



Link Holdings Limited 華星控股有限公司*

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



2019
First Quarterly
Report



* For identification purposes only

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Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Ngan Iek Peng
Mr. Luo Guorong
(appointed on 8 January 2019)
Ms. Zhang Shuo
(appointed on 8 January 2019)

Independent non-executive Directors

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

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
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BUSINESS IN HONG
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**PRINCIPAL SHARE
REGISTRAR AND
TRANSFER OFFICE IN
THE CAYMAN ISLANDS**

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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 2019 (the “Review Period”), the Company and the subsidiaries (collectively, 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 approximately HK\$18.4 million (three months ended 31 March 2018: approximately HK\$21.3 million), accounting for a decrease of approximately 13.6%. It is mainly derived from the decrease in income from distressed debt assets. The performance of the Group has decreased approximately by 83% from net profit of HK\$10.3 million in corresponding period in 2018 to a net profit of approximately HK\$1.8 million for the Review Period. It is mainly attributable to the decrease in share of profits of an associate during the Review Period as the associate had not recognising a contracted income which needs more information to be verified. However, to the best of the Directors’ knowledge and concluding from further communications with the associate, the Directors considered that it is a temporarily effect and the results of the associate will be recovered in second half of 2019.

Profit attributable to shareholders was approximately HK\$1.8 million during the Review Period (three months ended 31 March 2018: approximately HK\$10.3 million). Basic earnings per share was HK\$0.052 cents during the Review Period (three months ended 31 March 2018: HK\$0.297 cents). The board of Directors (“the Board”) does not recommend the payment of any quarterly dividend for the Review Period (three months ended 31 March 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007 and the distressed debt assets management business in 2017. There is no material change in business during the Review Period. The operation of Link Hotel has been and is expected to continue as its principal business.

HOTEL OPERATION

For the Review Period, room revenue amounted to approximately HK\$9.0 million (three months ended 31 March 2018: approximately HK\$11.2 million) accounting for approximately 48.9% (three months ended 31 March 2018: approximately 52.6%) 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	
	2019	2018
Total available room nights	24,660	24,660
Occupancy rate	61%	69%
Average room rate (HK\$)	547.2	600.6
RevPAR (HK\$)	331.8	411.3

MANAGEMENT DISCUSSION AND ANALYSIS

For the Review Period, food and beverage revenue was approximately HK\$1.2 million (three months ended 31 March 2018: approximately HK\$0.2 million), representing approximately 6.6% (three months ended 31 March 2018: approximately 0.9%) of the total revenue. Food and beverage revenue represents the sale of food and beverages in 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 approximately HK\$1.5 million (three months ended 31 March 2018: approximately HK\$1.6 million) representing approximately 8.2% (three months ended 31 March 2018: approximately 7.5%) of the total revenue.

BINTAN ASSETS

The construction for the first stage of the first phase of the Bintan Development Plan was signed in September 2016 (detailed as disclosed in the Company's announcement dated 29 September 2016). With the finalising of the improvement changes during 2018, the construction is expected to complete in second half of 2019.

DISTRESSED DEBT ASSETS MANAGEMENT BUSINESS

In 2017, 廣西恒和智達資產管理有限公司 (Guangxi Heng He Zhi Da Asset Management Limited# ("the Assignee")), a wholly-owned subsidiary of the Company, entered into a debt assignment agreement with 珠海市康明德企業管理服務有限公司 (Zhuhai Shi Kang Ming De Corporate Management Services Limited# ("the Assignor")), an associate of the Group, pursuant to which the Assignor conditionally agreed to assign, and the Assignee conditionally agreed to accept, the distressed debt assets and the enforcement right of the collateral in connection with the non-performing debts, at the cash consideration of RMB108.9 million (equivalent to approximately HK\$125.6 million). The assignment was completed on 29 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, the income from distressed debt assets was HK\$6.3 million (three months ended 31 March 2018: HK\$8.1 million), accounting for approximately 34.2% of the total revenue.

OUTLOOK

The Group adopts an optimistic attitude and is confident in its future growth on its existing business and newly acquired business. Apart from attracting new valuable guests to Link Hotel in Singapore, the Group will continue to focus on the development of the Bintan Land to contribute income to the Group and increase return of the assets and enterprise value, with an aim to be a leader of vacation and resort industry in Asia with international competitiveness. To broaden the Group's income stream, the Group will take the opportunity of "One Belt, One Road" and continuously seek potential acquisition opportunities in the People's Republic of China ("PRC").

Apart from the existing investment in an associate and the distressed debt assets, the Group will continue to explore potential projects for expanding its business horizon to the Greater China region and other Asian countries in order to capture the rapid economic growth from the recent growth in the tourism industry in the PRC and other area in Asia.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee (the "Audit Committee") of the Company was established for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls system of the Company, nominate and monitor external auditors and provide relevant advice and comments to the Directors. 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 INTEREST

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. As at 31 March 2019, no options had been granted under the share option scheme.

CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders.

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' INTERESTS AND UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, 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

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

OTHER INFORMATION

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 2019, 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 2019, 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%
China Minsheng Asia Assets Management Company Limited (Formerly known as Minsheng (Shanghai) Assets Management Company Limited*) 中民投亞洲資產管理有限公司 (前稱(民生(上海)資產管理 有限公司) ("CMI Asia")	Interest in 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 in controlled corporation	690,000,000 (Note 3)	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial owner	310,000,000 (Note 4)	8.88%

Notes:

- 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.
- 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.

OTHER INFORMATION

- Such Shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the Shares held by CMI Hong Kong under Part XV of the SFO.
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- Pursuant to the disclosure of interest form filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

Long position in 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%
CMI Asia	Interest in controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment	Interest in 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 CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong by virtue of the SFO.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS

Save as disclosed above, as at 31 March 2019, so far as the Directors are aware, no person or company (other than 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

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

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, 15 May 2019

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 2019

		(Unaudited)	
		For three months ended	
		31 March	
		2019	2018
	Notes	HK\$	HK\$
Revenue	3	18,399,566	21,337,328
Cost of sales		(4,004,665)	(4,264,320)
Gross profit		14,394,901	17,073,008
Other income		18,061	1,160,998
Selling expenses		(365,146)	(500,475)
Administrative expenses		(8,582,818)	(9,229,852)
Finance costs		(2,440,265)	(1,836,138)
Share of results from an associate		(762,358)	3,697,112
Profit before income tax			
expense	4	2,262,375	10,364,653
Income tax expense	5	(497,991)	–
Profit for the period		1,764,384	10,364,653
Other comprehensive income that may be classified subsequently to profit or loss:			
Exchange difference on translating foreign operations		7,306,273	3,817,313
Total comprehensive income for the period		9,070,657	14,181,966

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		(Unaudited)	
		For three months ended	
		31 March	
		2019	2018
Notes		HK\$	HK\$
	Profit (loss) for the period attributable to:		
	Owners of the Company	1,800,855	10,362,616
	Non-controlling interests	<u>(36,471)</u>	<u>2,037</u>
		<u>1,764,384</u>	<u>10,364,653</u>
	Total comprehensive income (loss) attributable to:		
	Owners of the Company	9,010,309	14,233,645
	Non-controlling interests	<u>60,348</u>	<u>(51,679)</u>
		<u>9,070,657</u>	<u>14,181,966</u>
	Basic earnings per share (HK cents)	<u>0.052</u>	<u>0.297</u>
	Diluted earnings per share (HK cents)	<u>0.051</u>	<u>0.291</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to equity holders of the Company										Total equity HK\$
	Share capital HK\$	Share premium HK\$ (note 1)	Hotel properties revaluation reserve HK\$ (note 2)	Other reserve HK\$ (note 3)	Translation reserves HK\$ (note 4)	Convertible bonds reserve HK\$ (note 5)	Hedging reserve HK\$ (note 6)	Retained earnings HK\$	Total HK\$	Non-controlling interests HK\$	
Balance at 1 January 2018	3,490,000	333,122,249	66,671,156	2,014,251	(17,343,534)	10,698,249	-	71,872,025	470,524,396	5,646,750	476,171,146
Profit for the period	-	-	-	-	-	-	-	10,362,616	10,362,616	2,037	10,364,653
Other comprehensive income (loss) – Exchange difference on translating foreign operations	-	-	-	-	3,871,029	-	-	-	3,871,029	(53,716)	3,817,313
Total comprehensive income (loss) for the period	-	-	-	-	3,871,029	-	-	10,362,616	14,233,645	(51,679)	14,181,966
Balance at 31 March 2018 (unaudited)	3,490,000	333,122,249	66,671,156	2,014,251	(13,472,505)	10,698,249	-	82,234,641	484,758,041	5,595,071	490,353,112
Balance at 1 January 2019	3,490,000	333,122,249	67,976,874	2,014,251	(37,790,383)	10,698,249	(3,968,118)	68,618,243	444,161,365	5,511,263	449,672,628
Profit/(loss) for the period	-	-	-	-	-	-	-	1,800,855	1,800,855	(36,471)	1,764,384
Other comprehensive income – Exchange difference on translating foreign operations	-	-	-	-	7,209,454	-	-	-	7,209,454	96,819	7,306,273
Total comprehensive income for the period	-	-	-	-	7,209,454	-	-	1,800,855	9,010,309	60,348	9,070,657
Balance at 31 March 2019 (unaudited)	3,490,000	333,122,249	67,976,874	2,014,251	(30,580,929)	10,698,249	(3,968,118)	70,419,098	453,171,674	5,571,611	458,743,285

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2019

Note:

1. The share premium account of the Group represents the premium arising from the issuance of shares at premium.
2. The hotel properties revaluation reserve represents the gains arising on the revaluation of hotel buildings of the Group and an associate (other than investment property).
3. 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. The other reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the consideration and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired.
4. 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.
5. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity components (i.e option to convert the debt into share capital).
6. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.

NOTES TO THE FINANCIAL INFORMATION

1 CORPORATE INFORMATION

Link Holdings Limited (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 and its principal place of business in Hong Kong is located at Unit No. 3503, 35/F. of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

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

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 2018.

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 2019. 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.

NOTES TO THE FINANCIAL INFORMATION

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (cont'd)

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 and distressed debt assets is as follows:

	(Unaudited)	
	For three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
Income from distressed debt		
assets classified as receivables	9,380,638	11,109,346
Less: modification loss (<i>note a</i>)	(3,093,633)	(2,993,014)
	6,287,005	8,116,332

NOTES TO THE FINANCIAL INFORMATION

3 REVENUE (cont'd)

	(Unaudited)	
	For three months ended	
	31 March	
	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Hotel room	9,008,753	11,166,645
Food and beverage	1,199,364	160,870
Rental income from hotel properties	1,483,611	1,563,628
Others (<i>Note b</i>)	420,833	329,853
	18,399,566	21,337,328

Notes:

- a. The amount arising from adjusting the gross amount of distressed debt assets reflects the renegotiated or modified estimated cash flow.
- b. The amount mainly represents laundry and carpark services.

NOTES TO THE FINANCIAL INFORMATION

4 PROFIT BEFORE INCOME TAX EXPENSE

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

	(Unaudited)	
	For three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
Staff costs		
– Wages and salaries	3,852,866	3,503,841
– Short-term non-monetary benefits	378,233	257,666
– Contributions to defined contribution plans	501,128	447,713
Depreciation of property, plant and equipment	2,683,145	2,827,280
Amortisation of prepaid lease payments	396,347	406,566
Singapore property taxes	879,456	630,252

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 Review Period. Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17%.

The subsidiaries in Indonesia are subject to 25% on their assessable profit as determined in accordance with the relevant Indonesia income tax rules and regulations.

NOTES TO THE FINANCIAL INFORMATION

5 INCOME TAX EXPENSE (cont'd)

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 Review Period are as follows:

	(Unaudited)	
	For three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
Current – Singapore Corporate Income Tax		
– Tax for the Review Period	497,991	–

6 DIVIDEND

The Directors do not recommend payment of quarterly dividend for the three months ended 31 March 2019 (2018: nil).

NOTES TO THE FINANCIAL INFORMATION

7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company for the three months ended 31 March 2019 and 2018 is based on the following data:

	(Unaudited)	
	For three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
Earnings for the purpose of basic earnings per share	1,800,855	10,362,616
Interest expense on convertible bonds	—	—
Earnings for the purpose of diluted earnings per share	1,800,855	10,362,616

NOTES TO THE FINANCIAL INFORMATION

7 EARNINGS PER SHARE (cont'd)

	For three months ended	
	31 March	
	2019	2018
	Shares	Shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,490,000,000	3,490,000,000
Effect of dilutive potential ordinary shares on convertible bonds	76,600,000	76,600,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,566,600,000	3,566,600,000

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the three months ended 31 March 2019 (2018: 3,490,000,000 ordinary shares).

For the three months ended 31 March 2019 and 2018, diluted earnings per share assumed the conversion of the Company's outstanding convertible bonds since its conversion would result in a decrease in earnings per share.

8 APPROVAL OF FINANCIAL INFORMATION

These financial information was approved and authorised for issue by the Board on 15 May 2019.