

2016

Quarterly Report



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



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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

Mr. Ngan Iek (*Chairman*) (redesignated as executive Director on 2 March 2016)

Datuk Siew Pek Tho

Mr. Chen Changzheng

Mr. Wong Ip (resigned on 2 March 2016)

Non-executive Directors

Ms. Ngan Iek Peng

Ms. Feng Xiaoying

Mr. Liu Tianlin

Independent non-executive Directors

Mr. Thng Bock Cheng John

Mr. Chan So Kuen

Mr. Lai Yang Chau, Eugene

Mr. Lu Nim Joel

Company Secretary

Mr. Lau Tak Shing, HKICPA

Compliance Officer

Datuk Siew Pek Tho

Audit Committee

Mr. Chan So Kuen (*Chairman*)

Mr. Thng Bock Cheng John

Mr. Lai Yang Chau, Eugene

Remuneration Committee

Mr. Lai Yang Chau, Eugene (*Chairman*)

Mr. Ngan Iek

Datuk Siew Pek Tho

Mr. Chan So Kuen

Mr. Thng Bock Cheng John

Nomination and Corporate Governance Committee

Mr. Ngan Iek (*Chairman*)

Datuk Siew Pek Tho

Mr. Chan So Kuen

Mr. Lai Yang Chau, Eugene

Mr. Thng Bock Cheng John

Registered Office

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands



Head Office and Principal Place of Business in Hong Kong

Room 3503, 35/F
West Tower of
Shun Tak Centre
No. 168-200 Connaught Road Central
Sheung Wan, 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 Branch Share Registrar and Transfer Office

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

Principal Banker

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

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 three months ended 31 March 2016 (the “Review Period”), the Company and the subsidiaries (the “Group”) continued to stay focus on the operation of Link Hotel in Singapore and devise the master plan of the development of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the “Prospectus”).

Financial highlights

For the Review Period, the Group recorded a revenue of HK\$12,709,260 (three months ended 31 March 2015: HK\$9,745,083), accounting for an increase of approximately 30.4%. The net loss decreased from HK\$2,546,665 of the corresponding period in 2015 to HK\$1,743,644. The renovation of Link Hotel started from the first quarter in 2015 and has completed during the Review Period. Thus, the total available room nights and room nights sold increase during the Review Period, which led to an increase in gross profit of the Group. Although the Group was still in a loss position for the Review Period after deducting the administrative expenses and finance cost, the Board believes that the position will be turnaround with the full operation of Link Hotel in the coming quarters.

Loss attributable to shareholders was HK\$1,728,492 (three months ended 31 March 2015: loss of HK\$2,717,454). Basic losses per share was HK0.05 cents (three months ended 31 March 2015: basic losses of HK0.10 cents). The Board does not recommend the payment of any quarterly dividend for the Review Period (three months ended 31 March 2015: Nil).

Business review

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. There is no material change in 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\$10,783,618 (three months ended 31 March 2015: HK\$7,058,606) accounting for approximately 85% (three months ended 31 March 2015: approximately 72%) 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:

	Three months ended	
	31 March	
	2016	2015
Total available room nights	24,752	12,642
Occupancy rate	66%	69%
Average room rate (HK\$)	600	734
RevPAR (HK\$)	396	501

For the Review Period, food and beverage revenue was HK\$195,616 (three months ended 31 March 2015: HK\$744,985), representing approximately 2% (three months ended 31 March 2015: approximately 8%) 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\$1,481,596 (three months ended 31 March 2015: HK\$933,660) representing approximately 12% (three months ended 31 March 2015: approximately 10%) of the total revenue.



Bintan Assets

The Company has completed the acquisition of Bintan Assets in Indonesia during the year ended 31 December 2014 and classified the Bintan Assets as investment properties and rented it to a connected person since then. The tenancy agreement was expired on 31 December 2015 and had not been renewed.

For the period ended 31 March 2015, rental income from investment properties amounted to HK\$853,395, accounting for approximately 9% of the Group's total revenue (three months ended 31 March 2016: N/A). The development plan of the Bintan Assets is still under discussion.

Outlook

In view of the uncertain economic prospects for 2016, the Group adopts an optimistic attitude to cope with challenges and capture opportunities in a positive way, and is confident in its future growth. The Group is always seeking favourable opportunities and considers that the acquisition of 42.3% of the equity interest of a company located in Guangxi Province, which was approved in the extraordinary general meeting on 13 April 2016, in China will diversify the business of the Group into tourist sightseeing park and hotel operations in China, and will broaden the Group's income streams.

We will expedite the planning process of the master development plan of the Bintan Assets in Indonesia and carry out the construction of first stage of first phase of the Bintan Development Plan (as defined in the Prospectus), in order to achieve rapid appreciation of Bintan Assets and the business development of a resort hotel. By taking our advantage as a professional hotel as well as integrating the hotel and tourism industry chain, the Group will further improve the overall return of its assets and its enterprise value, with an aim to be a leader of vacation and resort industry in Southeast Asia with international competitiveness.



OTHER INFORMATION

Audit Committee

The Group has an audit committee (“Audit Committee”) which was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. 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 have not been audited by the auditors of the Company, but 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”), except for the professional fees for acting as the compliance adviser and the financial adviser pursuant to the separate agreements entered into between Guotai Junan and the Company, none of Guotai Junan, or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company as at 31 March 2016 pursuant to Rule 6A.32 of the GEM Listing Rules.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 March 2016, 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, is as follows:

Long positions in shares of the Company

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

Note: These shares are registered in the name of Vertic Holdings Limited ("Vertic"), a company beneficially owned as to 50% by Mr. Ngan 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.

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.

Save as those disclosed above, as at 31 March 2016, 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.

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

As at 31 March 2016, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Vertic	Beneficial owner	1,900,000,000 (Note 1)	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 (Note 2)	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 (Note 3)	19.77%
Minsheng (Shanghai) Assets Management Company Limited# (民生(上海)資產管理有限公司) ("Minsheng Shanghai")	Interest of controlled corporation	690,000,000 (Note 3)	19.77%
China Minsheng Investment Corporation Limited# (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 (Note 3)	19.77%

Notes:

1. Vertic is a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.
3. Such Shares are held by CMI Hong Kong, which is wholly-owned by Minsheng Shanghai, which is in turn wholly-owned by China Minsheng Investment. Both Minsheng Shanghai and China Minsheng Investment are deemed to be interested in all the Shares held by CMI Hong Kong by virtue of the SFO.

Long position in and 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
CMI Hong Kong	Beneficial owner	HK\$25,278,000	76,600,000	2.19%
Minsheng Shanghai	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%

Note: Such underlying shares are held by CMI Hong Kong, which is wholly-owned by Minsheng Shanghai, which is in turn wholly-owned by China Minsheng Investment. Both Minsheng Shanghai and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong by virtue of the SFO.



Save as disclosed above, as at 31 March 2016, 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

Save as disclosed above, as at 31 March 2016, so far as the Directors are aware, no person or company (not being a director or chief executive of the Company) had any interests and/or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO.

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

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



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 Executive Director

Hong Kong, 13 May 2016

- # 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.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended 31 March 2016

		(Unaudited) For three months ended 31 March	
	Notes	2016 HK\$	2015 HK\$
Revenue	3	12,709,260	9,745,083
Cost of sales		(4,480,168)	(3,059,615)
Gross profit		8,229,092	6,685,468
Other income		949,486	290,291
Selling expenses		(389,847)	(459,826)
Administrative expenses		(7,582,166)	(7,733,458)
Finance costs		(2,543,015)	(1,476,407)
Fair value gain on derivative financial instruments		25,045	215,920
Loss before income tax expense	4	(1,311,405)	(2,478,012)
Income tax expense	5	(432,239)	(68,653)
Loss for the period		(1,743,644)	(2,546,665)
Other comprehensive income (loss) that may be classified subsequently to profit or loss:			
Exchange difference on translating foreign operations		10,168,538	(2,899,896)
Total comprehensive income (loss) for the period		8,424,894	(5,446,561)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

For the three months ended 31 March 2016

		(Unaudited)	
		For three months ended	
		31 March	
	Notes	2016	2015
		HK\$	HK\$
(Loss) profit for the period attributable to:			
Owners of the Company		(1,728,492)	(2,717,454)
Non-controlling interests		(15,152)	170,789
		(1,743,644)	(2,546,665)
Total comprehensive income (loss) attributable to:			
Owners of the Company		8,190,491	(5,461,450)
Non-controlling interests		234,403	14,889
		8,424,894	(5,446,561)
Basic and diluted losses per share (HK cents)	7	(0.05)	(0.10)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Attributable to equity holders of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Other reserve	Translation reserves	Retained earnings	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
			(note 3)					
Balance at 1 January 2015	2,800,000	107,645,695	15	(14,110,972)	52,888,425	149,223,163	4,655,739	153,878,902
Loss (profit) for the period	-	-	-	-	(2,717,454)	(2,717,454)	170,789	(2,546,665)
Other comprehensive loss								
– Exchange differences arising on translation of foreign operation	-	-	-	(2,743,996)	-	(2,743,996)	(155,900)	(2,899,896)
Total comprehensive (loss) income for the period	-	-	-	(2,743,996)	(2,717,454)	(5,461,450)	14,889	(5,446,561)
Balance at 31 March 2015 (unaudited)	2,800,000	107,645,695	15	(16,854,968)	50,170,971	143,761,713	4,670,628	148,432,341

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

For the three months ended 31 March 2016

	Attributable to equity holders of the Company									
	Share capital	Share premium	Hotel properties revaluation reserve	Other reserve	Translation reserves	Convertible bonds reserve	Retained earnings	Total	Non-controlling interest	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		(note 1)	(note 2)	(note 3)	(note 4)	(note 5)				
Balance at 1 January 2016	3,490,000	333,122,249	63,759,124	15	(25,714,718)	10,698,249	50,909,357	436,264,276	8,270,769	444,535,045
Loss for the period	-	-	-	-	-	-	(1,728,492)	(1,728,492)	(15,152)	(1,743,644)
Other comprehensive income										
– Exchange differences arising on translation of foreign operation	-	-	-	-	9,918,983	-	-	9,918,983	249,555	10,168,538
Total comprehensive income (loss) for the period	-	-	-	-	9,918,983	-	(1,728,492)	8,190,491	234,403	8,424,894
Balance at 31 March 2016 (unaudited)	3,490,000	333,122,249	63,759,124	15	(15,795,735)	10,698,249	49,180,865	444,454,767	8,505,172	452,959,539

Note:

- The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- Hotel properties revaluation reserve represents the gains arising on the revaluation of the Group's leasehold land and buildings (other than investment property). The balance on this reserve is wholly undistributable.
- The other reserve of the Group represents the difference between the nominal value of the shares issued by the Company and the aggregate nominal value of the issued share capital of subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014.
- 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.
- Amount of proceeds from the issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).



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, 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.

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 Chapter 18 of the GEM Listing Rules.

The accounting policies applied are consistent with those of the annual report for the year ended 31 December 2015.

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 2016. 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.

3 REVENUE

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

	(Unaudited)	
	For three months ended	
	31 March	
	2016	2015
	HK\$	HK\$
Hotel room	10,783,618	7,058,606
Food and beverage	195,616	744,985
Rental income from hotel properties	1,481,596	933,660
Rental income from investment properties	–	853,395
Others (<i>note 1</i>)	248,430	154,437
	12,709,260	9,745,083

Note 1: The amount mainly represents laundry and carpark services.

4 LOSS BEFORE INCOME TAX EXPENSE

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

	(Unaudited)	
	For three months ended	
	31 March	
	2016	2015
	HK\$	HK\$
Staff costs		
– Wages and salaries	3,284,742	3,608,059
– Short-term non-monetary benefits	219,104	216,319
– Contributions to defined contribution plans	386,294	429,324
Depreciation of property, plant and equipment	2,074,402	934,769
Fair value gain on derivative financial instruments	25,045	215,920
Amortisation of prepaid lease payments	352,988	362,317

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 three months ended	
	31 March	
	2016	2015
	HK\$	HK\$
Current – Singapore Corporate Income Tax		
– Tax for the period	432,239	68,653

6 DIVIDEND

The Directors do not recommend payment of quarterly dividend for the three months ended 31 March 2016 (2015: nil).

7 LOSSES PER SHARE

The calculation of the basic losses per share attributable to equity holders of the Company for the three months ended 31 March 2015 and 2016 is based on the following data:

	(Unaudited)	
	For three months ended	
	31 March	
	2016	2015
	HK\$	HK\$
Loss attributable to equity holders of the Company	(1,728,492)	(2,717,454)

	For three months ended	
	31 March	
	2016	2015
	Shares	Shares
Number of ordinary shares for the purpose of basic losses per share	3,490,000,000	2,800,000,000

Diluted losses per share for the Review Period are the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share presented for the three months ended 31 March 2016 (three months ended 31 March 2015: diluted losses per share are the same as basic losses per share as there are no potential dilutive shares).

8 APPROVAL OF FINANCIAL INFORMATION

These financial information was approved and authorised for issue by the Board on 13 May 2016.