



Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237



2014

Interim Report



* For identification purposes only



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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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. Wu Chi Keung
Mr. Yen Yuen Ho, Tony

Company Secretary

Mr. Ng Chi Wai

Compliance Officer

Datuk Siew Pek Tho

Audit Committee

Mr. Wu Chi Keung (*Chairman*)
Mr. Thng Bock Cheng John
Mr. Yen Yuen Ho, Tony

Remuneration Committee


Mr. Yen Yuen Ho, Tony (*Chairman*)
Mr. Ngan Iek
Datuk Siew Pek Tho
Mr. Wu Chi Keung
Mr. Thng Bock Cheng John

Nomination and Corporate Governance Committee

Mr. Ngan Iek (*Chairman*)
Datuk Siew Pek Tho
Mr. Wu Chi Keung
Mr. Yen Yuen Ho, Tony
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
China Resources Building
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 six months ended 30 June 2014 (the “Review Period”), the Company and its subsidiaries (the “Group”) continued to stay focus on the operation of Link Hotel in Singapore and 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 six months ended 30 June 2014, the Group recorded a revenue of HK\$34,223,599 (2013: HK\$38,356,387), accounting for a decrease of approximately 10.8%. The net profit dropped from HK\$12,734,971 of the corresponding period last year to HK\$3,169,709. 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\$3,169,709 (2013: HK\$12,734,971). Basic earnings per share was HK\$1.51 cents (2013: HK\$6.06 cents). Save for the final dividend declared on 3 April 2014 as disclosed in note 8 to the condensed consolidated interim financial information, the Board does not recommend the payment of any dividend for the Review Period (2013: Nil).

Following the Group’s financing, the Group now has a much stronger position from which to maintain its current business and to develop its roadmap. Listed on the GEM on 7 July 2014, the Group raised net proceeds from the placing of the shares of the Company as disclosed in the Prospectus (the “Placing”) of approximately HK\$97.1 million. As at 30 June 2014, cash on hand was approximately HK\$12,523,060 (31 December 2013: HK\$56,390,284).

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\$28,245,653 (2013: HK\$31,437,577) accounting for approximately 82.5% (2013: approximately 82.0%) 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	
	2014	2013
Total available room nights	52,128	52,128
Occupancy rate	58.7%	61.5%
Average room rate (HK\$)	853.6	901.7
RevPAR (HK\$)	501.2	554.7



For the Review Period, F&B revenue was HK\$3,075,797 (2013: HK\$3,987,976), representing approximately 9.0% (2013: approximately 10.4%) of the total revenue. F&B 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\$1,984,631 (2013: HK\$1,946,142) representing approximately 5.8% (2013: approximately 5.1%) the total revenue.

Liquidity, Financial Resources and Capital Structure

During the six months ended 30 June 2014, the Group mainly financed its operations with its own working capital. As at 30 June 2014, the Group had net current liabilities of HK\$68,079,687 (31 December 2013: net current assets of HK\$50,670,433), including cash and cash equivalents of HK\$12,523,060 (31 December 2013: HK\$56,390,284) and interest-bearing bank borrowing of HK\$77,333,181 (31 December 2013: HK\$75,337,642).

The gearing ratio calculated based on our total debts (being interest-bearing bank borrowings and payable incurred not in the ordinary course of business) divided by our total equity and multiplied by 100% as at 30 June 2014 was approximately 372.9% (31 December 2013: approximately 206.0%).

The Directors, taking into account of the net proceeds from the Placing, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.



Significant Investments

The Group does not have any significant investments.

Material Acquisitions and Disposals

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

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

As at 30 June 2014, the Group engaged a total of 73 employees (2013: a total of 80). Total staff costs including Directors' remuneration for the Review Period amounting to approximately HK\$9.5 million (2013: approximately HK\$10.0 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.



Share Option Scheme

During the Review Period, no option has been granted and there has been no movement of any options granted (if any) under the share option scheme adopted by the Company on 20 June 2014.

Foreign Currency Exposure

Substantially all the transactions of the Group's subsidiaries in Singapore are carried out in Singapore dollar, which is the functional currency of the Group. Therefore, the risk on foreign currency risk is minimal.

Charges on Group Assets


As at 30 June 2014, certain properties of the Group amounting to approximately HK\$86.3 million (31 December 2013: approximately HK\$88.4 million) were used to secure the banking facilities.

Segment Information

During the Review Period, the Group has only one business segment which is the operation of the hotel.

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.

Future Plans for Material Investments or Capital Assets and Their Expected Sources of Funding

The future plans of the Group are detailed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As disclosed in the Prospectus, the Company expects to:

- (i) enhance the performance and upgrading the quality of Link Hotel by undergoing overall renovation;
- (ii) devise a master plan for the future development of the Bintan Assets; and
- (iii) identify and pursue business diversification opportunities in hotel management and franchising business in Southeast Asian countries.



The source of funding for these plans is from the net proceeds of the Placing of approximately HK\$97.1 million. The Directors presently intend that the net proceeds will be applied as follows:

	Amount HK\$ (million)
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	60.0
Devising a master plan for the future development of the Bintan Assets	26.1
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	<u>6.0</u>
	<u>92.1</u>

The Directors plan to use the remaining net proceeds of approximately HK\$5.0 million for working capital and other general corporate purpose.

The net proceeds are not yet applied to the above purposes as at the date of this announcement.



OTHER INFORMATION

Corporate Governance

The Group had complied with the provisions in Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules throughout the Review Period.

Code of Conduct Regarding for Securities Transactions by Directors

The Group had adopted Rules 5.48 to Rules 5.67 of the GEM Listing Rules as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiry to all the Directors, all the Directors confirmed that they had throughout the six months ended 30 June 2014 complied with the required standard of dealings as set out in the Model Code.

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 six months ended 30 June 2014.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the six months ended 30 June 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. Wu Chi Keung 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 six months ended 30 June 2014.

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 six months ended 30 June 2014 and up to and including the date of this announcement.

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 June 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.



Changes in Information of Directors

The changes in information of Directors of the Company subsequently to the publication of the Prospectus is set out below:

Mr. Wu Chi Keung, an independent non-executive director of the Company, has resigned as an independent non-executive director of GreaterChina Professional Services Limited and China Renji Medical Group Limited (the shares of both companies are listed on the Stock Exchange) on 2 July 2014 and 15 July 2014 respectively.

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

As the shares of the Company were listed on the GEM since 7 July 2014, as at 30 June 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.

Immediately following completion of the Placing on 7 July 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 Iek	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 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.
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.

Long positions in Vertic, an associated corporation of the Company

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

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

Saved as disclosed above, immediately after completion of the Placing on 7 July 2014, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified 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 were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.



Substantial Shareholders' Interests and Short Positions

As the shares of the Company were listed on the GEM on 7 July 2014, as at 30 June 2014, no person or company (not being a director, 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.

So far as the Directors are aware, immediately after completion of the Placing on 7 July 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.

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 report.

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

Hong Kong, 14 August 2014



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Link Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 43 which comprise the condensed consolidated statement of financial position of Link Holdings Limited and its subsidiaries as of 30 June 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The 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 this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with 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.

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 International Federation of 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 International 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 financial information 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

25th Floor, Wing On Centre,
111, Connaught Road Central
Hong Kong

Hong Kong, 14 August 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2014

	Notes	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Revenue	4	34,223,599	38,356,387	17,595,059	19,024,358
Cost of sales		(11,657,959)	(11,721,805)	(5,973,594)	(5,757,128)
Gross profit		22,565,640	26,634,582	11,621,465	13,267,230
Other income		341,687	3,414,888	20,889	1,412,031
Selling expenses		(1,428,383)	(1,639,721)	(757,140)	(903,465)
Administrative expenses		(13,442,183)	(9,269,444)	(7,873,204)	(4,304,720)
Finance costs	5	(3,008,388)	(3,899,668)	(1,289,615)	(1,969,482)
Fair value (loss) gain on derivative financial instruments		(478,357)	(29,912)	202,545	768,891
Profit before income tax expense	6	4,550,016	15,210,725	1,924,940	8,270,485
Income tax expense	7	(1,380,307)	(2,475,754)	(659,292)	(1,166,534)
Profit for the period		3,169,709	12,734,971	1,265,648	7,103,951
Other comprehensive income that may be classified subsequently to profit or loss:					
Exchange difference on translating foreign operations		917,898	(3,761,146)	59,543	(2,767,167)
Total comprehensive income for the period		4,087,607	8,973,825	1,325,191	4,336,784

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

For the three months and six months ended 30 June 2014

	Notes	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Profit for the period attributable to:					
Owners of the Company		3,169,709	12,734,971	1,265,648	7,103,951
Non-controlling interests		-	-	-	-
		3,169,709	12,734,971	1,265,648	7,103,951
Total comprehensive income attributable to:					
Owners of the Company		4,087,607	8,973,825	1,325,191	4,336,784
Non-controlling interests		-	-	-	-
		4,087,607	8,973,825	1,325,191	4,336,784
Basic and diluted earnings per share (HK\$ cents)	9	1.51	6.06	0.60	3.38

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
	Note		
Non-current assets			
Property, plant and equipment	10	92,526,717	92,964,866
Investment properties	10	145,742,300	–
Prepaid lease payments		84,341,401	83,928,172
Deposits for acquisition of land and buildings		–	64,922,184
Total non-current assets		<u>322,610,418</u>	241,815,222
Current assets			
Hotel inventories		353,107	431,209
Trade and other receivables	11	9,505,764	9,845,777
Amounts due from related companies	16	–	80,783,347
Cash and cash equivalents		12,523,060	56,390,284
Total current assets		<u>22,381,931</u>	147,450,617
Current liabilities			
Trade and other payables	12	5,358,667	11,118,055
Obligations under finance leases		–	59,940
Interest-bearing bank borrowings	13	77,333,181	75,337,642
Provision for taxation		4,413,777	6,780,885
Derivative financial instruments	14	3,355,993	3,483,662
Total current liabilities		<u>90,461,618</u>	96,780,184
Net current (liabilities)/assets		<u>(68,079,687)</u>	50,670,433
Total assets less current liabilities		<u>254,530,731</u>	292,485,655

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

As at 30 June 2014

		(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
	Note		
Non-current liabilities			
Interest-bearing bank borrowing	13	163,512,883	170,024,700
Deferred tax liabilities		232,661	229,337
Derivative financial instruments	14	1,824,335	3,104,509
Amount due to non-controlling interests		24,373,074	–
Total non-current liabilities		<u>189,942,953</u>	<u>173,358,546</u>
Net assets		<u>64,587,778</u>	119,127,109
Equity			
Share capital	15	1	15
Reserves		59,880,613	114,419,930
		59,880,614	114,419,945
Non-controlling interests		<u>4,707,164</u>	4,707,164
Total equity		<u>64,587,778</u>	119,127,109

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to equity holders of the Company					Non-controlling interest HK\$	Total equity HK\$
	Share capital HK\$	Other reserve HK\$ (note)	Translation reserves HK\$	Retained earnings HK\$	Total HK\$		
Balance at 1 January 2013	9	-	4,342,448	90,340,420	94,682,877	-	94,682,877
Profit for the period	-	-	-	12,734,971	12,734,971	-	12,734,971
Other comprehensive income - Exchange differences arising on translation of foreign operation	-	-	(3,761,146)	-	(3,761,146)	-	(3,761,146)
Total comprehensive income for the period	-	-	(3,761,146)	12,734,971	8,973,825	-	8,973,825
Balance at 30 June 2013 (unaudited)	9	-	581,302	103,075,391	103,656,702	-	103,656,702
Balance at 1 January 2014	15	-	700,862	113,719,068	114,419,945	4,707,164	119,127,109
Profit for the period	-	-	-	3,169,709	3,169,709	-	3,169,709
Other comprehensive income - Exchange differences arising on translation of foreign operation	-	-	917,898	-	917,898	-	917,898
Total comprehensive income for the period	-	-	917,898	3,169,709	4,087,607	-	4,087,607
Elimination of share capital upon reorganisation	(15)	15	-	-	-	-	-
Shares issued	1	-	-	-	1	-	1
Dividend declared and paid	-	-	-	(58,626,939)	(58,626,939)	-	(58,626,939)
Balance at 30 June 2014 (unaudited)	1	15	1,618,760	58,261,838	59,880,614	4,707,164	64,587,778

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.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2014

	(Unaudited)	
	For six months ended	
	30 June	
	2014	2013
	HK\$	HK\$
Net cash from operating activities	3,023,696	4,531,502
Net cash used in investing activities	(36,269,149)	(2,277,674)
Net cash used in financing activities	(12,707,345)	(21,635,178)
Net decrease in cash and cash equivalents	(45,952,798)	(19,381,350)
Cash and cash equivalents at beginning of period	56,390,284	8,009,458
Effect of exchange rate changes on cash and cash equivalents	441,600	(662,841)
Cash and cash equivalents at end of period	10,879,086	(12,034,733)
Analysis of the balance of cash and cash equivalents:		
Cash and bank balances	12,523,060	6,433,631
Bank overdraft	(1,643,974)	(18,468,364)
	10,879,086	(12,034,733)



NOTES TO THE UNAUDITED INTERIM 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 interim financial information of the Group has been prepared using the principles of merger accounting.

The condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flow of the Group for the six months ended 30 June 2013 and 2014 have been prepared on a consolidated basis as if the current group structure had been in existence throughout the six months ended 30 June 2013 and 2014. The consolidated statement of financial position of the Group as at 31 December 2013 and the condensed consolidated statement of financial position of the Group as at 30 June 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group as these dates, as if the current group structure had been in existence as at these dates. 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 interim financial information for the six months ended 30 June 2014 has been prepared in accordance with IAS 34, 'Interim financial reporting' issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The interim 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.

The Directors, taking into account of the net proceeds from the Placing, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the condensed interim financial information.

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

3 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.

(a) Reportable segments

No separate business segment information is presented as the Group has only one business segment which is the operation of the hotel.

3 OPERATING SEGMENT INFORMATION (cont'd)

(b) Geographical information

All of the Group's revenue is derived from activities located in the Republic of Singapore. The following table provides an analysis of the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

	Specified non-current assets	
	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
Republic of Singapore	176,868,118	176,893,038
Indonesia	145,742,300	64,922,184
	322,610,418	241,815,222

(c) Information about major customers

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

4 REVENUE

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

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Hotel room	28,245,653	31,437,577	14,556,450	15,549,519
Food and beverage	3,075,797	3,987,976	1,547,234	2,041,389
Rental income from hotel properties	1,984,631	1,946,142	1,035,499	968,987
Others (note 1)	917,518	984,692	455,876	464,463
	34,223,599	38,356,387	17,595,059	19,024,358

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

5 FINANCE COSTS

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Interest on bank borrowings				
– Wholly repayable				
within five years	414,914	1,640,651	313,465	410,814
– Not wholly repayable				
within five years	2,329,649	1,718,073	968,671	1,295,622
– Bank overdraft interest	263,041	536,429	7,321	261,022
– Finance leases interest	784	4,515	158	2,024
	3,008,388	3,899,668	1,289,615	1,969,482

6 PROFIT BEFORE INCOME TAX EXPENSE

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

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Staff costs				
– Wages and salaries	7,736,570	8,227,134	3,720,040	4,084,952
– Short-term non-monetary benefits	583,739	683,252	287,857	307,198
– Contributions to defined contribution plans	1,193,774	1,187,763	646,426	529,116
Depreciation of property, plant and equipment	2,008,527	2,271,141	1,004,264	1,135,571
Fair value loss (gain) on derivative financial instruments	478,357	29,912	(202,545)	(768,891)
Amortisation of prepaid lease payments	796,738	808,406	400,752	402,506
Listing expenses	3,643,778	–	3,088,724	–

7 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 six months ended 30 June		(Unaudited) For three months ended 30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Current – Singapore Corporate Income Tax – Tax for the period	1,380,307	2,475,754	659,292	1,166,534

8 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 interim dividend for the six months ended 30 June 2014 (2013: Nil).

9 EARNINGS PER SHARE

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

	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
	2014	2013	2014	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit attributable to equity holders of the Company	3,169,709	12,734,971	1,265,648	7,103,951
	For six months ended 30 June		For three months ended 30 June	
	2014	2013	2014	2013
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares	210,000,000	210,000,000	210,000,000	210,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalisation issue as disclosed in note 20 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.

10 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2014, the Group acquired property, plant and equipment amounting to approximately HK\$237,000 (for the year ended 31 December 2013: approximately HK\$254,000).

The Group transferred the deposits for acquisition of land and buildings to investment properties with fair value of S\$23,500,000 as evidenced by having obtained the legal title of the land and buildings in June 2014.

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

At 30 June 2014, the Directors consider that the carrying amount of the Group's investment properties do not differ significantly from that which would be determined using fair values at the reporting date. Consequently, no gain or loss on fair value change of investment properties has been recognised in the current period.

11 TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
Trade receivables	5,316,214	7,267,157
Less: Allowance for impairment loss	<u>(36,318)</u>	<u>(25,382)</u>
	5,279,896	7,241,775
Prepayments	295,222	525,625
Prepayment for listing costs	3,075,004	1,295,410
Deposits	646,023	638,674
Other receivables	<u>209,619</u>	<u>144,293</u>
	<u>9,505,764</u>	<u>9,845,777</u>

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.

11 TRADE AND OTHER RECEIVABLES (cont'd)

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

	(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
Current to 30 days	3,415,771	3,518,300
31 to 60 days	1,211,125	2,307,295
61 to 90 days	356,613	705,055
Over 90 days	332,705	736,507
	5,316,214	7,267,157
Less: Allowance for impairment loss	(36,318)	(25,382)
	5,279,896	7,241,775

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

	(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
Neither past due nor impaired	3,415,771	3,367,291
With 1 month past due	1,211,125	2,300,061
1 to 3 months past due	449,351	863,300
3 to 12 months past due	127,207	466,180
More than 1 year past due	76,442	244,943
	5,279,896	7,241,775

12 TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Trade payables	2,001,521	2,562,914
Receipt in advance	914,888	442,054
Accruals and other payables	2,442,258	8,113,087
	5,358,667	11,118,055

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

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Current to 30 days	1,723,291	1,407,898
31 to 60 days	186,090	934,372
61 to 90 days	–	104,909
Over 90 days	92,140	115,735
	2,001,521	2,562,914

13 INTEREST-BEARING BANK BORROWINGS

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	HK\$	HK\$
Current		
Secured		
– bank overdraft	1,643,974	–
– bank borrowings due for repayment within one year	20,183,103	20,318,842
– bank borrowings due for repayment which contain a repayment on demand clause	55,506,104	55,018,800
	77,333,181	75,337,642
Non-current		
Secured		
– bank loans due for repayment after one year	163,512,883	170,024,700
	240,846,064	245,362,342

Bank borrowings bear interest at 1.25% per annum above the bank's Singapore SWAP Offer Rate, fixed for each of the reporting periods. The effective interest rate ranged from 2.00% to 2.20%.

14 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments represent interest rate swap contracts held by the Group, in which the contracts period range from 5 to 7 years with the maturity dates on 7 September 2015 and 14 March 2016.

The following table details the interest rate swaps outstanding as at the end of the periods:

	Contracted fixed interest rate	Fair value at 30 June 2014 HK\$	Fair value at 31 December 2013 HK\$	Maturity
Swap #1	2.63%	1,426,556	1,766,898	14 March 2016
Swap #2	2.63%	2,102,890	2,604,590	14 March 2016
Swap #3	2.01%	1,650,882	2,216,683	7 September 2015
Total		5,180,328	6,588,171	
Less Current portion		(3,355,993)	(3,483,662)	
Non-current portion		1,824,335	3,104,509	

As at 31 December 2013 and 30 June 2014, the notional amount of the outstanding interest rate swap contracts were SG\$29.9 million and SG\$28.5 million respectively.

The interest rate swap contracts are settled on a monthly basis. The interest rate swaps and the interest payments on the loan occur simultaneously. The floating rate on the interest rate swaps is the Singapore swap offer rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.



14 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The fair value of financial instruments is based on valuation estimated by the directors of the Group. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The financial instruments measured at fair value in the condensed consolidated statements of financial position in accordance with the fair value hierarchy are described below. The hierarchy groups financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Group's financial instruments in the condensed consolidated statements of financial position is approximately HK\$5,180,328 and HK\$6,588,171 as at 30 June 2014 and 31 December 2013 respectively are grouped into level 2 of the fair value hierarchy.

During the period ended 30 June 2014, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

15 SHARE CAPITAL

Group

The Reorganisation was completed on 20 June 2014, hence, share capital as at 31 December 2013 represents the combined share capital of the companies comprising the Group. After 20 June 2014, share capital represents the Company's issued share capital after elimination of the Company's investments in subsidiaries.

Company

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	HK\$	HK\$
Authorised:		
5,000,000,000 (31 December 2013: 38,000,000) ordinary shares of HK\$0.01 each	50,000,000	380,000
Issued and fully paid:		
100 (31 December 2012: 1) ordinary shares of HK\$0.01 each	1	0.01

15 SHARE CAPITAL (cont'd)

Company (cont'd)

The movements in issued share capital were as follows:

	Number of shares in issue	Issued share capital <i>HK\$</i>
As at 1 January 2013 and 30 June 2013	1	0.01
Issue of shares to shareholders	99	0.99
As at 30 June 2014	100	1

16 RELATED PARTY TRANSACTIONS

(i) The Group had the following material transactions with related party during the periods:

Names of related party	Nature of transaction	(Unaudited) For six months ended 30 June		(Unaudited) For three months ended 30 June	
		2014	2013	2014	2013
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hang Huo Enterprise Group Limited	Interest income (a)	-	1,888,249	-	754,998
Ultimate holding company					

(a) The related party transactions were carried out on terms mutually agreed between the Group and the Director, and conducted in the ordinary and usual course of the Group's business. The transaction had been discontinued from 1 January 2014.

16 RELATED PARTY TRANSACTIONS (cont'd)

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

	(Unaudited)		(Unaudited)	
	For six months ended 30 June		For three months ended 30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Salaries, allowances and benefits in kind	973,495	958,817	655,168	477,396
Pension scheme contributions	131,247	123,598	92,564	61,539
	1,104,742	1,082,415	747,732	538,935

- (iii) As at 31 December 2013 and 30 June 2014 the banking facilities and interest-bearing bank borrowings of the Group were supported by personal guarantees executed by directors and corporate guarantee by the Company's subsidiary.

16 RELATED PARTY TRANSACTIONS (cont'd)

(iv) Details of the Group's balances with related parties are disclosed as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	HK\$	HK\$
Amounts due from related company		
Hang Huo Enterprise Group Limited		
– Interest bearing (<i>note 1</i>)	–	43,873,422
– Non-interest bearing (<i>note 2</i>)	–	36,909,925
	–	80,783,347

Related companies are controlled by the common directors of the Group.

Note 1: The amounts due from the related company are non-trade in nature, unsecured, bears interest of 3.5% per annum and is repayable on demand.

Note 2: The amounts due from related companies balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

17 OPERATING LEASE ARRANGEMENTS

As lessee

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

	(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
Within one year	645,120	645,120
In the second to fifth years inclusive	53,760	376,320
	698,880	1,021,440

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 the end of respective period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	(Unaudited) 30 June 2014 HK\$	(Audited) 31 December 2013 HK\$
Within one year	3,024,650	2,540,862
In the second to fifth years inclusive	1,551,723	167,215
	4,576,373	2,708,077

18 CAPITAL COMMITMENTS

The Group had the following capital commitments at the respective periods:

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	HK\$	HK\$
Contracted, but not provided for, in respect of acquisition of land and buildings	—	78,738,016

19 CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 December 2013 and 30 June 2014.

20 EVENTS AFTER THE REPORTING PERIOD

Pursuant to resolutions in writing passed by the sole shareholder of the Company on 20 June 2014, conditional upon the share premium account of the Company being credited as a result of the Placing, the Directors were authorised to allot and issue a total of 209,999,900 shares credited as fully paid at par to the holders of shares whose names appear on the register of members of the Company at the close of business on 20 June 2014 in proportion to their then existing respective shareholdings by way of capitalisation of the sum of HK\$2,099,999 standing to the credit of the share premium account of the Company.

On 7 July 2014, 70,000,000 shares of HK\$0.01 each of the Company were issued at an issue price of HK\$1.75 each by way of the Placing.

All the above shares of the Company when issued rank pari passu with other shares of the Company in issue in all respects.

The Company successfully listed its shares on the GEM on 7 July 2014.

21 APPROVAL OF INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the Board on 14 August 2014.