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## **Link Holdings Limited**

**華星控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8237)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**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.**

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.*

\* For identification purposes only

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2022 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2021 as set out below.

This announcement, containing the full text of the third quarterly report of the Company for the nine months ended 30 September 2022, complies with the relevant requirements of the GEM Listing Rules in relation to the information to accompany the preliminary announcement of quarterly results for the Review Period. This quarterly results announcement has been reviewed by the audit committee of the Company.

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

Hong Kong, 14 November 2022

*As at the date of this announcement, the executive Directors are Mr. Ngan Iek and Datuk Siew Pek Tho; and the independent non-executive Directors are Mr. Thng Bock Cheng John, Mr. Chan So Kuen, and Mr. Simon Luk.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM Website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.irasia.com/listco/hk/linkholdings](http://www.irasia.com/listco/hk/linkholdings).*

# 2022 Third Quarterly Report



## Link Holdings Limited 華星控股有限公司\*

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

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## Corporate Information

### DIRECTORS

#### Executive Directors

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

#### Non-executive Director

Mr. Zhao Guoming (resigned on 10 November 2022)

#### Independent non-executive Directors

Mr. Thng Bock Cheng John  
Mr. Chan So Kuen  
Mr. Simon Luk

### COMPANY SECRETARY

Mr. Tong Hing Wah, HKICPA

### COMPLIANCE OFFICER

Datuk Siew Pek Tho

### AUDIT COMMITTEE

Mr. Chan So Kuen (*Chairman*)  
Mr. Thng Bock Cheng John  
Mr. Simon Luk

### REMUNERATION COMMITTEE

Mr. Simon Luk (*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. Simon Luk  
Mr. Thng Bock Cheng John

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
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Cayman Islands

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Sheung Wan, Hong Kong

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

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Cayman Islands

**HONG KONG BRANCH  
SHARE REGISTRAR AND  
TRANSFER OFFICE**

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16 Harcourt Road  
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**PRINCIPAL BANKER**

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43-03 DBS Asia Central  
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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.irasia.com/listco/hk/linkholdings](http://www.irasia.com/listco/hk/linkholdings)

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## Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2022 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2021 as set out below. This quarterly report has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

For the Review Period, the Group’s operating results were as follows:

- revenue of the Group from hotel operation amounted to approximately HK\$19.9 million (2021: approximately HK\$33.8 million), representing a decrease of approximately 40.9% as compared to the corresponding period in 2021.
- loss attributable to owners of the Company amounted to approximately HK\$31.6 million (2021: loss of approximately HK\$28.3 million).
- basic losses per share was approximately HK cents 0.907 (2021: basic losses per share of approximately HK cents 0.810).

# Condensed Consolidated Statements of Comprehensive Income

For the three months and nine months ended 30 September 2022

	Notes	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
		2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$
<b>Revenue</b>	3	<b>19,944,224</b>	33,751,678	<b>10,662,831</b>	11,383,431
Cost of sales		<b>(11,216,155)</b>	(16,683,330)	<b>(4,275,113)</b>	(5,334,085)
<b>Gross profit</b>		<b>8,728,069</b>	17,068,348	<b>6,387,718</b>	6,049,346
Loss from distressed debt assets at amortised cost		<b>(544,202)</b>	(4,647,298)	<b>(127,932)</b>	(759,527)
Other income, other gains and losses		<b>2,106,095</b>	4,397,865	<b>541,433</b>	1,633,376
Selling expenses		<b>(412,712)</b>	(837,109)	<b>(154,660)</b>	(256,383)
Administrative expenses		<b>(24,910,124)</b>	(25,758,506)	<b>(7,857,483)</b>	(8,482,836)
Finance costs		<b>(16,671,633)</b>	(17,454,632)	<b>(5,602,333)</b>	(5,599,401)
<b>Loss before income tax</b>	4	<b>(31,704,507)</b>	(27,231,332)	<b>(6,813,257)</b>	(7,415,425)
Income tax expense	5	<b>-</b>	(1,134,022)	<b>-</b>	(403,427)
<b>Loss for the period</b>		<b>(31,704,507)</b>	(28,365,354)	<b>(6,813,257)</b>	(7,818,852)
<b>Other comprehensive income that will not be reclassified to profit or loss:</b>					
Gain on revaluation of properties		-	1,639,699	-	541,981
Tax expense related to gain on revaluation of properties		-	(278,749)	-	(92,137)
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>					
Exchange difference on translating foreign operations		<b>(22,607,712)</b>	(9,953,005)	<b>(7,004,084)</b>	5,800,206
Gain on cash flow hedges		<b>4,683,111</b>	138,912	<b>2,781,380</b>	691,892
<b>Other comprehensive income for the period, net of tax</b>		<b>(17,924,601)</b>	(8,453,143)	<b>(4,222,704)</b>	6,941,942
<b>Total comprehensive income for the period</b>		<b>(49,629,108)</b>	(36,818,497)	<b>(11,035,961)</b>	(876,910)

# Condensed Consolidated Statements of Comprehensive Income

For the three months and nine months ended 30 September 2022

	(Unaudited)		(Unaudited)	
	For nine months ended		For three months ended	
	2022	2021	2022	2021
Notes	HK\$	HK\$	HK\$	HK\$
<b>Loss for the period attributable to:</b>				
Owners of the Company	(31,646,004)	(28,285,122)	(6,791,399)	(7,785,409)
Non-controlling interest	(58,503)	(80,232)	(21,858)	(33,443)
	<b>(31,704,507)</b>	<b>(28,365,354)</b>	<b>(6,813,257)</b>	<b>(7,818,852)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(49,410,558)	(36,612,497)	(10,958,429)	(940,308)
Non-controlling interest	(218,550)	(206,000)	(77,532)	63,398
	<b>(49,629,108)</b>	<b>(36,818,497)</b>	<b>(11,035,961)</b>	<b>(876,910)</b>
<b>Losses per share</b>				
Basic (HK cents per share)	<b>(0.907)</b>	(0.810)	<b>(0.195)</b>	(0.223)
Diluted (HK cents per share)	<b>(0.907)</b>	(0.810)	<b>(0.195)</b>	(0.223)

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# Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2022

	Attributable to owners of the Company										
	Share capital	Share premium	Hotel properties		Convertible bonds			Hedging reserve	Retained earnings	Non-controlling interests	Total equity
			revaluation reserve	Other reserve	Translation reserve	reserve	reserve				
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
	(note a)	(note b)	(note c)	(note d)	(note e)	(note f)					
At 1 January 2021	3,490,000	333,122,249	49,688,766	2,014,251	(26,176,550)	25,040,738	(4,203,822)	(45,814,823)	337,160,809	5,475,041	342,635,850
Loss for the period	-	-	-	-	-	-	-	(28,285,122)	(28,285,122)	(80,232)	(28,365,354)
Other comprehensive income											
- Gain on revaluation of properties	-	-	1,639,699	-	-	-	-	-	1,639,699	-	1,639,699
- Tax expense related to gain on revaluation of properties	-	-	(278,749)	-	-	-	-	-	(278,749)	-	(278,749)
- Exchange differences arising on translation of foreign operations	-	-	-	-	(9,879,826)	-	52,589	-	(9,827,237)	(125,768)	(9,953,005)
- Gain on cash flow hedges	-	-	-	-	-	-	138,912	-	138,912	-	138,912
Total comprehensive income for the period	-	-	1,360,950	-	(9,879,826)	-	191,501	(28,285,122)	(36,612,497)	(206,000)	(36,818,497)
At 30 September 2021 (Unaudited)	3,490,000	333,122,249	51,049,716	2,014,251	(36,056,376)	25,040,738	(4,012,321)	(74,099,945)	300,548,312	5,269,041	305,817,353

# Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2022

	Attributable to owners of the Company										
	Share capital	Share premium	Hotel properties revaluation reserve	Other reserve	Translation reserve	Convertible bonds reserve	Hedging reserve	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		(note a)	(note b)	(note c)	(note d)	(note e)	(note f)				
At 1 January 2022	3,490,000	333,122,249	50,692,756	2,014,251	(34,987,527)	25,040,738	(2,450,102)	(158,881,126)	218,041,239	2,660,283	220,701,522
Loss for the period	-	-	-	-	-	-	-	(31,646,004)	(31,646,004)	(58,503)	(31,704,507)
Other comprehensive income											
- Exchange differences arising on translation of foreign operations	-	-	-	-	(22,291,641)	-	(156,024)	-	(22,447,665)	(160,047)	(22,607,712)
- Gain on cash flow hedges	-	-	-	-	-	-	4,683,111	-	4,683,111	-	4,683,111
Total comprehensive income for the period	-	-	-	-	(22,291,641)	-	4,527,087	(31,646,004)	(49,410,558)	(218,550)	(49,629,108)
At 30 September 2022											
(Unaudited)	3,490,000	333,122,249	50,692,756	2,014,251	(57,279,168)	25,040,738	2,076,985	(190,527,130)	168,630,681	2,441,733	171,072,414

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# Condensed Consolidated Statements of Changes in Equity

For the nine months ended 30 September 2022

*Notes:*

- a. The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- b. The hotel properties revaluation reserve represents the gains arising from the revaluation of hotel buildings of the Group and the associate (other than investment property).
- c. 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 the 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.
- d. The 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.
- e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).
- f. 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.

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# 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, Cap 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 principal activity of the Company is investment holding and its subsidiaries are principally engaged in hotel ownership, operation of hotel services, distressed debt assets management business and property investment.

## 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 the GEM Listing Rules.

The basis of preparation and the accounting policies applied are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2021 included in the Company's 2021 annual report, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022.

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 2022.

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.

## Notes to the Financial Information

### 3 REVENUE AND LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

- (a) An analysis of the Group's revenue representing the aggregate amount of income from hotel operations and distressed debt assets is as follows:

	(Unaudited)		(Unaudited)	
	For nine months ended		For three months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$
<i>Hotel operations:</i>				
Hotel room	13,354,081	26,391,153	8,414,561	8,906,724
Food and beverage	1,988,567	6,709,885	656,760	2,277,689
Rental income from hotel properties	3,716,393	–	1,327,527	–
Others (Note 1)	885,183	650,640	263,983	199,018
	<b>19,944,224</b>	33,751,678	<b>10,662,831</b>	11,383,431
Income from distressed debt assets classified as receivables	–	–	–	–
Less: modification loss (Note 2)	(544,202)	(4,647,298)	(127,932)	(759,527)
	<b>(544,202)</b>	(4,647,298)	<b>(127,932)</b>	(759,527)

*Notes:*

- The amount mainly represents laundry and car park services.
- The amount arises from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow.

## Notes to the Financial Information

(b) Disaggregation of revenue:

For the nine months ended 30 September (Unaudited)

	Hotel business	
	2022	2021
	HK\$	HK\$
<b>Primary geographical markets</b>		
Singapore	17,611,348	30,542,592
Japan	2,332,876	3,209,086
Total	19,944,224	33,751,678

## 4 LOSS BEFORE INCOME TAX

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

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$
Staff costs (Note)	9,264,846	14,814,569	2,738,349	4,390,423
Depreciation of property, plant and equipment	9,139,498	9,867,526	2,923,763	3,239,073
Depreciation of right-of-use assets	1,799,726	2,182,151	667,244	676,620
Singapore property tax expense	2,197,424	2,690,162	533,289	889,180

Note: Staff costs include wages and salaries, short-term non-monetary benefits, and contributions to defined contribution plans.

## 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 nine months ended 30 September 2022 (2021: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the nine months ended 30 September 2022 (2021: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits for the nine months ended 30 September 2022 as determined in accordance with the relevant Indonesia income tax rules and regulations (2021: 25%).

Taxes on profits assessable elsewhere have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

The major components of the income tax expense for the periods are as follows:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For nine months ended</b>		<b>For three months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Current tax expense				
– Singapore Corporate Income Tax	-	(1,134,022)	-	(403,427)

# Notes to the Financial Information

## 6 LOSSES PER SHARE

The calculation of the basic and diluted losses per share attributable to owners of the Company is based on the following data:

	(Unaudited) For nine months ended 30 September		(Unaudited) For three months ended 30 September	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$

### Losses

Losses for the purpose of				
basic losses per share	<b>(31,646,004)</b>	(28,285,122)	<b>(6,791,399)</b>	(7,785,409)
Interest expenses on convertible				
bonds	<b>1,872,113</b>	1,573,708	<b>692,353</b>	581,995
Losses for the purpose of				
diluted losses per share	<b>(29,773,891)</b>	(26,711,414)	<b>(6,099,046)</b>	(7,203,414)

	For nine months ended 30 September		For three months ended 30 September	
	2022	2021	2022	2021
	Shares	Shares	Shares	Shares

### Number of shares:

Weighted average number of				
ordinary shares for the purpose				
of basic losses per share	<b>3,490,000,000</b>	3,490,000,000	<b>3,490,000,000</b>	3,490,000,000
Effect of potential dilutive ordinary				
shares on convertible bonds	<b>N/A</b>	N/A	<b>N/A</b>	N/A

Weighted average number of				
ordinary shares for the purpose				
of diluted losses per share	<b>3,490,000,000</b>	3,490,000,000	<b>3,490,000,000</b>	3,490,000,000

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## Notes to the Financial Information

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the nine months ended 30 September 2022 (2021: 3,490,000,000 ordinary shares).

For the nine months ended 30 September 2022 and 2021, diluted losses per share is 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.

### **7 DIVIDEND**

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: Nil).

### **8 EFFECT OF COVID-19**

The outbreak of COVID-19 had affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments and brought unprecedented challenges and added uncertainties to the economy. COVID-19 affected the financial performance and position of the hotel business including the room rate and occupancy rate of hotels, construction progress of the Bintan resort business, and the fair value of hotel buildings and investment properties. The Directors are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and its continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2022.

As the global COVID-19 situation remains very fluid as at the date these condensed financial statements were authorized for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write-downs in the subsequent financial periods.

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# Management Discussion and Analysis

## BUSINESS REVIEW

The Group commenced its hotel business in Singapore with the opening of Link Hotel in 2007, and commenced its distressed debt assets management business in 2017. The Group also opened a spa hotel, namely Hanatsubaki Spa Hotel in Japan in September 2019.

For the Review Period, the Group continued to stay focused on the operation of its hotel business in Singapore and Japan. Nevertheless, the development of the resort hotel situated in Bintan, Indonesia pursuant to the master plan of the development of the Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the “Prospectus”)) has been suspended since the outbreak of the COVID-19 pandemic in early 2020. Save as disclosed in this quarterly report, there is no material change in the Group’s businesses during the Review Period.

The Group’s principal hotel, namely Link Hotel in Singapore had suspended normal accommodation business in the first quarter of 2022 for sterilization and upgrading of facilities upon the termination of using the hotel as quarantine accommodation by the local government in December 2021, and recorded only a small amount of room revenue from soft opening, but has resumed normal business in April 2022. While the normal business of Link Hotel has been gradually improving since its reopening, the Group also successfully regained the contract with the local government for using part of the hotel as quarantine accommodation since August 2022, after satisfying the local government’s enhanced anti-epidemic standard of hotel facilities.

## FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue from hotel operation of approximately HK\$19.9 million (2021: HK\$33.8 million), representing a decrease of approximately 40.9% as compared to the corresponding period in the last year, which was mainly due to the temporary suspension of normal accommodation business of Link Hotel in Singapore in the first quarter of 2022 and the relatively low hotel room occupancy rate in the second and third quarters of 2022 upon its re-opening in April 2022. Nevertheless, the income from the Group’s Link Hotel in Singapore arising from the regaining of government contract for using the hotel as quarantine accommodation provided certain stable revenue for the Group since August 2022.

For the Review Period, loss attributable to owners of the Company was approximately HK\$31.6 million (2021: loss of approximately HK\$28.3 million). Such loss situation was mainly due to (i) the incurring of operating loss of approximately HK\$11.6 million (2021: operating loss of approximately HK\$0.9 million) for Link Hotel in Singapore as a result of the temporary suspension of normal business and the relatively low hotel room occupancy rate upon re-opening as mentioned above; (ii) the incurring of operating loss of approximately HK\$4.9 million (2021: operating loss of approximately HK\$7.2 million) for the Group’s spa hotel in Japan amid the COVID-19 pandemic; and (iii) the incurring of penalty interest of approximately HK\$7.5 million due to the default on redemption of convertible bonds which matured in November 2020 (2021: approximately HK\$7.5 million).

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# Management Discussion and Analysis

Basic losses per share for the Review Period was approximately HK cents 0.907 (2021: basic losses per share of approximately HK cents 0.810).

## **Hotel operation**

For the Review Period, room revenue amounted to approximately HK\$13.4 million (2021: approximately HK\$26.4 million), accounting for approximately 67.0% (2021: approximately 78.2%) of the Group's total revenue from hotel operation. Room revenue mainly represents revenue generated from hotel accommodation in Link Hotel, which accounted for approximately 89.4% of total room revenue for the Review Period (2021: approximately 93.6%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Review Period also included a minor contribution from the Group's spa hotel in Japan. However, regarding the spa hotel in Japan, in view of the expected difficult operating situation in the near future amid the subsisting and uncertain development of the COVID-19 pandemic, and given the tight financial resources of the Group that it is financially infeasible to support the hotel's operating costs under its non-profitable situation so far, the Company temporarily closed the hotel in May 2022 until there is an optimistic anticipation on its profitability. While the hotel is closed, the Company will also seek potential buyers for the hotel if the offer price is considered acceptable, taking into account the imminence of the cash flow requirements and the interest of the Group as a whole.

Since early 2020, although the normal business of Link Hotel in Singapore was adversely affected by worldwide travel restrictions and lockdown measures due to the COVID-19 pandemic, the hotel has been used as quarantine accommodation for local residents since the second quarter of 2020. As such, the adverse effect was mitigated and the hotel was able to sustain its operation. However, the use of Link Hotel as quarantine accommodation is subject to periodic renewal of the relevant contracts with the Singapore government which no longer renew such contracts and terminated the engagement in December 2021. As such, the hotel has resumed normal business since April 2022. Nevertheless, thanks to the effort of the management, the Group successfully regained the contract with the local government for using part of the hotel as quarantine accommodation since August 2022, after satisfying the local government's enhanced anti-epidemic standard of hotel facilities, and such engagement has recently been extended to June 2023. As such, the Group is able to secure certain stable income during the period of government engagement for part of the hotel; while it can also benefit from the gradual resumption of business upon the substantial relief of travel restrictions worldwide in respect of the part of hotel which opens for normal accommodation of tourists.

# Management Discussion and Analysis

The following table sets out the total available room nights, occupancy rate, average room rate and Revenue per Available Room ("RevPAR") of the Group's principal hotel, i.e. Link Hotel for the periods indicated:

	Nine months ended 30 September	
	2022	2021
Total available room nights	74,802	74,802
Occupancy rate	23%	97%
Average room rate (HK\$)	633.1	308.1
RevPAR (HK\$)	145.1	300.2

For the Review Period, food and beverage ("F&B") revenue was approximately HK\$2.0 million (2021: approximately HK\$6.7 million), representing approximately 10.0% (2021: approximately 19.9%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group's hotels.

The Group leases shop units in its Link Hotel in Singapore and receives rental income from hotel tenants. For the Review Period, rental income from hotel tenants was approximately HK\$3.7 million, representing approximately 18.6% of the total revenue from hotel business (2021: nil).

## Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company's announcement dated 29 September 2016). Since 2020 and up to and the Review Period, due to the tight financial resources and the COVID-19 pandemic, the construction progress was substantially suspended. Based on the assessment of the Group's financial resources available, the Group made certain design changes in order to accommodate for a reduced budget of the overall construction cost. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic has affected the supply chains of various sectors worldwide, including the supply of construction materials. At the same time, as the tourism industry worldwide shall take time to recover and normalise, aiming at providing a newly furnished resort for tourists' enjoyment shortly after the COVID-19 pandemic, the Company expected that, on the basis of having adequate funding, the completion of the construction of the resort project shall be further postponed to late 2023.

## Distressed debt assets management business

During the Review Period, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK\$0.5 million (2021: loss of approximately HK\$4.6 million). Due to the outbreak of the COVID-19 pandemic and the consequent economic downturn and decrease in investment sentiments in the PRC, the execution plan on recovering the distressed debts was adversely affected during the Review Period.

## **Measures to address the going concern issue**

During the Review Period and up to the date of this quarterly report, in order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the audit qualification on going concern (as disclosed in the independent auditor's report for the year ended 31 December 2021) in the financial year ending 31 December 2022, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

- (1) the Group cooperated with the review by its principal lending bank (the "Lending Bank") on its loans, and passed the annual credit assessment conducted by the Lending Bank in March 2022, and the next credit assessment will be conducted before the refinancing of the existing master facility which will expire in January 2023. However, the Group was given to understand from the Lending Bank that, due to the Group's failure to make certain partial repayment of loan as requested by the bank, it may not be able to refinance the existing facilities upon its expiry. As such, the Group has been taking effort to seek for other financing alternatives in order to repay the outstanding loans due to the Lending Bank in due course;
- (2) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Further details will be discussed with the contractor upon completion of the on-site assessment of the bills of quantities of the construction works by the overseas construction team of the contractor after the relief of travel restrictions under the COVID-19 pandemic, which is currently expected to be in the first half of 2023;
- (3) the Group will seek potential purchasers regarding the disposal of its spa hotel in Japan and realisation of its distressed debt assets, in order to generate working capital and strengthen the Group's liquidity position;
- (4) the Company will continue its negotiation with the convertible bond holder for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020; and
- (5) the Company will seek external debt financing in order to avoid a cash deficit position for at least 12 months from 1 January 2022.

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# Management Discussion and Analysis

## **Breach of convertible bonds by the Company**

Pursuant to the convertible bonds (the “2020 Convertible Bonds”) issued by the Company on 30 November 2015 in favour of the convertible bond holder (the “CB Holder”), the Company was required to redeem the 2020 Convertible Bonds in the principal amount of approximately HK\$25.3 million on the maturity date, i.e. 30 November 2020. Given that the Group has failed to redeem the 2020 Convertible Bonds, which constituted an event of default, the CB Holder has issued two letters in December 2020 and a further letter in November 2021 to the Company demanding for the immediate repayment of the principal sum and default penalty under the 2020 Convertible Bonds together with all default interest. As at the date of this report, the Company was in the course of negotiating with the CB Holder for an amicable repayment schedule.

## **OUTLOOK**

The Group adopts an optimistic attitude in the future growth of its businesses. Apart from attracting new valuable guests to its hotels, the Group will continue to focus on the development of the Bintan Land (as defined in the Prospectus) to contribute income to the Group and increase return of the assets and enterprise value, with an aim to be a successful player of the vacation and resort industry in Asia with international competitiveness. To broaden the Group’s income stream, the Group will take the opportunity of the “One Belt, One Road” development strategy and continuously seek potential acquisition opportunities in the PRC.

Although the Group is facing challenges arising from the outbreak of the COVID-19 pandemic since January 2020 which has led to the travel restrictions of tourists from Hong Kong, China and certain countries, and affected the Group’s hotel business in Asia, the Directors consider such unfavourable market conditions could be progressively relieved upon the widespread vaccination worldwide, and will not affect the Group’s hotel business in the medium to long run. 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 opportunities arising from the growth in the tourism industry in the PRC and other areas in Asia. Nevertheless, the Group will take a cautious approach when seeking potential acquisition opportunities to maximise shareholders’ value.

### **AUDIT COMMITTEE**

The Audit Committee is responsible for, among others, reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system, and providing advice to the Board. The Audit Committee comprised three independent non-executive Directors, namely Mr. Chan So Kuen, Mr. Thng Bock Cheng John and Mr. Simon Luk. Mr. Chan So Kuen is the chairman of the Audit Committee.

The condensed consolidated financial statements for the Review Period have not been audited by the auditors of the Company. The Audit Committee has reviewed the basis of preparation, 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.

### **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.

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## Other Information

### **DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS**

As at 30 September 2022, 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, are as follows:

#### **Long position in shares of the Company**

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

*Note:* These shares are registered in the name of Vertic Holdings Limited ("Vertic"), a company 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. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

### Long position in Vertic, an associated corporation of the Company

Name of Directors	Nature of interest	Number of shares held in the associated corporation	Approximate percentage of shareholding in the associated corporation
Mr. Ngan Iek	Beneficial owner	500	50%
Ms. Ngan Iek Peng	Beneficial owner	250	25%
Datuk Siew Pek Tho	Interest of spouse ( <i>Note 1</i> )	250	25%

*Notes:*

1. Datuk Siew Pek Tho is the spouse of Ms. Ngan Iek Chan who is the 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.
2. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

Save as those disclosed above, as at 30 September 2022, 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.

## Other Information

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

As at 30 September 2022, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors) 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 <i>(Note 1)</i>	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 <i>(Note 2)</i>	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Asia Asset Management Company Limited# (Formerly known as "Minsheng (Shanghai) Asset 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 of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Investment Group Corporation Limited# (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 <i>(Note 4)</i>	8.88%

## Other Information

### Notes:

1. Vertic is a company 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. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.
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 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.
4. Pursuant to the notice of disclosure of interests dated 20 May 2016 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 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 (Note 1)
CMI Hong Kong (Note 2)	Beneficial owner	HK\$25,278,000	76,600,000	2.19%
CMI Asia (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
Ng Meng Chit	Beneficial owner	HK\$25,128,000	698,000,000	<b>20.00%</b>

### Notes:

1. As at 30 September 2022, the Company has a total number of 3,490,000,000 shares in issue.
2. Such underlying shares are held by CMI Hong Kong, a company 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 under Part XV of the SFO.

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## Other Information

Save as disclosed above, as at 30 September 2022, 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 which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

By Order of the Board  
**Link Holdings Limited**  
**Ngan Iek**  
*Chairman and executive Director*

Hong Kong, 14 November 2022

# 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.