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Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8237)

ANNOUNCEMENT ON BUSINESS UPDATE AND SUPPLEMENTAL INFORMATION ON REALLOCATION AND CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of the Company dated 16 June 2015 (the “**Previous Announcement**”) in relation to the reallocation and change in use of proceeds. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcement.

The Board would like to provide further information for the development of the Group that results in the decision by the Board to change the intended use of the proceeds received from the Placing.

RECENT DEVELOPMENTS OF THE GROUP

New loan facility from DBS Bank Limited

The Company was offered two loan facilities (the “**Loan Facilities**”) from DBS Bank Limited, the principal banker of the Group, in the aggregate sum of S\$8 million or 80% of the renovation cost of Link Hotel (the “**Renovation Cost**”) whichever is lower, at an interest rate of approximately ranging from 1.88% to 2.76% per annum in early September 2014. The loan under the Loan Facilities are solely dedicated for the overall renovation of Link Hotel. In view of the low interest rate, the Board considered the Loan Facilities as a standby funding arrangement which will provide a flexible source of fund to the Group despite the fact that the Board had not decided to drawdown any loan from the Loan Facilities at the time of acceptance of the Loan Facilities in December 2014.

The renovation schedule of Link Hotel

As disclosed in the Prospectus, the renovation of Link Hotel was initially expected to be completed by 30 June 2015. However, due to the delay in devising the master renovation plan of the Link Hotel and delay in obtaining relevant approval from the local authority in Singapore, the renovation work of Link Hotel commenced in early February 2015 and is currently expected to be completed by the end of 2015. As a result, as at the date of the Previous Announcement, only approximately HK\$17.6 million, out of the HK\$60 million of the net proceeds from the Placing that was originally allocated for the purpose of overall renovation of Link Hotel, had been utilised.

The first stage of first phase of the Bintan Development Plan

Upon obtaining the legal title of the Bintan Assets in June 2014, the Group has retained an architectural firm to devise the master plan for the Bintan Land. The Group has discussed with the architectural firm and has agreed to subdivide the Bintan Land into three portions solely for development purpose. In addition, the first phase of the Bintan development will be carried out in the portion of Bintan Land where the existing “Bintan Cabana Beach Resort” is located. Further, the first phase development will comprise three stages.

Around the end of May 2015, the preliminary first stage of the first phase of the Bintan Development Plan comprising the construction of a beachfront resort, was devised and submitted to the Board for review. The Board has suggested certain amendments to the preliminary first stage of the first phase of the Bintan Development Plan. As at the date of this announcement, the architecture firm is revising the first stage of the first phase of the Bintan Development Plan. As mentioned in the Previous Announcement, according to the first stage of the first phase of the Bintan Development Plan, the construction of a beachfront resort is expected to be commenced by the end of 2015 and the construction cost is approximately HK\$66.7 million estimated by project consultant of the Group.

Given that approximately HK\$66.7 million is required for the construction of the new beachfront resort in the Bintan Land and the Group has the standby funding arrangement available at a comparatively low interest rate, the Board therefore revisited the use of proceeds received from the Placing and decided to reallocate and change the use of proceed received from Placing. In late May 2015, the Board considered to utilise the standby funding arrangement to finance part of the Renovation Cost and the Group submitted the supporting documents in relation to the Renovation Cost to DBS Bank Limited for the loan approval. On 16 June 2015, DBS Bank Limited approved the limit of the Loan Facilities of approximately S\$6.5 million (equivalent to approximately HK\$37.2 million) which is restricted for the use of renovation and upgrading of the facilities of Link Hotel.

REASONS FOR THE REALLOCATION AND CHANGE IN USE OF PROCEEDS

In considering the reallocation and change in use of proceed received from the Placing, the Directors have taken into account (i) the relatively low interest rate under the Loan Facilities as compared to the interest rate (base rate) of about 7.5% per annum of the central bank of Indonesia as at the date of the Previous Announcement; (ii) the amount under the Loan Facilities will be sufficient to cover the amount of the proceeds received from the Placing originally assigned for the renovation of Link Hotel which is reallocated for the funding of the Bintan Development Plan and for the general working capital and other general corporate purpose of the Group such that the originally intended renovation and upgrading of the facilities of Link Hotel will not be affected; (iii) in light that the Bintan Development Plan has not yet been finalised, there is uncertainty as to whether the Group could obtain any bank facilities from other banks in Singapore and Indonesia to finance the Bintan Development Plan as no formal offer has been received, after preliminary discussions with DBS Bank Limited and other banks in Singapore and Indonesia; and (iv) even if the banks in Indonesia will advance loans to the Group in future, it is unlikely for the Group to obtain another facility from banks in Indonesia with interest rate comparable to the Loan Facilities to finance the Bintan Development Plan. Having considered the above factors, the Directors are of the view that the drawdown of loan under the Loan Facilities and the reallocation of part of use of proceeds received from the Placing (a) will help the Group lower the finance costs from other loan facility for the Bintan Development Plan; (b) will enable the Group to meet the financial needs of the Group more efficiently and effectively; and (c) is in the interest and benefit of the Company and its shareholders as a whole.

DETAILED BREAKDOWN OF THE ORIGINAL, ACTUALLY UTILISED AND REVISED NET PROCEEDS

The detailed breakdown of the original, actually utilised and revised net proceeds of the Group as at the date of the Previous Announcement are as follows:

| | For the period from 20 June 2014 to 31 December 2014 | | For the period from 1 January 2015 to 30 June 2015 | | For the period from 1 July 2015 to 31 December 2015 | | For the period from 1 January 2016 to 30 June 2016 | | For the period from 1 July 2016 to 31 December 2016 | | Total | | As at the date of the Previous Announcement | |
|--|--|----------|--|---------|---|---------|--|---------|---|---------|----------------|---------|---|------|
| | HK\$ (million) | | HK\$ (million) | | HK\$ (million) | | HK\$ (million) | | HK\$ (million) | | HK\$ (million) | | HK\$ (million) | |
| | Original | Utilised | Original | Revised | Original | Revised | Original | Revised | Original | Revised | Original | Revised | Utilised | |
| Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation | 30.0 | 0.4 | 30.0 | 22.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 60.0 | 22.8 | 17.6 | |
| 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 | 3.0 | 0.1 | 0.0 | 0.1 | 0.0 | 30.0 | 8.0 | 21.1 | 15.1 | 0.0 | 26.1 | 51.3 | 0.2 | |
| Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries | 2.0 | 0.0 | 2.0 | 0.0 | 1.0 | 2.0 | 1.0 | 2.0 | 0.0 | 2.0 | 6.0 | 6.0 | 0.0 | |
| | | | | | | | | | | | Total | 92.1 | 80.1 | 17.8 |

NET PROCEEDS FOR WORKING CAPITAL AND OTHER GENERAL CORPORATE PURPOSE

As mentioned in the Previous Announcement, the Board also proposed to reallocate part of the proceeds received from the Placing originally allocated for enhancing and upgrading Link Hotel to working capital and other general corporate purpose of the Group. The detailed breakdown of the revised intended use of proceeds in working capital and other general corporate purpose are set out as follows:

| Breakdown of working capital and other general corporate purpose | HK\$ (million) |
|--|-------------------|
| Operating cash for Bintan Assets for pre-operating expense and initial operation | 4.0 |
| General working capital of Link Hotel after renovation | 4.0 |
| Setup of office in Bintan | 2.2 |
| Expansion of office in Hong Kong | 1.8 |
| Total: | 12.0 |

As mentioned in the Previous Announcement, the Board considers that the development direction of the Company is still in line with the disclosure in the Prospectus without any substantial change as a result of the change in the use of the net proceeds as stated above. The above reallocation will enhance the effective allocation of the Company's financial resources and facilitate the development of the Group, and therefore, is in the interest of the Company and its Shareholders as a whole.

By order of the Board of
Link Holdings Limited
Ngan Iek
Chairman and non-executive Director

Hong Kong, 30 June 2015

In this announcement, for reference only, the translation of Singaporean dollars into Hong Kong dollars is based on the exchange rate of S\$1.00 = HK\$5.7240.

As at the date of this announcement, the executive Directors are Datuk Siew Pek Tho, Mr. Chen Changzheng and Mr. Wong Ip; the non-executive Directors are Mr. Ngan Iek and Ms. Ngan Iek Peng; and the independent non-executive Directors are Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Lai Yang Chau, Eugene.

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

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