	**6,959,350**	5,489,845
Amount due from an associate	13	**1,066,754**	22,458,524
Cash and cash equivalents		**190,474,342**	60,018,281
Total current assets		**251,152,746**	140,602,811
Current liabilities			
Trade and other payables	17	**10,732,344**	23,399,473
Obligations under finance lease		**279,770**	201,514
Amount due to a non-controlling shareholder of subsidiaries	18	**8,575,480**	8,485,210
Amount due to a director	18	**110,852,595**	119,154,366
Interest-bearing bank borrowings	19	**189,048,204**	83,983,124
Provision for taxation		**5,123,406**	5,720,586
Total current liabilities		**324,611,799**	240,944,273

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**At 30 June 2018 (Unaudited) *HK$***	At 31 December 2017 (Audited) *HK$*
Net current liabilities		**(73,459,053)**	(100,341,462)
Total assets less current liabilities		**637,682,179**	625,816,392
Non-current liabilities			
Obligations under finance lease		**337,728**	86,913
Interest-bearing bank borrowings	*19*	**126,096,394**	110,653,438
Deferred tax liabilities		**21,804,992**	21,358,875
Convertible bonds	*20*	**18,698,653**	17,546,020
Total non-current liabilities		**166,937,767**	149,645,246
Net assets		**470,744,412**	476,171,146
Equity			
Share capital	*21*	**3,490,000**	3,490,000
Reserves		**461,667,169**	467,034,396
		465,157,169	470,524,396
Non-controlling interests		**5,587,243**	5,646,750
Total equity		**470,744,412**	476,171,146

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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 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 period	–	–	–	–	–	–	3,774,693	3,774,693	121,462	3,896,155
Other comprehensive income										
– Gain on revaluation of properties	–	–	21,598	–	–	–	–	21,598	–	21,598
– Tax expense related to gain on revaluation of properties	–	–	(3,672)	–	–	–	–	(3,672)	–	(3,672)
– Share of other comprehensive income of an associate	–	–	100,547	–	–	–	–	100,547	–	100,547
– Exchange differences arising on translation of foreign operations	–	–	–	–	10,441,069	–	–	10,441,069	109,650	10,550,719
Total comprehensive income for the period	–	–	118,473	–	10,441,069	–	3,774,693	14,334,235	231,112	14,565,347
At 30 June 2017 (Unaudited)	3,490,000	333,122,249	66,017,869	2,014,251	(19,609,334)	10,698,249	64,599,629	460,332,913	5,754,397	466,087,310

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Hotel properties revaluation reserve**	**Other reserve**	**Translation reserve**	**Convertible bonds reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
		(note a)	*(note b)*	*(note c)*	*(note d)*	*(note e)*				
At 1 January 2018	**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**
Profit for the period	–	–	–	–	–	–	**6,269,368**	**6,269,368**	**201,277**	**6,470,645**
Other comprehensive income										
– Gain on revaluation of properties	–	–	**172,160**	–	–	–	–	**172,160**	–	**172,160**
– Tax expense related to gain on revaluation of properties	–	–	**(29,267)**	–	–	–	–	**(29,267)**	–	**(29,267)**
– Share of other comprehensive income of an associate	–	–	**(158,830)**	–	–	–	–	**(158,830)**	–	**(158,830)**
– Exchange differences arising on translation of foreign operations	–	–	–	–	**(11,620,658)**	–	–	**(11,620,658)**	**(260,823)**	**(11,881,481)**
Total comprehensive income for the period	–	–	**(15,937)**	–	**(11,620,658)**	–	**6,269,368**	**(5,367,227)**	**(59,546)**	**(5,426,773)**
Share issued to non-controlling shareholder in a subsidiary	–	–	–	–	–	–	–	–	**39**	**39**
At 30 June 2018 (Unaudited)	**3,490,000**	**333,122,249**	**66,655,219**	**2,014,251**	**(28,964,192)**	**10,698,249**	**78,141,393**	**465,157,169**	**5,587,243**	**470,744,412**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

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 property).

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).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Net cash generated from operating activities	**12,296,920**	3,747,655
Cash flows from investing activities		
Interest received	**3,877**	897
Payments for purchases of property, plant and equipment	**(759,583)**	(43,716,238)
Proceeds from disposal of property, plant and equipment	**159,937**	–
Prepayments for construction	**(2,113,622)**	(1,937,761)
Deposits paid for acquisition of lands	**(1,867,596)**	–
Payment for acquisition of distressed debt assets	**–**	(70,001,311)
Decrease in amount due from an associate	**12,689,057**	–
Net cash generated from/(used in) investing activities	**8,112,070**	(115,654,413)
Cash flows generated from financing activities		
(Decrease)/increase in amount due to a director	**(11,046,255)**	47,157,209
Repayments of finance lease obligation	**(139,930)**	(89,659)
Proceed from borrowings	**147,903,031**	8,903,497
Repayment of borrowings	**(4,293,610)**	(14,779,585)
Decrease in amount due to a related party	**–**	(50,000,000)
Increase in amount due to a non-controlling shareholder of subsidiaries	**480,245**	–
Interest paid	**(5,102,869)**	(3,743,612)
Net cash generated from/(used in) financing activities	**127,800,612**	(12,552,150)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Net increase/(decrease) in cash and cash equivalents	**148,209,602**	(124,458,908)
Cash and cash equivalents at beginning of period	**42,759,995**	174,437,460
Effect of exchange rate changes on cash and cash equivalents	**(495,255)**	472,427
Cash and cash equivalents at end of period	**190,474,342**	50,450,979
Analysis of the balance of cash and cash equivalents:		
Cash on hand and bank balances	**190,474,342**	61,910,994
Bank overdraft	**–**	(11,460,015)
	190,474,342	50,450,979

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Link Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Cap 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Island and its principal place of business in Hong Kong is located at Unit No. 3503 on 35/F. of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company and its subsidiaries (collectively, the "Group") are principally engaged in investments holding, operation of its hotel business, distressed debt assets management business and properties investment.

2. BASIC OF PREPARATION AND GOING CONCERN ASSUMPTION

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. These condensed consolidated interim financial statements were authorised for issue on 14 August 2018.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which IFRS 9 and IFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3.

2. BASIC OF PREPARATION AND GOING CONCERN ASSUMPTION (cont'd)

(a) Basis of preparation (cont'd)

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (the "IFRSs") and should be read in conjunction with the 2017 consolidated financial statements.

2. BASIC OF PREPARATION AND GOING CONCERN ASSUMPTION (cont'd)

(a) Basis of preparation (cont'd)

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is included on page 20 to 21.

The financial information relating to year ended 31 December 2017 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

2. BASIC OF PREPARATION AND GOING CONCERN ASSUMPTION (cont'd)

(b) Going concern assumption

At the end of reporting period, its current liabilities exceeded its current assets by HK$73,459,053. The condensed consolidated interim 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 1 July 2018, on the basis that (a) the director will not request the Group to repay the outstanding amount approximately HK$110.9 million until the Group is in a position to repay; and (b) the Group's operations can generate sufficient cash flows for twelve months from 1 July 2018.

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 condensed consolidated interim financial statements for the period ended 30 June 2018 on a going concern basis notwithstanding the net current liabilities position of the Group.

3. A) NEW AND AMENDED ACCOUNTING POLICIES

The IASB has issued a number of new or amended IFRSs that are first effective for the current accounting period of the Group:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC-Interpretation 22	Foreign Currency Transactions and Advance Considerations
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 40	Transfers of Investment Property
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1, First-time Adoption of IFRSs
Annual Improvements to IFRSs 2014-2016 Cycle	Investments in Associates and Joint Ventures

The impact of the adoption of IFRS 9 Financial Instruments (see note 3B(a) below) and IFRS 15 Revenue from Contracts with Customers (see note 3B(b) below) have been summarised. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

3. B) CHANGES IN ACCOUNTING POLICIES

(a) IFRS 9 Financial Instruments ("IFRS 9")

(i) Classification and measurement of financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment and (iii) hedge accounting. The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

IFRS 9 basically retains the existing requirements in IAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of IFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the Group's classification and measurement of financial assets is set out below.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

Under IFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under IFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL

FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.

Amortised costs

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI (debt investments)

Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

FVOCI (equity investments)

Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarizes the original classification categories under IAS 39 and the new classification categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost
Distressed debt asset classified as receivables	Loans and receivables	Amortised cost
Amount due from an associate	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

No change in the classification and measurement of the Group's financial liabilities. The financial liabilities continue to be measured at amortised cost.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(ii) Impairment of financial assets

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

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

The Group assumes that the credit risk on a financial asset has increased if it is more than 3 months past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 3 months past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

Impact of the ECL model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the IFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract asset. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables. The loss allowance as at 1 January 2018 was determined as follows for trade receivables and contract assets as follows:

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

Impact of the ECL model (cont'd)

(a) Impairment of trade receivables and contract assets (cont'd)

At 1 January 2018

	Expected credit loss rate *(%)*	Gross carrying amount *(HK$)*
Current	–	968,277
With 1 months past due	3%	419,901
1 to 3 months past due	3%	66,595
3 to 12 months past due	7%	34,717
Total		1,489,490

The increase in loss allowance for the trade receivables and contract assets upon the transactions to IFRS 9 as of 1 January 2018 is immaterial to the interim condensed consolidated financial statements.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

Impact of the ECL model (cont'd)

(b) Other receivables and amount due from an associate

The Group applies general approach to measure ECL on other receivables. The increase in ECL for other receivables upon the transaction to IFRS 9 as at 1 January 2018 was immaterial. Amount due from an associate are considered to be low credit risk when it has a low risk of default and the associate has a strong capacity to meet its contractual cash flow obligations in the near term.

(c) Distressed debt asset classified as receivables

The Group shall only recognise the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased credit-impaired financial assets. At 30 June 2018, the Group shall recognise in profit or loss the amount of the change in lifetime expected credit losses as a modification gain or loss.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(a) IFRS 9 Financial Instruments ("IFRS 9") (cont'd)

(iii) Transition

The Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are also not recognised in the statement of financial position on 1 January 2018 as the amount is immaterial to the interim condensed consolidated financial statements. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of IFRS 9:

- The determination of the business model within which a financial asset is held.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") (cont'd)

	Notes	IAS 18 carrying amount 31 Dec 2017 HK$	Reclassification HK$	IFRS 15 carrying amount 1 Jan 2018 HK$
Trade receivables	3B(b)(i)	1,489,490	(61,369)	1,428,121
Contract assets	3B(b)(i)	–	61,369	61,369
Receipt in advance	3B(b)(i)	6,223,815	(218,862)	6,004,953
Contract liabilities	3B(b)(i)	–	218,862	218,862

(i) Presentation of contract assets and contract liabilities

The Group has also voluntarily changed the presentation of certain amounts in the statement of financial position to reflect the terminology of IFRS 15 and IFRS 9:

- Contract assets recognised in relation to hotel room contracts were previously presented as part of trade and other receivables (HK$61,369 as at 1 January 2018).

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") (cont'd)

(i) Presentation of contract assets and contract liabilities (cont'd)

- Contract liabilities in relation to the Group's obligation to provide services to hotel guests for which the Group has received consideration from the hotel guests The amount was previously presented as receipt in advance (HK$218,862 as at 1 January 2018).

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's services are set out below.

(ii) Hotel room services

The Group has determined that for contracts with hotel guests for the hotel room services, there may be one or two performance obligations, which include the provision of hotel room services and provision of free breakfast. For the hotel room services, the group has determined that the customers simultaneously receives and consumes the benefits of the Group's performance and thus the group concludes that the service should be recognised overtime.

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") (cont'd)

(ii) Hotel room services (cont'd)

For the performance obligation related to the free breakfast, the Group determines that the customers obtain control of the breakfast when it was delivered to the customers. Revenue is thus recognised when the customers finished their breakfast. Invoices are issued when the hotel guests checked out and the payment was required to settle at the same time.

Uninvoiced amounts and the amounts receipt in advance regarding the hotel room services are presented as contract assets and contract liabilities respectively.

IFRS 15 did not result in significant impact on the Group's accounting policies. However, upon the adoption of IFRS 15, the Group has to made reclassification from trade receivables and receipt in advance to contract assets and contract liabilities respectively since under IFRS 15 as mentioned in note 3Bb(i).

3. B) CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") (cont'd)

(iii) Sales of food and beverage

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

IFRS 15 did not result in significant impact on the Group's account policies.

4. USE OF JUDGEMENTS AND ESTIMATES

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

(b) In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2017 annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15 as described in note 3B.

5. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the basis of the geographical locations. The Group has four reportable segments. The following summary describes the operations in each of the Group's reportable 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, other income, costs and expenditures directly attributable to each operating segment. Central administrative cost are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-maker for assessment of segment performance.

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

5. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment revenue and results

	Operation of hotel business			Distressed debt asset management	
	Singapore	Indonesia	Japan	The PRC	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
For the six months ended 30 June 2018 (Unaudited)					
External Revenue	25,295,856	–	–	11,777,749	37,073,605
Segment (loss)/profit	(1,575,066)	3,768,659	2,034,654	11,383,898	15,612,145
Corporate income					
– Others					7,361
Central administrative cost *(note)*					(5,895,945)
Corporate finance costs					–
Share of results of an associate					(1,289,157)
Profit before income tax expense					8,434,404

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

5. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment revenue and results (cont'd)

	Operation of hotel business			Distressed debt asset management	
	Singapore	Indonesia	Japan	The PRC	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
For the six months ended 30 June 2017 (Unaudited)					
External Revenue	23,614,165	–	–	–	23,614,165
Segment (loss)/profit	(469,271)	1,970,895	(1,066,993)	(105,753)	328,878
Corporate income					
– Others					1
Central administrative cost *(note)*					(4,061,363)
Corporate finance costs					(70,000)
Share of results of an associate					8,233,717
Profit before income tax expense					4,431,233

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

5. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment revenue and results (cont'd)

Segment results represents the profit/(loss) earned by each segment without allocation of corporate other income, share of results of an associate and central administrative cost. This is the information reported to the chief operating decision-maker for the purpose of resource allocation and performance assessment.

Segment assets

	At 30 June 2018 (Unaudited) ***HK$***	At 31 December 2017 (Audited) *HK$*
Operation of hotel business		
Singapore	**265,681,037**	273,772,128
Indonesia	**286,019,386**	291,616,753
Japan	**40,638,090**	40,207,191
Distressed debt asset management		
The PRC	**129,973,746**	150,756,580
Total segment assets	**722,312,259**	756,352,652
Unallocated	**239,981,719**	110,408,013
Consolidated assets	**962,293,978**	866,760,665

5. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment assets (cont'd)

Note: Unallocated assets represent investment in an associate, prepayment of legal and professional fees, corporate's property, plant and equipment and cash and cash equivalents.

Segment liabilities

	At 30 June 2018 (Unaudited) ***HK$***	At 31 December 2017 (Audited) *HK$*
Operation of hotel business		
Singapore	**340,335,208**	224,187,195
Indonesia	**16,501,312**	16,273,567
Japan	**64,939**	2,032,635
Distressed debt asset management		
The PRC	**1,959,854**	8,047,411
Total segment liabilities	**358,861,313**	250,540,808
Unallocated	**132,688,253**	140,048,711
Consolidated liabilities	**491,549,566**	390,589,519

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

5. OPERATING SEGMENT INFORMATION (cont'd)

(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.

	At 30 June 2018 (Unaudited) ***HK$***	At 31 December 2017 (Audited) *HK$*
Operation of hotel business		
Singapore	**261,813,494**	271,140,218
Indonesia	**286,019,386**	291,616,753
Japan	**39,669,963**	39,269,324
Distressed debt asset management		
The PRC	**76,169,050**	75,779,939
Unallocated	**47,469,339**	48,351,620
	711,141,232	726,157,854

5. OPERATING SEGMENT INFORMATION (cont'd)

(c) Disaggregation of revenue

For the six months ended (Unaudited)

	Hotel business		Distressed debt asset management		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Primary geographical markets						
Singapore	**25,295,856**	23,614,165	**–**	–	**25,295,856**	23,614,165
PRC	**–**	–	**11,777,749**	–	**11,777,749**	–
Total	**25,295,856**	23,614,165	**11,777,749**	–	**37,073,605**	23,614,165
Major services						
Hotel room services	**20,571,602**	19,109,422	**–**	–	**20,571,602**	19,109,422
Sales of food and beverage	**864,441**	944,134	**–**	–	**864,441**	944,134
Rental income from hotel properties	**3,099,173**	3,052,049	**–**	–	**3,099,173**	3,052,049
Others	**760,640**	508,560	**–**	–	**760,640**	508,560
Income from distressed debt assets classified as receivables	**–**	–	**11,777,749**	–	**11,777,749**	–
	25,295,856	23,614,165	**11,777,749**	–	**37,073,605**	23,614,165

The Group's timing of main revenue recognition is set out in notes 3B(b)(ii) & (iii).

(d) Information about major customers

The Group did not have any single customer who contributed more than 10% of the Group's revenue during the periods ended 30 June 2018 and 30 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. REVENUE

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

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Income from distressed debt assets classified as receivables	**16,799,204**	–	**8,682,872**	–
Less: modification loss *(note a)*	**(5,021,455)**	–	**(5,021,455)**	–
	11,777,749	–	**3,661,417**	–
Hotel room	**20,571,602**	19,109,422	**9,404,957**	8,647,675
Food and beverage	**864,441**	944,134	**703,571**	256,185
Rental income from hotel properties	**3,099,173**	3,052,049	**1,535,545**	1,540,985
Others *(note b)*	**760,640**	508,560	**430,787**	274,254
	37,073,605	23,614,165	**15,736,277**	10,719,099

Notes:

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

b. The amount mainly represents laundry and car park services from hotel operation.

7. FINANCE COSTS

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Interest on bank borrowings	**5,063,713**	3,246,812	**3,241,238**	1,586,847
Bank overdraft interest	**26,799**	416,160	**–**	188,430
Interest on loan from related parties	**–**	70,000	**–**	–
Finance lease interest	**12,357**	10,640	**7,251**	6,960
Convertible bonds	**1,153,885**	1,017,911	**583,425**	514,674
Total interest expense on financial liabilities not at fair value through profit or loss	**6,256,754**	4,761,523	**3,831,914**	2,296,911
Less: amount capitalised	**(1,180,803)**	(1,017,911)	**(592,101)**	(514,674)
	5,075,951	3,743,612	**3,239,813**	1,782,237

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Staff costs (including directors' remuneration)				
– Wages and salaries	**(6,290,604)**	(7,282,014)	**(2,786,763)**	(4,061,121)
– Short-term non-monetary benefits	**(568,695)**	(569,162)	**(311,029)**	(303,497)
– Contributions to defined contribution plans	**(998,247)**	(902,266)	**(550,534)**	(608,965)
Depreciation of property, plant and equipment				
– Owned	**(5,762,690)**	(5,474,189)	**(2,985,083)**	(2,736,914)
– Held under finance leases	**(133,387)**	(86,743)	**(83,714)**	(43,745)
Amortisation of prepaid lease payments	**(809,103)**	(764,073)	**(402,537)**	(385,173)
Gain on disposal of property, plant and equipment	**159,937**	–	**159,937**	–
Singapore property taxes	**(1,254,994)**	(1,160,552)	**(624,742)**	(560,598)

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 period ended 30 June 2018 (six months ended 30 June 2017: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% (six months ended 30 June 2017: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits as determined in accordance with the relevant Indonesia income tax rules and regulations (six months ended 30 June 2017: 25%).

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

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

9. INCOME TAX EXPENSE (cont'd)

The major components of the income tax expense for the period are as follows:

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Current tax for the period – Singapore Corporate Income Tax	**(969,810)**	–	**(969,810)**	26,752
Deferred tax for the period	**(993,949)**	(535,078)	**(993,949)**	(535,078)
Total income tax expense for the period	**(1,963,759)**	(535,078)	**(1,963,759)**	(508,326)

10. DIVIDEND

The Directors do not recommend payment of any dividend during the period ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. EARNINGS/(LOSSES) PER SHARE

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

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Earnings/(Losses)				
Earnings/(Losses) for the purposes of basic earnings/(losses) per share	**6,269,368**	3,774,693	**(4,093,248)**	1,784,300
Interest expenses on convertible bonds	**–**	–	**–**	–
Earnings/(Losses) for the purposes of diluted earnings/(losses) per share	**6,269,368**	3,774,693	**(4,093,248)**	1,784,300

11. EARNINGS/(LOSSES) PER SHARE (cont'd)

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purposes of basic earnings/(losses) per share	**3,490,000,000**	3,490,000,000	**3,490,000,000**	3,490,000,000
Effect of dilutive potential ordinary shares on convertible bonds	**76,600,000**	76,600,000	**76,600,000**	76,600,000
Weighted average number of ordinary shares for the purposes of diluted earnings/(losses) per share	**3,566,600,000**	3,566,600,000	**3,566,600,000**	3,566,600,000

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the period ended 30 June 2018 (six months ended 30 June 2017: 3,490,000,000 ordinary shares).

11. EARNINGS/(LOSSES) PER SHARE (cont'd)

For six months ended 30 June 2018 and 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.

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

During the six months ended 30 June 2018, the Group acquired property, plant and equipment amounting to HK$7,692,620, of which amount approximately HK$5,279,531 representing construction in progress related to development in Bintan Islands, Indonesia (six months ended 30 June 2017: HK$50,094,594, of which amount approximately HK$38,122,892 the land and building acquired through the acquisition of a subsidiary in Japan and HK$11,922,756 representing construction in progress related to development in Bintan Islands, Indonesia).

The hotel buildings of the Group located in Singapore were revalued as at 30 June 2018 and 31 December 2017. The valuations were carried out by Avista Valuation Advisory Limited ("Avista"), an independent qualified professional valuers not connected to the Group. They have relevant professional qualifications and recent experience in the location and category of property being valued.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (cont'd)

During the six months ended 30 June 2018, a net gain of HK$172,160 and deferred tax expense thereon of HK$29,267 (six months ended 30 June 2017: a net gain of HK$21,598 and deferred tax expense thereon of HK$3,672) in respect of property, plant and equipment have been recognised in other comprehensive income of the condensed consolidated statement of comprehensive income.

The Group transferred the deposits for acquisition of lands to investment properties of approximately IDR10,836 million (equivalent to approximately HK$6 million) as evidenced by having obtained the legal title of the lands in June 2018. Except for this, no addition of investment properties was made during the periods ended 30 June 2018 and 30 June 2017.

The investment properties of the Group located in Bintan were revalued as at 30 June 2018 and 31 December 2017. The valuations were carried out by Avista.

During the six months ended 30 June 2018, a net gain of HK$3,975,795 and deferred tax expense thereon of HK$993,949 (six months ended 30 June 2017: a net gain of HK$2,140,313 and deferred tax expense thereon of HK$535,078) in respect of investment properties have been recognised as changes in fair value in the line item "Gain on changes in fair value of investment properties" on the face of the condensed consolidated statement of comprehensive income.

13. INTEREST IN AN ASSOCIATE

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Share of net assets of an associate	**40,986,460**	43,214,726
Goodwill	**4,824,995**	4,887,845
	45,811,455	48,102,571
Amount due from an associate *(note)*	**1,066,754**	22,458,524

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

13. INTEREST IN AN ASSOCIATE (cont'd)

Details of the major group companies in the associate as at 30 June 2018 are as follows:

Company Name	Place of incorporation	Percentage of ownership interest held by the Group		Place of operation and principal activities
		Direct %	Indirect %	
Zhuhai Kang Ming De Enterprise Management Service Limited ("Kang Ming De")	PRC	42.3	–	Investment holding and provision of hotel management services in the PRC
Guangxi Detian Travel Development Group Limited	PRC	–	40.02	Tourist scenic spots waterfall sightseeing and hospitality and catering services in the PRC

13. INTEREST IN AN ASSOCIATE (cont'd)

Company Name	Place of incorporation	Percentage of ownership interest held by the Group Direct %	Indirect %	Place of operation and principal activities
Daxin Mingshi Travel Development Company Limited	PRC	–	39.75	Tourist scenic spots bamboo raft adventure and hospitality and catering services in the PRC
Nanning Mingshi Travel Consulting Limited	PRC	–	40.02	Inactive in the PRC
Daxin County Detian Travel Agency Limited	PRC	–	40.02	Travel agency in the PRC
Daxin Minsu Hotel Management Limited	PRC	–	40.02	Hotel operation in the PRC
Guangxi Zhenniu Electronic and Technology Limited	PRC	–	40.02	Provision of travel services in the PRC
Daxin Minshi Scenic Area Services Limited	PRC	–	40.02	Inactive in the PRC

14. PREPAYMENTS FOR CONSTRUCTION

As at 30 June 2018 and 31 December 2017, the prepayments for construction are related to advances made under the construction contract related to development in Bintan Islands, Indonesia.

15. DISTRESSED DEBT ASSETS CLASSIFIED AS RECEIVABLES

	At 30 June 2018	At 31 December 2017
	HK$	*HK$*
Current	**52,543,556**	52,495,298
Non-current	**76,141,181**	75,762,165
	128,684,737	128,257,463

Distressed debt assets are the purchased credit-impaired financial assets classified as receivables are measured at amortised cost using the effect interest method in accordance with IFRS 9 Financial Instruments.

16. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Trade receivables	**2,846,917**	1,489,490
Contract assets	**90,213**	–
Prepayments	**2,884,982**	2,850,539
Deposits	**802,653**	950,893
Other receivables	**334,585**	198,923
	6,959,350	5,489,845

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.

16. TRADE AND OTHER RECEIVABLES (cont'd)

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

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Current to 30 days	**2,089,564**	968,277
31 to 60 days	**566,752**	419,901
61 to 90 days	**86,934**	22,179
Over 90 days	**103,667**	79,133
	2,846,917	1,489,490

16. TRADE AND OTHER RECEIVABLES (cont'd)

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

	At 30 June 2018 (Unaudited)	At 31 December 2017 (Audited)
	HK$	*HK$*
Neither past due nor impaired	**2,089,564**	968,277
With 1 months past due	**566,752**	419,901
1 to 3 months past due	**106,637**	66,595
3 to 12 months past due	**83,964**	34,717
	2,846,917	1,489,490

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

17. TRADE AND OTHER PAYABLES

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Trade payables *(note)*	**839,745**	1,393,580
Contract liabilities	**1,467,141**	–
Receipt in advance	**–**	6,223,815
Accruals and other payables	**6,085,052**	8,382,900
Construction payables	**2,340,406**	7,399,178
	10,732,344	23,399,473

Note: The Group normally obtains credit terms of up to 30 days from its suppliers. Trade payables are interest-free.

17. TRADE AND OTHER PAYABLES (cont'd)

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 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Current to 30 days	**549,844**	1,088,749
31 to 60 days	**34,926**	38,170
Over 90 days	**254,975**	266,661
	839,745	1,393,580

18. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF SUBSIDIARIES/A DIRECTOR

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

19. INTEREST-BEARING BANK BORROWINGS

	At 30 June 2018 (Unaudited)	At 31 December 2017 (Audited)
	HK$	*HK$*
Current		
Secured		
– bank overdraft	**–**	17,258,286
– bank borrowings due for repayment within one year	**189,048,204**	31,643,758
– bank borrowings due for repayment which contain a repayment on demand clause	**–**	35,081,080
	189,048,204	83,983,124
Non-current		
Secured		
– bank loans due for repayment after one year	**126,096,394**	110,653,438
	315,144,598	194,636,562

Bank borrowings bear interest at 1.75% (2017: 1.25% to 2.00%) per annum above the bank's Singapore swap offer rate. The effective interest rate ranged from approximately 0.79% to 1.64% (2017: from 1.92% to 4.35%).

20. CONVERTIBLE BONDS

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

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

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

The fair value of the liability component of the Convertible Bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate. The effective interest rate of the liability component is approximately 13.37% per annum. The Convertible Bonds are bearing interest at fixed rate of 0.01% per annum and are payable annually in arrears.

20. CONVERTIBLE BONDS (cont'd)

Based on the terms of the subscription agreement, the Convertible Bonds contain two components, the liability components and the equity conversion components. At 30 June 2018 and 31 December 2017, none of the Convertible Bonds has been converted into ordinary shares of the Group. The movements of the components of Convertible Bonds of during the year are set out below:

	Liability component *HK$*	Equity conversion component *HK$*	Total *HK$*
At 1 January 2017	15,478,362	10,698,249	26,176,611
Effective interest expense for the year	2,070,186	–	2,070,186
Accrual of interest expense on Convertible Bonds	(2,528)	–	(2,528)
At 31 December 2017 and 1 January 2018	**17,546,020**	**10,698,249**	**28,244,269**
Effective interest expense for the year	**1,153,885**	**–**	**1,153,885**
Accrual of interest expense on Convertible Bonds	**(1,252)**	**–**	**(1,252)**
At end of period	**18,698,653**	**10,698,249**	**29,396,902**

20. CONVERTIBLE BONDS (cont'd)

The interest expense of Convertible Bonds for the period ended 30 June 2018 is calculated using the effective interest method by applying an effective interest rate of approximately 13.37% to the liability component (six months ended 30 June 2017: 13.37%).

21. SHARE CAPITAL

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Authorised:		
50,000,000,000 (31 December 2017: 50,000,000,000) ordinary shares of HK$0.001 (31 December 2017: HK$0.001) each	**50,000,000**	50,000,000
Issued and fully paid:		
3,490,000,000 (31 December 2017: 3,490,000,000) ordinary shares of HK$0.001 (31 December 2017: HK$0.001) each	**3,490,000**	3,490,000

21. SHARE CAPITAL (cont'd)

	At 30 June 2018		At 31 December 2017	
	Number of shares in issue	**Issued share capital**	Number of shares in issue	Issued share capital
		HK$		*HK$*
At beginning and end of the period/year	**3,490,000,000**	**3,490,000**	3,490,000,000	3,490,000

22. RELATED PARTY TRANSACTIONS

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

Names of related party	Nature of transactions	**For six months ended 30 June**		**For three months ended 30 June**	
		2018	2017	**2018**	2017
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$	*HK$*	***HK$***	*HK$*
China Minsheng Financial Holding Corporation Limited	Interest expenses *(note)*	**-**	70,000	**-**	70,000

Note: The related party transactions were carried on terms mutually agreed between the Group and related company, and conducted in the ordinary and usual course of the Group's business. The related company is a subsidiary of CMI Hong Kong which has shareholding in the Company with significant influence.

22. RELATED PARTY TRANSACTIONS (cont'd)

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

	For six months ended 30 June		For three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$	*HK$*	***HK$***	*HK$*
Salaries, allowances and benefits in kind	**1,740,706**	1,834,039	**870,353**	927,544
Pension scheme contributions	**147,620**	129,508	**73,810**	71,365
	1,888,326	1,963,547	**944,163**	998,909

(iii) As at 30 June 2018 and 31 December 2017, the Group's banking facilities and interest-bearing bank borrowings are secured by the pledge of certain property, plant and equipment of the Group, corporate guarantees from the Company and the Company's subsidiary, a fixed and floating charge on all of the Company's assets and undertakings and a charge over an operating bank account of the Company's subsidiary.

(iv) During the six months ended 30 June 2017, the Group entered into an agreement with Kang Ming De regarding the acquisition of distressed debt assets. The transaction has been completed in September 2017.

23. OPERATING LEASE ARRANGEMENTS

As lessee

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases of office rental which are payable as follows:

	At 30 June 2018 (Unaudited) *HK$*	At 31 December 2017 (Audited) *HK$*
Within one year	**1,035,518**	1,075,759
In the second to fifth years inclusive	**12,445**	494,898
	1,047,963	1,570,657

23. OPERATING LEASE ARRANGEMENTS (cont'd)

As lessor

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

At 30 June 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 June 2018 (Unaudited) ***HK$***	At 31 December 2017 (Audited) *HK$*
Within one year	**3,257,005**	4,219,065
In the second to fifth years inclusive	**467,763**	1,750,321
	3,724,768	5,969,386

24. CAPITAL COMMITMENTS

At 30 June 2018, the Group had the following capital commitments:

	At 30 June 2018 (Unaudited) ***HK$***	At 31 December 2017 (Audited) *HK$*
Contracted, but not provided for, in respect of		
– Property, plant and equipment	**93,077,488**	61,440,832

25. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 30 June 2018 and 31 December 2017.