



Link Holdings Limited 華星控股有限公司*

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



* For identification purposes only



2020

THIRD QUARTERLY
REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Tong Hing Wah, HKICPA

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

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

REGISTERED OFFICE

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STOCK CODE

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COMPANY'S WEBSITE

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Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2020 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2019 as set out below. This quarterly report has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

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

- revenue of the Group amounted to approximately HK\$27.7 million (2019: approximately HK\$54.7 million), representing a decrease of approximately 49.4% as compared to the corresponding period in 2019.
- loss attributable to owners of the Company amounted to approximately HK\$39.2 million (2019: profit of approximately HK\$7.3 million).
- basic losses per share was approximately HK cents 1.122 (2019: basic earnings per share of approximately HK cents 0.209).

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 30 September 2020

	Notes	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
		2020	2019	2020	2019
		HK\$	HK\$	HK\$	HK\$
Revenue	3	27,675,413	54,661,068	12,963,425	20,433,896
Cost of sales		(19,689,691)	(12,731,706)	(7,557,295)	(4,688,736)
Gross profit		7,985,722	41,929,362	5,406,130	15,745,160
Other income, other gains and losses		2,321,456	295,745	1,597,751	102,744
Selling expenses		(1,256,824)	(1,385,473)	(269,773)	(569,329)
Administrative expenses		(27,892,500)	(31,086,574)	(9,427,251)	(12,813,308)
Finance costs		(11,045,576)	(8,431,177)	(4,000,088)	(2,493,163)
(Loss)/Gain on changes in fair value of investment properties		(206,743)	8,554,621	552	8,075
Share of results of an associate		(12,529,652)	2,056,064	(6,617,574)	3,294,710
(Loss)/Profit before income tax	4	(42,624,117)	11,932,568	(13,310,253)	3,274,889
Income tax credit/(expense)	5	3,366,251	(4,302,047)	1,019,890	(881,508)
(Loss)/Profit for the period		(39,257,866)	7,630,521	(12,290,363)	2,393,381
Other comprehensive income/(expense) that will not be reclassified to profit or loss:					
Gain on revaluation of properties		1,294,754	1,291,061	25,266	(23,422)
Tax expense related to gain on revaluation of properties		(220,108)	(219,480)	(4,295)	3,982
Other comprehensive (expense)/income that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(17,526,313)	(10,695,995)	(6,416,086)	(12,907,683)
Loss on cash flow hedges		(2,772,915)	(103,238)	(14,484)	-
Other comprehensive (expense)/income for the period, net of tax		(19,224,582)	(9,727,652)	(6,409,599)	(12,927,123)
Total comprehensive (expense)/income for the period		(58,482,448)	(2,097,131)	(18,699,962)	(10,533,742)

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 30 September 2020

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2020	2019	2020	2019
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
(Loss)/Profit for the period attributable to:				
Owners of the Company	(39,171,354)	7,296,597	(12,229,630)	2,527,156
Non-controlling interest	(86,512)	333,924	(60,733)	(133,775)
	(39,257,866)	7,630,521	(12,290,363)	2,393,381
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(57,975,768)	(2,547,923)	(18,458,404)	(10,399,464)
Non-controlling interest	(506,680)	450,792	(241,558)	(134,278)
	(58,482,448)	(2,097,131)	(18,699,962)	(10,533,742)
(Losses)/Earnings per share				
Basic (losses)/earnings per share (HK cents)	(1.122)	0.209	(0.350)	0.072
Diluted (losses)/earnings per share (HK cents)	(1.122)	0.205	(0.350)	0.071

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Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2020

	Attributable to owners of the Company										
	Share capital	Share premium	Hotel properties		Convertible				Non-controlling interests		Total equity
			revaluation reserve	Other reserve	Translation reserve	bonds reserve	Hedging reserve	Retained earnings	Total	interests	
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
	(note a)	(note b)	(note c)	(note d)	(note e)	(note f)					
At 1 January 2019	3,490,000	333,122,249	67,976,874	2,014,251	(37,790,383)	10,698,249	(3,968,118)	68,618,243	444,161,365	5,511,263	449,672,628
Profit for the period	-	-	-	-	-	-	-	7,296,597	7,296,597	333,924	7,630,521
Other comprehensive income/ (expense)											
- Gain on revaluation of properties	-	-	1,291,061	-	-	-	-	-	1,291,061	-	1,291,061
- Tax expense related to gain on revaluation of properties	-	-	(219,480)	-	-	-	-	-	(219,480)	-	(219,480)
- Exchange differences arising on translation of foreign operations	-	-	-	-	(10,812,863)	-	-	-	(10,812,863)	116,868	(10,695,995)
- Loss on cash flow hedges	-	-	-	-	-	-	(103,238)	-	(103,238)	-	(103,238)
Total comprehensive income/ (expense) for the period	-	-	1,071,581	-	(10,812,863)	-	(103,238)	7,296,597	(2,547,923)	450,792	(2,097,131)
At 30 September 2019											
(Unaudited)	3,490,000	333,122,249	69,048,455	2,014,251	(48,603,246)	10,698,249	(4,071,356)	75,914,840	441,613,442	5,962,055	447,575,497

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2020

	Attributable to owners of the Company										
	Share capital	Share premium	Hotel properties		Convertible bonds			Retained earnings/	Non-controlling interests	Total equity	
			revaluation reserve	Other reserve	Translation reserve	reserves	Hedging reserve	(Accumulated losses)			
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			HK\$
		(note a)	(note b)	(note c)	(note d)	(note e)	(note f)				
At 1 January 2020											
(as previously reported)	3,490,000	333,122,249	69,358,928	2,014,251	(29,944,068)	10,698,249	(4,394,641)	12,993,519	397,338,487	5,625,527	402,964,014
Prior year adjustments (note g)	-	-	-	-	-	-	-	(3,355,000)	(3,355,000)	-	(3,355,000)
As restated (unaudited)	3,490,000	333,122,249	69,358,928	2,014,251	(29,944,068)	10,698,249	(4,394,641)	9,638,519	393,983,487	5,625,527	399,609,014
Loss for the period	-	-	-	-	-	-	-	(39,171,354)	(39,171,354)	(86,512)	(39,257,866)
Other comprehensive income/(expense)											
- Gain on revaluation of properties	-	-	1,294,754	-	-	-	-	-	1,294,754	-	1,294,754
- Tax expense related to gain on revaluation of properties	-	-	(220,108)	-	-	-	-	-	(220,108)	-	(220,108)
- Exchange differences arising on translation of foreign operations	-	-	-	-	(17,526,313)	-	-	-	(17,526,313)	(420,168)	(17,946,481)
- Loss on cash flow hedges	-	-	-	-	-	-	(2,772,915)	-	(2,772,915)	-	(2,772,915)
Total comprehensive income/(expense) for the period	-	-	1,074,646	-	(17,526,313)	-	(2,772,915)	(39,171,354)	(58,395,936)	(506,680)	(58,902,616)
Issue of convertible bonds	-	-	-	-	-	14,342,489	-	-	14,342,489	-	14,342,489
At 30 September 2020 (Unaudited)	3,490,000	333,122,249	70,433,574	2,014,251	(47,470,381)	25,040,738	(7,167,556)	(29,532,835)	349,930,040	5,118,847	355,048,887

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2020

Notes:

- a. The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- b. The hotel properties revaluation reserve represents the gains arising from the revaluation of hotel buildings of the Group and the associate (other than investment property).
- c. The other reserve of the Group represents the difference between the nominal value of shares issued by the Company and the aggregate nominal value of the issued share capital of the subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014. The other reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the consideration and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired.
- d. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).
- f. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.
- g. Please refer to the Company's interim report for the six months ended 30 June 2020 (published on 14 August 2020) – note 4 to the condensed consolidated interim financial statements for details of the prior year adjustments.

Notes to the Financial Information

1 CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Cap 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The basis of preparation and the accounting policies applied are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2019 included in the Company's 2019 annual report, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2020.

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

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

Notes to the Financial Information

3 REVENUE

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

	(Unaudited) For nine months ended 30 September 2020		(Unaudited) For three months ended 30 September 2020	
	2019 HK\$	2019 HK\$	2019 HK\$	2019 HK\$
Income from distressed debt assets classified as receivables	9,264,637	29,800,487	3,254,617	10,441,442
Less: modification loss (Note 1)	(22,953,273)	(14,864,418)	(7,336,975)	(5,870,917)
	(13,688,636)	14,936,069	(4,082,358)	4,570,525
<i>Hotel operations:</i>				
Hotel room	30,065,401	30,556,692	13,273,900	12,717,571
Food and beverage	6,847,214	4,022,607	2,631,999	1,667,061
Rental income from hotel properties	2,324,562	4,178,993	551,020	1,175,031
Others (Note 2)	2,126,872	966,707	588,864	303,708
	41,364,049	39,724,999	17,045,783	15,863,371
Total	27,675,413	54,661,068	12,963,425	20,433,896

Notes:

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

- (b) Disaggregation of revenue:

For the nine months ended 30 September (Unaudited)

	Hotel business		Distressed debt asset management		Total	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
Primary geographical markets						
Singapore	34,574,571	39,421,145	-	-	34,574,571	39,421,145
Japan	6,789,478	303,854	-	-	6,789,478	303,854
The People's Republic of China (the "PRC")	-	-	(13,688,636)	14,936,069	(13,688,636)	14,936,069
Total	41,364,049	39,724,999	(13,688,636)	14,936,069	27,675,413	54,661,068

Notes to the Financial Information

4 LOSS/PROFIT BEFORE INCOME TAX

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

	(Unaudited)		(Unaudited)	
	For nine months ended 30 September		For three months ended 30 September	
	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$
		(restated)		(restated)
Staff costs (<i>Note</i>)	14,811,503	15,097,243	4,351,361	5,260,138
Depreciation of property, plant and equipment	10,352,806	7,590,870	3,391,310	2,238,126
Depreciation of right-of-use assets	2,030,266	1,635,828	680,668	663,568
Singapore property tax expense	1,126,690	1,519,810	359,470	502,039

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

5 INCOME TAX CREDIT/(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 nine months ended 30 September 2020 (2019: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the nine months ended 30 September 2020 (2019: 17%).

Notes to the Financial Information

The subsidiaries in Indonesia are subject to 25% on their assessable profits for the nine months ended 30 September 2020 as determined in accordance with the relevant Indonesia income tax rules and regulations (2019: 25%).

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

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

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
Current tax (expense)/over provision				
– Singapore Corporate Income Tax	(107,594)	(2,163,392)	(562)	(879,490)
Deferred tax credit/(expense)	3,473,845	(2,138,655)	1,020,452	(2,018)
Total income tax credit/(expense) for the period	3,366,251	(4,302,047)	1,019,890	(881,508)

6 (LOSSES)/EARNINGS PER SHARE

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

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
(Losses)/Earnings				
(Losses)/Earnings for the purpose of basic (losses)/earnings per share	(39,171,354)	7,296,597	(12,229,630)	2,527,156
Interest expenses on convertible bonds	-	-	-	-
(Losses)/Earnings for the purpose of diluted (losses)/earnings per share	(39,171,354)	7,296,597	(12,229,630)	2,527,156

Notes to the Financial Information

	For nine months ended		For three months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>

Number of shares:

Weighted average number of ordinary shares for the purpose of basic (losses)/earnings 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

Weighted average number of ordinary shares for the purpose of diluted (losses)/earnings per share	3,490,000,000	3,566,600,000	3,490,000,000	3,566,600,000
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Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the nine months ended 30 September 2020 (2019: 3,490,000,000 ordinary shares).

7 DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2020 (2019: Nil).

8 EVENTS AFTER THE END OF THE REPORTING PERIOD

Since January 2020, the PRC has reported certain confirmed cases of the coronavirus disease (the “COVID-19”) which became pandemic and affected the global business environment. The outbreak of COVID-19 has led to a slow-down in travelling to Singapore and Japan and has been severely affecting the hospitality business of the Group. The Group’s hotels have seen substantial room cancellations as a result of government travel restrictions, quarantines and lockdowns, thus reducing the revenue in the nine months ended 30 September 2020. The Group has been focusing on all possible operational cost containment options, as well as deferring capital spending where possible. Based on the information currently available, the management estimates that the Group will sustain an operation loss for the year ending 31 December 2020, despite measures to contain costs. The Group will continue to keep attention on the situation of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

Management Discussion and Analysis

BUSINESS REVIEW

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

For the Review Period, the Group continued to stay focused on the operation of its hotel business, and the development of its resort hotel situated in Bintan, Indonesia pursuant to the master plan of the development of the Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the "Prospectus")). Save as disclosed in this quarterly report, there is no material change in the Group's businesses during the Review Period. The operation of Link Hotel in Singapore continued to generate the main source of income for the Group during the Review Period.

FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue of approximately HK\$27.7 million (2019: HK\$54.7 million), representing a decrease of approximately HK\$27.0 million or 49.4% as compared to the corresponding period in the last year, which was mainly due to the record of negative income from the Group's distressed debt assets.

For the Review Period, loss attributable to owners of the Company was approximately HK\$39.2 million (2019: profit of approximately HK\$7.3 million). Such deterioration of the Group's financial performance was mainly due to (i) the recognition of negative income from the Group's distressed debt assets (i.e. income from distressed debt assets classified as receivables less modification loss) of approximately HK\$13.7 million for the Review Period as compared to the positive income of approximately HK\$14.9 million recorded for the corresponding period in the last year; (ii) the record of loss on change in fair value of investment properties of approximately HK\$0.2 million for the Review Period as compared to the fair value gain of approximately HK\$8.6 million recorded for the corresponding period in the last year; and (iii) the share of loss of an associate of approximately HK\$12.5 million for the Review Period as compared to the share of profit of approximately HK\$2.1 million for the corresponding period in the last year; which were partially mitigated by the record of income tax credit of approximately HK\$3.4 million for the Review Period as compared to the income tax expense of approximately HK\$4.3 million for the corresponding period in the last year.

Basic losses per share for the Review Period was approximately HK cents 1.122 (2019: basic earnings per share of approximately HK cents 0.209).

Management Discussion and Analysis

Hotel operation

For the Review Period, room revenue amounted to approximately HK\$30.1 million (2019: approximately HK\$30.6 million), accounting for approximately 72.7% (2019: approximately 76.9%) of the Group's total revenue from hotel operation. Room revenue mainly represents revenue generated from hotel accommodation in Link Hotel, which accounted for approximately 84.2% of total room revenue for the Review Period (2019: approximately 99.0%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Review Period also included a minor contribution from the Group's spa hotel in Japan which commenced operation in September 2019.

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

The following table sets out the total available room nights, occupancy rate, average room rate and Revenue per Available Room ("RevPAR") of the Group's principal hotel, i.e. Link Hotel for the periods indicated:

	Nine months ended 30 September	
	2020	2019
Total available room nights	75,076	74,802
Occupancy rate	68%	67%
Average room rate (HK\$)	451.5	555.2
RevPAR (HK\$)	306.5	369.4

For the Review Period, food and beverage ("F&B") revenue was approximately HK\$6.8 million (2019: approximately HK\$4.0 million), representing approximately 16.6% (2019: approximately 10.1%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group's hotels.

The Group leased shop units in its hotels and received rental income from hotel tenants. For the Review Period, rental income from hotel tenants was approximately HK\$2.3 million (2019: approximately HK\$4.2 million) representing approximately 5.6% (2019: approximately 10.5%) of the total revenue from hotel business.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company's announcement dated 29 September 2016). During 2017, the construction plan was amended to be more fitting to the latest theme of the resort. During the Review Period, due to the tight financial resources and the COVID-19 pandemic, the construction progress was substantially suspended. Based on the assessment of the Group's financial resources available, the Group made certain design changes in order to accommodate for a reduced budget of the overall construction cost. In view of the above and that the recent outbreak of the COVID-19 pandemic has affected the supply chains of various sectors worldwide, it is currently expected that, on the basis of having adequate funding and that the COVID-19 pandemic will dissipate by the end of 2020, the construction of the resort hotel will be completed by the end of 2021.

Management Discussion and Analysis

Distressed debt assets management business

During the Review Period, the Group recorded negative income from distressed debts assets (net of modification loss) of approximately HK\$13.7 million (2019: positive income of approximately HK\$14.9 million). Besides, due to the outbreak of the COVID-19 pandemic, the execution plan on recovering the distressed debts was substantially suspended during the Review Period.

Measures to address the going concern issue

During the Review Period and up to the date of this quarterly report, the Group has been undertaking a number of measures to improve its liquidity and financial position to address the audit qualification on going concern as disclosed in the independent auditor's report for the year ended 31 December 2019, including but not limited to: (i) the negotiation with the Group's principal lending bank in Singapore for increase of credit facilities; (ii) the application for government-supported low-interest-rate loans from Japan financial institutions to finance the operation of the Group's spa hotel in Japan; (iii) the application for various COVID-19 related subsidies from local governments so as to reduce the operation costs of the Group; and (iv) the completion of issue of new convertible bonds with net proceeds raised amounting to approximately HK\$25 million.

Issue of securities

On 21 June 2020, the Company and Mr. Ng Meng Chit (the "Subscriber") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which, the Subscriber agreed to subscribe for and the Company agreed to issue convertible bonds (the "Convertible Bonds") in the principal amount of HK\$25,128,000 at the initial conversion price (the "Conversion Price") of HK\$0.036 per conversion share (the "Conversion Shares"). Based on the initial Conversion Price of HK\$0.036 per Conversion Share, a total of 698,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full. The subscription and issue of the Convertible Bonds were completed on 17 July 2020. The gross proceeds and net proceeds from the issue of the Convertible Bonds are HK\$25,128,000 and approximately HK\$24,870,000 respectively. Please refer to the Company's announcement dated 21 June 2020 for further details.

OUTLOOK

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

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

AUDIT COMMITTEE

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

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

COMPETING INTEREST

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

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

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

Other Information

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

As at 30 September 2020, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Charter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long position in shares of the Company

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

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

Long position in Vertic, an associated corporation of the Company

Name of Directors	Nature of interest	Number of shares held in the associated corporation	Approximate percentage of shareholding in the associated corporation
Mr. Ngan Iek	Beneficial owner	500	50%
Ms. Ngan Iek Peng	Beneficial owner	250	25%
Datuk Siew Pek Tho	Interest of spouse (<i>Note 1</i>)	250	25%

Notes:

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

Save as those disclosed above, as at 30 September 2020, none of the Directors had any interests or short positions in the shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Other Information

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

As at 30 September 2020, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors) had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Vertic	Beneficial owner	1,900,000,000 <i>(Note 1)</i>	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 <i>(Note 2)</i>	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Asia Asset Management Company Limited [#] (Formerly known as "Minsheng (Shanghai) Asset Management Company Limited [#] ") 中民投亞洲資產管理有限公司 (前稱「民生(上海)資產管理有限公司」) ("CMI Asia")	Interest of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Investment Group Corporation Limited [#] (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 <i>(Note 4)</i>	8.88%

Notes:

1. Vertic is a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.
3. Such shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the shares held by CMI Hong Kong under Part XV of the SFO.
4. Pursuant to the notice of disclosure of interests dated 20 May 2016 filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

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

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (Note 1)
CMI Hong Kong (Note 2)	Beneficial owner	HK\$25,278,000	76,600,000	2.19%
CMI Asia (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
Ng Meng Chit ("Mr. Ng")	Beneficial owner	HK\$25,128,000	698,000,000	20.00%

Notes:

1. As at 30 September 2020, the Company has a total number of 3,490,000,000 shares in issue.
2. Such underlying shares are held by CMI Hong Kong, a company wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

Other Information

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

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

Hong Kong, 11 November 2020

- # 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.