



Link Holdings Limited 華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237



2014

Third Quarterly Report



* For identification purposes only



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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 the 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

Datuk Siew Pek Tho
Mr. Chen Changzheng
Mr. Wong Ip

Non-executive Directors

Mr. Ngan Iek (*Chairman*)
Ms. Ngan Iek Peng

Independent non-executive Directors

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

Company Secretary

Mr. Ng Chi Wai

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



Headquarters and Principal Place of Business in Hong Kong

Room 3406A, 34/F
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No.26 Harbour Road
Wanchai
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Hong Kong Share Registrar

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

Compliance Adviser

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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 nine months ended 30 September 2014 (the “Review Period”), the Company and its subsidiaries (the “Group”) continued to stay focus on the operation of Link Hotel in Singapore. The Group also completed the acquisition of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the “Prospectus”)) located in Indonesia.

Financial Highlights

For the Review Period, the Group recorded a revenue of HK\$53,968,120 (nine months ended 30 September 2013: HK\$59,415,124), accounting for a decrease of approximately 9.2%. The net profit dropped from HK\$16,221,773 of the corresponding period last year to HK\$1,213,793. The decrease in revenue and net profit is primarily attributable to (i) the drop in occupancy rate and average room rate at Link Hotel; (ii) the non-recurring expenses in connection with the listing of the securities on the GEM; and (iii) the absence of interest income received from a company controlled by our controlling shareholders.

Profit attributable to shareholders was HK\$980,761 (nine months ended 30 September 2013: HK\$16,221,773). Basic earnings per share was HK0.35 cents (nine months ended 30 September 2013: HK5.79 cents). Save for the final dividend declared on 3 April 2014 as disclosed in note 6 to the condensed consolidated financial information, the Board does not recommend the payment of any quarterly dividend for the Review Period (nine months ended 30 September 2013: Nil).

Business Review

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. No material change in 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 HK\$44,443,070 (nine months ended 30 September 2013: HK\$48,641,541) accounting for approximately 82.4% (nine months ended 30 September 2013: approximately 81.9%) 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:

	Nine months ended 30 September	
	2014	2013
Total available room nights	78,624	78,624
Occupancy rate	59.9%	63.5%
Average room rate (HK\$)	852.7	891.6
RevPAR (HK\$)	510.5	566.7

For the Review Period, food and beverage revenue was HK\$4,261,358 (nine months ended 30 September 2013: HK\$6,219,856), representing approximately 7.9% (nine months ended 30 September 2013: approximately 10.5%) of the total revenue. Food and beverage revenue represents the sale of food and beverages in the restaurant, bar, 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 HK\$2,980,219 (nine months ended 30 September 2013: HK\$2,890,038) representing approximately 5.5% (nine months ended 30 September 2013: approximately 4.9%) of the total revenue.



Outlook

Growth of visitor arrivals in Singapore have been primarily led by emerging Asian economies. As these markets are predominantly value-oriented visitors, Link Hotel is likely to attract such demand. The Group will renovate the facilities in Link Hotel and this presents an opportunity to upgrade the hotel in order to achieve higher average room rates.

The total number of international arrivals to Bintan experienced growth at a compound annual growth rate of 4.8% from 2005 to 2013, according to an independent market consultant. The Board expects that the demand for hotel rooms and resorts in Bintan will continue to grow. The Group will devise a master plan for the future development of the Bintan Assets (as defined in the Prospectus) which will include physical planning, concept development, financial projection, market positioning and return analysis.

OTHER INFORMATION

Change of Directors

Mr. Wu Chi Keung and Mr. Yen Yuen Ho, Tony have resigned as an independent non-executive Directors on 3 October 2014 and 16 October 2014 respectively.

Mr. Chan So Kuen and Mr. Lai Yang Chau, Eugene have been appointed as an independent non-executive Directors of the Company with effect from 16 October 2014.

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 and internal controls. 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 financial results for the Review Period.



Competing Business

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

Compliance Adviser

As updated and notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), none of Guotai Junan, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company as at 30 September 2014 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to the agreement dated 7 April 2014 entered into between Guotai Junan and the Company, Guotai Junan received and will receive fees for acting as the compliance adviser of the Company.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2014, none of the Directors who had an interest and short position in shares, underlying shares or debenture of the Company and its associated corporation (with the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) was required (a) to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to notify the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules.

As at 30 September 2014, 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 SFO) which will 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 will be 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 relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, will be as follows:

Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
Vertic Holdings Limited (“Vertic”)	Beneficial Owner	210,000,000	75%
Mr. Ngan lek	Interest in controlled corporation (Note 1)	210,000,000	75%
Ms. Cheng Wing Shan	Interest of spouse (Note 2)	210,000,000	75%

Notes:

1. Vertic is a company beneficially owned as to 50% by Mr. Ngan lek, 25% by Ms. Ngan lek Chan and 25% by Ms. Ngan lek Peng. Mr. Ngan lek is the elder brother of Ms. Ngan lek Chan and Ms. Ngan lek Peng. Mr. Ngan lek is deemed to be interested in the shares of the Company held by Vertic under Part XV of the SFO. Mr. Ngan lek is a director of Vertic.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan lek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan lek is interested in under Part XV of the SFO.

Long positions in Vertic, an associated corporation of the Company

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

Note: Datuk Siew Pek Tho is the spouse of Ms. Ngan lek 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 lek Chan under Part XV of the SFO.



Substantial Shareholders' Interests and Short Positions

So far as the Directors are aware, as at 30 September 2014, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Interests and Short Positions of Other Persons Who are Required to Disclose their Interests

As at 30 September 2014, 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.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 12 November 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2014

	Notes	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
		2014	2013	2014	2013
		HK\$	HK\$	HK\$	HK\$
Revenue	3	53,968,120	59,415,124	19,744,521	21,058,737
Cost of sales		(16,580,320)	(18,570,983)	(4,922,361)	(6,849,178)
Gross profit		37,387,800	40,844,141	14,822,160	14,209,559
Other income		716,146	5,408,918	374,459	1,994,030
Selling expenses		(2,033,682)	(2,322,254)	(605,299)	(682,533)
Administrative expenses		(27,503,880)	(17,892,045)	(14,061,697)	(8,622,601)
Finance costs		(4,291,809)	(5,614,655)	(1,283,421)	(1,714,987)
Fair value loss on derivative financial instruments		(698,731)	(113,297)	(220,374)	(83,385)
Profit (loss) before income tax expense	4	3,575,844	20,310,808	(974,172)	5,100,083
Income tax expense	5	(2,362,051)	(4,089,035)	(981,744)	(1,613,281)
Profit (loss) for the period		1,213,793	16,221,773	(1,955,916)	3,486,802
Other comprehensive income that may be classified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(8,438,889)	(2,706,443)	(9,356,787)	1,054,703
Total comprehensive (loss) income for the period		(7,225,096)	13,515,330	(11,312,703)	4,541,505

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

For the three months and nine months ended 30 September 2014

	Notes	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
		2014	2013	2014	2013
		HK\$	HK\$	HK\$	HK\$
Profit (loss) for the period attributable to:					
Owners of the Company		980,761	16,221,773	(2,188,948)	3,486,802
Non-controlling interests		233,032	–	233,032	–
		1,213,793	16,221,773	(1,955,916)	3,486,802
Total comprehensive (loss) income attributable to:					
Owners of the Company		(7,458,128)	13,515,330	(11,545,735)	3,486,802
Non-controlling interests		233,032	–	233,032	–
		(7,225,096)	13,515,330	(11,312,703)	3,486,802
Basic and diluted earnings per share (HK cents)	7	0.35	5.79	N/A	1.25

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	Attributable to equity holders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other reserve	Translation reserves	Retained earnings			
	HK\$	HK\$	HK\$ (note)	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2013	9	-	-	4,342,448	90,340,420	94,682,877	-	94,682,877
Profit for the period	-	-	-	-	16,221,773	16,221,773	-	16,221,773
Other comprehensive income								
– Exchange differences arising on translation of foreign operation	-	-	-	(2,706,443)	-	(2,706,443)	-	(2,706,443)
Total comprehensive income for the period	-	-	-	(2,706,443)	16,221,773	13,515,330	-	13,515,330
Balance at 30 September 2013 (unaudited)	9	-	-	1,636,005	106,562,193	108,198,207	-	108,198,207

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the nine months ended 30 September 2014

	Attributable to equity holders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other reserve	Translation reserves	Retained earnings			
	HK\$	HK\$	HK\$ (note)	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2014	15	-	-	700,862	113,719,068	114,419,945	4,707,164	119,127,109
Profit for the period	-	-	-	-	980,761	980,761	233,032	1,213,793
Other comprehensive income								
– Exchange differences arising on translation of foreign operation	-	-	-	(8,438,889)	-	(8,438,889)	-	(8,438,889)
Total comprehensive income for the period	-	-	-	(8,438,889)	980,761	(7,458,128)	233,032	(7,225,096)
Elimination of share capital upon reorganisation	(15)	-	15	-	-	-	-	-
Shares issued	1	-	-	-	-	1	-	1
Capitalisation issue	2,099,999	(2,099,999)	-	-	-	-	-	-
Placing of new shares	700,000	121,800,000	-	-	-	122,500,000	-	122,500,000
Share issue expenses	-	(12,054,306)	-	-	-	(12,054,306)	-	(12,054,306)
Dividend declared and paid	-	-	-	-	(58,626,939)	(58,626,939)	-	(58,626,939)
Balance at 30 September 2014 (unaudited)	2,800,000	107,645,695	15	(7,738,027)	56,072,890	158,780,573	4,940,196	163,720,769

Note: 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 subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014.



NOTES TO THE FINANCIAL INFORMATION

1 CORPORATE INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Chapter 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 Company is an investment holding company and its subsidiaries are principally engaged in hotel ownership and operation of hotel services.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the GEM (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 20 June 2014. The shares of the Company were listed on the GEM on 7 July 2014. Details of the Reorganisation are set out in the section headed "History, Development and Corporate Structure" in the Prospectus.

Since the companies now comprising the Group were under the common control of the controlling shareholder both before and after the Reorganisation, the financial information of the Group has been prepared using the principles of merger accounting.

The condensed consolidated statements of comprehensive income and condensed consolidated statements of changes in equity of the Group for the nine months ended 30 September 2013 and 2014 have been prepared on a consolidated basis as if the current group structure had been in existence throughout the nine months ended 30 September 2013 and 2014. The net assets and results of the Group are consolidated using the existing book values from the controlling shareholders' perspective.

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 (“IASB”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The financial information should be read in conjunction with the accountants’ report included in the Prospectus for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards issued by the IASB.

The accounting policies applied are consistent with those of the accountants’ report included in the Prospectus for the year ended 31 December 2013.

There are no other amended standards or interpretations that are effective for the first time for this period that could be expected to have a material impact on this Group.

3 REVENUE

An analysis of the Group’s revenue representing the aggregate amount of income from hotel operations is as follows:

	(Unaudited)		(Unaudited)	
	For nine months ended 30 September		For three months ended 30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Hotel room	44,443,070	48,641,541	16,197,417	17,203,964
Food and beverage	4,261,358	6,219,856	1,185,561	2,231,880
Rental income from hotel properties	2,980,219	2,890,038	995,588	943,896
Others (note 1)	2,283,473	1,663,689	1,365,955	678,997
	53,968,120	59,415,124	19,744,521	21,058,737

Note 1: The amount mainly represents laundry and car park services.

4 PROFIT (LOSS) BEFORE INCOME TAX EXPENSE

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

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Staff costs				
– Wages and salaries	11,038,524	12,305,513	3,301,954	4,078,379
– Short-term non-monetary benefits	824,080	984,788	240,341	301,536
– Contributions to defined contribution plans	1,707,196	1,747,451	513,421	559,688
Depreciation of property, plant and equipment	3,068,372	3,466,731	1,059,845	1,175,590
Fair value loss on derivative financial instruments	698,731	113,297	220,374	83,385
Amortisation of prepaid lease payments	1,177,912	1,204,490	381,174	396,084
Listing expenses	10,635,770	2,401,232	6,991,992	2,401,232

5 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 periods. Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17%. Taxes on profits assessable in elsewhere have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

The income tax expense for the periods are as follows:

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Current – Singapore Corporate Income Tax				
– Tax for the period	2,362,051	4,089,035	981,744	1,613,281

6 DIVIDEND

On 3 April 2014, the Group declared a final dividend in the aggregate amount of approximately HK\$58.6 million, for partial settlement of amount due from a related company.

The Directors do not recommend payment of quarterly dividend for the nine months ended 30 September 2014 (2013: Nil).

7 EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company for the three months ended 30 September 2014 and nine months ended 30 September 2014 is based on the following data:

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Profit (loss) attributable to equity holders of the Company	980,761	16,221,773	(2,188,948)	3,486,802
	For nine months ended 30 June		For three months ended 30 June	
	2014	2013	2014	2013
	Shares	Shares	Shares	Shares
Number of shares	280,000,000	280,000,000	280,000,000	280,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalisation issue as if the shares had been in issue throughout both periods.

The diluted earnings per share for respective periods are the same as the basic earnings per share as there are no dilutive potential shares.



8 EVENTS AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 15 October 2014, an ordinary resolution in respect of the share subdivision (each of the issued and unissued ordinary share of HK\$0.01 in the share capital of the Company be subdivided into ten ordinary shares of HK\$0.001 each (the "Subdivided Shares")) in the share capital of the Company (the "Share Subdivision") was duly passed and approved by shareholders.

Share Subdivision becoming effective on 16 October 2014, the Company has 2,800,000,000 Subdivided Shares in issue and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 26 September 2014.

9 APPROVAL OF FINANCIAL INFORMATION

These financial information was approved and authorised for issue by the Board on 12 November 2014.