

Link Holdings Limited 華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237

LISTING BY WAY OF PLACING



Sole Sponsor



Sole Bookrunner



Joint Lead Managers



GREAT ROC
CAPITAL SECURITIES LIMITED
鴻鵬資本證券有限公司

**For identification purposes only*

IMPORTANT

If you are in any doubt about any content of this prospectus, you should obtain independent professional advice.

Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 70,000,000 Shares (Subject to the
Over-allotment Option)

Placing Price : HK\$1.75 per Placing Share (payable in full on
application, plus brokerage of 1%, the SFC
transaction levy of 0.003% and the Stock
Exchange trading fee of 0.005%)

Nominal value : HK\$0.01 per Share

Stock code : 8237

Sole Sponsor



Guotai Junan Capital Limited

Sole Bookrunner



Guotai Junan Securities (Hong Kong) Limited

Joint Lead Managers



Guotai Junan Securities (Hong Kong) Limited



Great Roc Capital Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed “Documents delivered to the Registrar of Companies and available for inspection” in Appendix VI to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed “Risk factors” in this prospectus.

Prospective investors of the Placing Shares should note that the obligations of the Underwriters under the Underwriting Agreement are subject to termination by the Sole Bookrunner (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set out in the sub-section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of these termination provisions are set out in the section headed “Underwriting” in this prospectus. It is important that you refer to that section for further details.

* For identification purposes only

30 June 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

(Notes 1 and 3)

Announcement of indication of the level of interest in
the Placing to be published on the website of the
Stock Exchange at **www.hkexnews.hk** and our
Company's website at **www.linkholdingslimited.com**
on or before Friday, 4 July 2014

Allotment of the Placing Shares to placees on or before Friday, 4 July 2014

Deposit of certificates for the Placing Shares into CCASS
on or before ^(Note 2) Friday, 4 July 2014

Dealings in Shares on GEM expected to commence
at 9:00 a.m. on Monday, 7 July 2014

Notes:

1. All times and dates refer to Hong Kong times and dates.
2. The certificates for the Placing Shares to be distributed via CCASS are expected to be deposited in CCASS on or before Friday, 4 July 2014 for credit to the relevant CCASS participants' or CCASS investor participants' stock accounts designated by the Underwriters, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued by our Company. All Share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date.
3. A separate announcement will be issued if there is any change to the above expected timetable.

For details of the structure of the Placing, including the conditions thereof, please refer to the section headed "Structure and conditions of the Placing" in this prospectus.

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This prospectus is issued by us solely in connection with the Placing and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Placing Shares offered by this prospectus pursuant to the Placing. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a placing of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of our and their respective directors, officers, employees, partners, agents, advisers, or any other person or party involved in the Placing.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide to invest in the Placing Shares. There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

OVERVIEW

We commenced operations of our hotel business in Singapore with the opening of Link Hotel in 2007. Since 2007, the operation of Link Hotel has been and is expected to continue to be our principal business. Link Hotel is a four-storey boutique-style budget hotel with 288 guest rooms and suites in two blocks spanning across Tiong Bahru Road, Singapore. The two blocks are connected to each other by the Link Bridge. Boutique-style hotels represent a concept that presented a departure from large-scale hotel developments. There is no classification nor official definition of boutique-style hotels as it is a style that can be incorporated in different hotel tiers.

The following table sets out the Total Available Room Nights, occupancy rate, average room rate and RevPAR of Link Hotel for the periods indicated.

	Year ended 31 December	
	2012	2013
Total Available Room Nights ^(Note)	105,408	105,120
Occupancy rate	65.5%	62.9%
Average room rate (HK\$)	1,065.5	968.2
RevPAR (HK\$)	698.2	609.4

Note: FY2012 is a leap year that consists of 366 days. Hence, an additional 288 Total Available Room Nights is noted in FY2012.

Total Revenue

Room Revenue is our principal stream of income which accounted for over 80% of the Total Revenue during the Track Record Period. We also operate two F&B outlets at Link Hotel and lease out certain shop units at Link Hotel to Hotel Tenants from whom we receive rental income. The following table sets out the breakdown of the Total Revenue of our Group for the periods indicated.

	Year ended 31 December			
	2012		2013	
	<i>HK\$</i>	<i>%</i>	<i>HK\$</i>	<i>%</i>
Room Revenue	73,592,541	84.4	64,056,992	81.7
F&B revenue	8,223,013	9.4	8,290,223	10.6
Rental income from Hotel Tenants ^(Note 1)	3,719,563	4.3	3,838,984	4.9
Others ^(Note 2)	1,639,055	1.9	2,246,895	2.8
Total Revenue	<u>87,174,172</u>	<u>100.0</u>	<u>78,433,094</u>	<u>100.0</u>

SUMMARY

Notes:

1. Our Group received rental income from leasing of certain shop units located at Link Hotel to our Hotel Tenants.
2. “Others” primarily included revenue generated from the car parking and laundry services.

Pricing

Our average room rates for the two years ended 31 December 2013 were approximately HK\$1,065.5 and HK\$968.2 respectively. The actual room rate sold to Room Customers varies depending on various factors, including but not limited to, the business relationship with our Group, the type of our Room Customers, general market trends, seasonal factors, customers’ value perception, competition, spending patterns and purchasing power of customers. Please refer to the sub-section headed “Business — Selected operating statistics of Link Hotel — Pricing” in this prospectus for more details of our pricing policy.

OUR CUSTOMERS

Our Group’s customers primarily comprise Room Customers and Hotel Tenants. Our Room Customers primarily comprise travel agents, Corporate Customers, Shipping Customers, customers who made reservations through Internet Intermediaries and other walk-in customers. Our sales and marketing team is responsible for coordinating with and monitoring the sales accounts of travel agents, Corporate Customers, Shipping Customers and Internet Intermediaries. Our Hotel Tenants lease shop units located at Link Hotel from us which we receive monthly rental income. Please refer to the sub-section headed “Business — Customers” in this prospectus for more details of our Group’s customers.

The table below sets out the amount and percentage of Room Revenue generated by different segments of Room Customers for the periods indicated.

	Year ended 31 December			
	2012		2013	
	HK\$'000	%	HK\$'000	%
Travel agents	13,434	18.3	13,814	21.6
Corporate Customers	20,275	27.5	14,993	23.4
Shipping Customers	13,790	18.7	12,661	19.8
Customers through Internet Intermediaries	22,211	30.2	19,486	30.4
Walk-in customers	1,910	2.6	1,745	2.7
Others ^(Note)	1,973	2.7	1,358	2.1
Total	<u>73,593</u>	<u>100.0</u>	<u>64,057</u>	<u>100.0</u>

Note: “Others” accounted for rooms sold at discounted rates as staff benefits.

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OUR SUPPLIERS

Our Group's suppliers primarily comprise the Internet Intermediaries, suppliers for our F&B services and other daily utilities at Link Hotel and third-party service providers for some of the ancillary services at Link Hotel. For details of the Internet Intermediaries, please refer to the sub-section headed "Business — Customers — Room Customers — Customers through Internet Intermediaries" in this prospectus. For suppliers of our F&B services, we usually purchase on an "as-needed" basis. We have outsourced a number of ancillary services, such as laundry, pest control and shuttle bus services to third-party service providers. We generally enter into fixed term contracts for a term ranging from one to five years with our suppliers. We have maintained a good and stable relationship with our suppliers and there was no change of our five largest suppliers during the Track Record Period. Please refer to the sub-section headed "Business — Suppliers" in this prospectus for more details of our Group's suppliers.

COMPETITION IN HOTEL INDUSTRY IN SINGAPORE

There were more than 55,000 hotel rooms in Singapore at the end of 2013. According to the HVS Report, the Singapore hotel industry is highly fragmented and barriers of entry to the hotel industry in Singapore are low. As such, the Singapore hotel industry in which we operate is highly competitive. However, our Directors believe that we may capture future opportunities to capitalise on (i) the growth in international visitor arrivals; (ii) the establishment of the Tourism Development Fund by the Singapore Government; and (iii) the planned renovation of facilities of Link Hotel. Please refer to the section headed "Industry overview" in this prospectus for more details.

OUR COMPETITIVE STRENGTHS

We believe our success is attributable to (i) our strategic positioning of Link Hotel as a boutique-style budget hotel in city destination with 288 hotel rooms which could cater to the demand from different segments of customers; and (ii) our stable and experienced senior management team. Please refer to the sub-section headed "Business — Competitive strengths" in this prospectus for more details.

OUR BUSINESS STRATEGIES

Our aim is to maintain our unique positioning as a boutique-style budget hotel in Singapore and to expand our business to other Southeast Asian countries. We intend to adopt the following principal strategies in order to achieve our aim:

- we intend to enhance the performance and upgrade the quality of Link Hotel by undergoing overall renovation;
- we will devise a master plan for the future development of the Bintan Assets;
- we will identify and pursue business diversification opportunities in hotel management and franchising business in Southeast Asian countries;
- we will further strengthen our sales and marketing force; and

SUMMARY

- we will continue to identify sites and/or seek acquisition opportunities to expand our hotel business in Southeast Asian countries.

Please refer to the sub-section headed “Business — Business strategies” in this prospectus for more details.

BINTAN DEVELOPMENT PLAN

Our Group, through our 80%-owned subsidiary, PT Hang Huo, acquired the Bintan Assets pursuant to the Bintan Acquisition Agreement and the Bintan SPA at the total consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million) from the Bintan Vendors. The Bintan Assets comprise 62 parcels of land in a total area of approximately 425,497 sq.m. situated at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia, of which (i) the Bintan Resort Land with a total site area of approximately 43,226 sq.m. had been developed (together with (a) the constructions, erections, buildings, structures, facilities or improvements with a total GFA of approximately 5,781.28 sq.m.; and (b) the swimming pool and locker room areas of a total 248.52 sq.m. situated thereon) and utilised in connection with the hotels, resort and leisure business operated under the business name of “Bintan Cabana Beach Resort” by Mr. Thamrin; and (ii) the Bintan Raw Land with a total site area of approximately 382,271 sq.m. was vacant and undeveloped as at the Latest Practicable Date. Our Group obtained the legal title to the Bintan Assets, and the Bintan Acquisition was completed, in June 2014.

As set out in the property valuation report in Appendix III to this prospectus, the property valuation of the Bintan Assets as at 31 March 2014 was IDR215,900,000,000 (equivalent to approximately HK\$139.7 million), of which IDR172,720,000,000 (equivalent to approximately HK\$111.7 million) was attributable to our Group. The property valuation of the Bintan Assets attributable to our Group of IDR172,720,000,000 (equivalent to approximately HK\$111.7 million) represents approximately 11.7% of the valuation of the entire property interests attributable to our Group as at 31 March 2014. For details of our property interests, please refer to Appendix III to this prospectus.

It is the intention of the Bintan Vendors and our Group, as reflected in the Bintan Acquisition Agreement, that the Bintan Acquisition only involved the acquisition of the Bintan Assets and as such, there was no transfer of goodwill, liabilities, business nor any contracts (including employment contracts) in relation to the operation of the business of the Bintan Cabana Beach Resort to PT Hang Huo pursuant to the Bintan Acquisition Agreement. Furthermore, from an accounting perspective, our Group will not share any profit or loss arising from the business operation of the Bintan Cabana Beach Resort upon completion of the Bintan Acquisition. Our Group is only entitled to receive a fixed monthly rental income of S\$50,000 (equivalent to approximately HK\$310,000) from Mr. Thamrin for leasing the Bintan Leased Properties to him pursuant to the Bintan Lease Agreement.

We intend to explore and develop our hotel/resort business in Bintan in a progressive manner. We will devise a master plan for the development of the Bintan Assets which will include physical planning, concept development, financial projection, market positioning and return analysis. We plan to engage designer(s) and relevant professional parties to prepare the master development plan in the second half of 2014. Subject to the final approval of our Board and the board of directors of PT Hang Huo, it is our current intention to develop the Bintan Assets into a resort complex area. To this end, our preliminary plan of development involves (i) upgrading and enhancing the Bintan Leased Properties situated on the Bintan Resort Land; and (ii) constructing and developing the Bintan Raw Land.

SUMMARY

As at 31 December 2013, approximately HK\$64.9 million had been paid by our Group as part of the purchase consideration and was presented as deposits for acquisition of land and buildings in our combined financial statements contained in the Accountants' Report. As at the Latest Practicable Date, the consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million) was fully settled by PT Hang Huo, of which S\$18,800,000 (equivalent to approximately HK\$116.6 million) was paid in cash and the remaining balance of S\$4,700,000 (equivalent to approximately HK\$29.2 million) was set off against an equivalent total amount due from Mr. Thamrin to PT Hang Huo and Duchess Global, arising from (i) an unpaid amount of funding of S\$3,930,000 (equivalent to approximately HK\$24.4 million) to PT Hang Huo by way of shareholder's loan; and (ii) the capital contribution of S\$770,000 (equivalent to approximately HK\$4.8 million) paid by Duchess Global on behalf of Mr. Thamrin. As at the Latest Practicable Date, the Bintan Acquisition had been completed. As a result, the payment we had made for the Bintan Acquisition in the sum of S\$23,500,000 (equivalent to approximately HK\$145.8 million) was re-classified as investment properties in our combined financial statements.

After completion of the Bintan Acquisition, PT Hang Huo has leased the Bintan Leased Properties to Mr. Thamrin at a monthly rental of S\$50,000 (equivalent to approximately HK\$310,000) pursuant to the Bintan Lease Agreement.

In connection with the Bintan Development Plan, potential investors in the Shares should note that (i) our Group does not have experience or expertise to develop or operate a beach resort; (ii) our Group will contract out the development work to independent construction companies and engage qualified project manager(s) to be in charge of the supervision and management of the work of the construction companies; and (iii) our Group has no current intention to operate the Bintan Cabana Beach Resort on the Bintan Resort Land as upgraded and/or the Bintan Raw Land as developed ourselves, and our Group will explore opportunities for strategic alliances with other hotel/resort management groups for the management and operation of the Bintan Assets.

Given that (i) completion of the Bintan Acquisition took place after the Track Record Period and (ii) we have yet to devise a master plan for the development of the Bintan Assets, the long-term development of the Bintan Assets may have significant financial and operational impact on our Group in the future. Therefore, our Group's financial performance during the Track Record Period may not reflect our future performance.

Potential investors in the Shares should also note that during the Track Record Period, all of our revenue had been generated by Link Hotel. We expect to continue to derive a majority of our revenue from Link Hotel in the future even after completion of the Bintan Development Plan and the commercial operation of the Bintan Assets as enhanced and/or developed by our Group, subject to the extent of the return to be derived therefrom.

Please refer to the sub-section headed "Business — Bintan Development Plan" in this prospectus for more details.

PROPERTY VALUATION

As at 31 March 2014, the property valuation of Link Hotel and the Bintan Assets was, respectively, S\$136,000,000 (equivalent to approximately HK\$843.7 million) and IDR215,900,000,000 (equivalent to approximately HK\$139.7 million), of which IDR172,720,000,000 (equivalent to approximately HK\$111.7 million) was attributable to our Group. Particulars of our property interests are set out in Appendix III to this prospectus.

SUMMARY

OUR CONTROLLING SHAREHOLDERS AND SHAREHOLDING STRUCTURE

Immediately upon completion of the Placing and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), Vertic, which is owned as to 50%, 25% and 25% by Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng respectively, will be beneficially interested in 75% of the total issued share capital of our Company. Each of Vertic, Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng will be regarded as our Controlling Shareholder under the GEM Listing Rules. Please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus for further details.

HISTORICAL NON-COMPLIANCE INCIDENTS

There had been instances where our subsidiaries incorporated in Singapore inadvertently failed to comply with certain statutory requirements of Singapore during the Track Record Period, including (i) failing to hold the annual general meetings within the statutory time limit; (ii) failing to lay the profit and loss accounts made up to a prescribed date at the annual general meetings; and (iii) failing to file certain tax related documents within the statutory time limit. Please refer to the sub-section headed “Business — Legal and regulatory compliance” in this prospectus for details of such non-compliance incidents and the respective rectification actions taken. Our Directors consider that these non-compliance incidents will not have any material adverse impact on the operation or financial position or business of our Group.

SUMMARY OF COMBINED FINANCIAL INFORMATION

The summary of combined financial information below should be read together with the combined financial information in Appendix I to this prospectus, including the accompanying notes and the information set out in the section headed “Financial information” in this prospectus. Our combined financial information was prepared in accordance with IFRSs.

Combined statements of comprehensive income

	Year ended 31 December	
	2012	2013
	HK\$	HK\$
Revenue	87,174,172	78,433,094
Gross profit	60,416,740	53,625,249
Profit before income tax expense	34,993,852	28,019,297
Profit for the year	28,496,486	23,378,648
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign operations	4,318,749	(3,641,586)
Total comprehensive income for the year	32,815,235	19,737,062

SUMMARY

Revenue decreased by HK\$8.8 million, or 10.1%, from HK\$87.2 million in FY2012 to HK\$78.4 million in FY2013 which was primarily attributable to the decrease in Room Revenue of HK\$9.5 million as a result of decrease in our occupancy rate from 65.5% in FY2012 to 62.9% in FY2013 and average room rate from HK\$1,065.5 in FY2012 to HK\$968.2 in FY2013. Our Directors attribute the decrease in occupancy rate and average room rate to the intensified competition as a result of the increased hotel room supply in Singapore.

Profit for the year decreased by HK\$5.1 million, or 17.9%, from HK\$28.5 million in FY2012 to HK\$23.4 million in FY2013 and net profit margin decreased by 2.9 percentage points from 32.7% in FY2012 to 29.8% in FY2013. Our Directors attribute such decrease principally to the decrease in revenue as mentioned above and the decrease in other income.

Our Group had deteriorating operational and financial performance during and subsequent to the Track Record Period. Please refer to the section headed “Financial information” in this prospectus for a more detailed discussion of the financial performance of our Group. For a discussion on our performance subsequent to the Track Record Period and up to 31 May 2014, please refer to the sub-section headed “Recent developments” in this section below.

Selected components of balance sheet items

	At 31 December	
	2012	2013
	HK\$	HK\$
Non-current assets	189,300,493	241,815,222
Current assets	215,579,789	147,450,617
Current liabilities	115,312,819	96,780,184
Net current assets	100,266,970	50,670,433
Non-current liabilities	194,884,586	173,358,546
Net assets	94,682,877	119,127,109

Related party transactions

Prior to the Track Record Period, our Group was granted banking facilities from a bank that were subsequently drawn and advanced to Hang Huo Macau and the principal amount of such advance amounted to S\$19,000,000 (equivalent to approximately HK\$117.9 million). In consideration of the loan advance, Hang Huo Macau paid or, as the case may be, repaid to our Group (i) the aggregate principal amount of S\$19,000,000 (equivalent to approximately HK\$117.9 million); (ii) interest incurred by us for obtaining such loan from the bank; (iii) all relevant bank charges arising from the said loan; and (iv) the additional interest charged by our Group to Hang Huo Macau at a rate of 3.5% on the amount due from Hang Huo Macau as at the relevant year end date.

For FY2012 and FY2013, an amount of HK\$9.7 million and HK\$6.3 million which was equivalent to the sum of (i) interest expenses and bank charges in relation to the S\$19,000,000 (equivalent to approximately HK\$117.9 million) loan; and (ii) the additional interest charged by our Group to Hang Huo Macau at a rate of 3.5% on the amount due from Hang Huo Macau as at the

SUMMARY

relevant year end date, was charged to Hang Huo Macau. Such an amount was presented as interests income set out in note 6 to our combined financial statements included in the Accountants' Report. As a result of the settlement of the sum that Hang Huo Macau owed us as described in the sub-section headed "Recent developments" in this section below, we ceased to receive such interest income.

Major financial ratios

	Year ended 31 December	
	2012	2013
	HK\$	HK\$
Current ratio ⁽¹⁾	1.9	1.5
Quick ratio ⁽²⁾	1.9	1.5
Gearing ratio ⁽³⁾	297.7%	206.0%
Debt to equity ratio ⁽⁴⁾	269.1%	158.7%
Interest coverage ⁽⁵⁾	6.3	5.3
Return on total assets ⁽⁶⁾	7.0%	6.0%
Return on equity ⁽⁷⁾	30.1%	20.4%
Net profit margin ⁽⁸⁾	32.7%	29.8%

Notes:

1. Current ratio is calculated based on our total current assets divided by our total current liabilities as at the end of each reporting period.
2. Quick ratio is calculated based on our total current assets less inventories divided by our total current liabilities as at the end of each reporting period.
3. Gearing ratio is calculated based on our total debts (being interest-bearing bank borrowings and payable incurred not in the ordinary course of business) divided by our total equity as at the end of each reporting period and multiplied by 100%.
4. Debt to equity ratio is calculated based on our net debt (total debt net of cash and cash equivalents) divided by our total equity as at the end of each reporting period and multiplied by 100%.
5. Interest coverage is calculated based on our profit before interest and tax divided by our interest expense as at the end of each reporting period.
6. Return on total assets is calculated by our profit for the year divided by the total assets as at the end of each reporting period and multiplied by 100%.
7. Return on equity is calculated based on our profit for the year divided by our shareholders' equity as at the end of each reporting period and multiplied by 100%.
8. Net profit margin is calculated based on our profit for the year divided by our revenue for the end of each reporting period and multiplied by 100%.

SUMMARY

PLACING STATISTICS

We expect to issue 70,000,000 new Shares under the Placing.

**Based on the Placing Price of
HK\$1.75 per Share**

Market capitalisation ^(Note 2)	HK\$490 million
Unaudited pro forma adjusted net tangible assets value per Share ^(Note 3)	HK\$0.77

Notes:

1. All statistics in this table assume that the Over-allotment Option is not exercised.
2. The calculation of market capitalisation is based on 280,000,000 Shares expected to be in issue following completion of the Placing and the Capitalisation Issue.
3. The unaudited pro forma adjusted net tangible assets value per Share is calculated after making the adjustments and assumptions set out in “Unaudited pro forma financial information” in Appendix II to this prospectus and on the basis of a total of 280,000,000 Shares expected to be in issue upon completion of the Placing and the Capitalisation Issue. The unaudited pro forma adjusted net tangible assets value per Share has not taken into account the dividend declared by our Group on 3 April 2014 of approximately HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific.

LISTING EXPENSES

The total amount of listing expenses, commissions together with SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Placing (assuming the Over-allotment Option is not exercised) is estimated to be HK\$25.4 million, of which HK\$11.4 million is expected to be capitalised after the Listing. The remaining amount of HK\$14.0 million was or is expected to be charged to our profit and loss accounts, of which HK\$1.5 million and HK\$2.4 million were charged for the two years ended 31 December 2013, respectively, and HK\$10.1 million is expected to be charged for the year ending 31 December 2014. Prospective investors should note that our financial performance for the six months ended 30 June 2014 and for the year ending 31 December 2014 would be affected by the estimated listing expenses mentioned above.

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds of the Placing which we will receive, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Placing and assuming no exercise of the Over-allotment Option, will be approximately HK\$97.1 million. We currently intend to use the net proceeds of the Placing for the following purposes:

Item	Use of proceeds	% of the net proceeds	HK\$ (million)
1.	Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	61.8%	60.0
2.	Devising a master plan for the future development of the Bintan Assets	26.9%	26.1
3.	Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.2%	6.0
4.	Working capital and other general corporate purposes	5.1%	5.0

	From the Latest Practicable Date to 31 December 2014	For the six months ending 30 June 2015	For the six months ending 31 December 2015	For the six months ending 30 June 2016	For the six months ending 31 December 2016	Total
	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)
1. Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	30.0	30.0	—	—	—	60.0
2. Devising a master plan for the future development of the Bintan Assets	3.0	—	—	8.0	15.1	26.1
3. Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	2.0	2.0	1.0	1.0	—	6.0

SUMMARY

DIVIDEND POLICY

During the Track Record Period, we had not declared any dividends. On 3 April 2014, our Group declared a final dividend in the aggregate amount of approximately HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific. Such final dividend has been applied towards off-setting, in part, the amount owing by Hang Huo Macau (as directed by Taurine) to us prior to the declaration of such dividend and therefore the declaration and payment of such dividend has no cash flow effect on us. Save for such final dividend, we have not declared any dividends since 31 December 2013 and up to the Latest Practicable Date. The future declaration of dividends is subject to the discretion of our Directors and such other factors as discussed in detail in the sub-section headed “Financial information — Dividend policy” in this prospectus. We currently have no intention to declare any dividend in respect of the year ending 31 December 2014.

RISK FACTORS

There are certain risks involved in our operations as set out in the section headed “Risk factors” in this prospectus. You should read the whole section carefully before you decide to invest in the Placing Shares. Some of the major risk factors we face include: (i) we experienced a decrease in revenue, net profit and net profit margin during the Track Record Period; (ii) we may not be able to successfully devise and/or implement our Bintan Development Plan; (iii) all of our revenue during the Track Record Period came from Link Hotel; (iv) we intend to undergo overall renovation of Link Hotel which may result in disruption of our hotel operations and cost overruns; and (v) the fluctuation in exchange rates which may affect the comparability of our results of operations with prior periods as Singapore dollars depreciated against Hong Kong dollars by approximately 5.8% from 31 December 2011 to 31 December 2012 and appreciated against Hong Kong dollars by approximately 3.5% from 31 December 2012 to 31 December 2013.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period:

- (i) competition in the hotel industry in Singapore continued to be intense. Our revenue for the five months ended 31 May 2014, as compared to that in the corresponding period in 2013, has dropped primarily as a result of the drop in occupancy rate and average room rate at Link Hotel. The occupancy rate of Link Hotel for the five months ended 31 May 2014 was 58.5%, representing a decrease of 0.9 percentage point as compared with the occupancy rate of 59.4% for the five months ended 31 May 2013. The average room rate for the five months ended 31 May 2014 was HK\$856.7, representing a decrease of 5.4% as compared with the average room rate of HK\$905.8 for the five months ended 31 May 2013;
- (ii) Hang Huo Macau had settled the amount of approximately HK\$80.8 million that it owed to us as at 31 December 2013, of which (i) approximately HK\$58.6 million was settled by off-setting the payment of final dividends declared by us subsequent to the Track Record Period; (ii) HK\$1.2 million was settled by making payments on behalf of our Group; and (iii) HK\$21.0 million was settled by cash. Such settlement has resulted in a drop of our current asset value;

SUMMARY

- (iii) as a result of the settlement of the sum that Hang Huo Macau owed to us as referred to in paragraph (ii) above, we ceased to receive interest income from Hang Huo Macau. The interest income that we charged to Hang Huo Macau during the Track Record Period amounted to approximately HK\$9.7 million and HK\$6.3 million respectively, representing an aggregate of (a) an amount equivalent to the sum of the interest expenses and bank charges incurred by us in respect of obtaining the loans advanced to Hang Huo Macau from bank and charged back to Hang Huo Macau; and (b) interest charged to Hang Huo Macau at a rate of 3.5% on the amount owing by Hang Huo Macau to us as at the year end date;
- (iv) we have settled the entire consideration for the Bintan Acquisition of S\$23,500,000 (equivalent to approximately HK\$145.8 million) pursuant to the Bintan Acquisition Agreement, and in June 2014, completion of the Bintan Acquisition took place. We have leased the Bintan Leased Properties to Mr. Thamrin pursuant to the Bintan Lease Agreement at a monthly rental of S\$50,000 (equivalent to approximately HK\$310,000); and
- (v) we have changed from a net current asset position as at 31 December 2013 to a net current liabilities position as at 31 May 2014 and our unaudited net current liabilities value as at 31 May 2014 amounted to HK\$68.3 million. Such net current liabilities position was caused principally by (i) the settlement of amount due from Hang Huo Macau subsequent to the Track Record Period (which amounted to HK\$80.8 million as at 31 December 2013); (ii) our payment of part of the purchase consideration for the Bintan Acquisition in the amount of S\$9.0 million (equivalent to HK\$55.8 million) in cash; and (iii) the amount of HK\$55.4 million attributable to bank borrowings due for repayment which contain a repayment on demand clause as at 31 May 2014, and such amount composed a major portion of our current liabilities as at 31 May 2014.

MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, competition in the hotel industry in Singapore continued to be intense. Our Directors believe that the continued competition in the hotel industry in Singapore may exert pressure on our occupancy rate and room rates.

As a result of the settlement of the entire sum owing by Hang Huo Macau subsequent to the Track Record Period, starting from the financial year ending 31 December 2014, we will cease to receive interest income from Hang Huo Macau as we previously did during the Track Record Period.

Our Directors confirm that, save as disclosed above and in the sub-section headed “Recent developments” above, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2013, being the date to which the latest audited financial statements of our Group were made up, and up to the date of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles of Association” or “Articles”	the articles of association of our Company, as adopted on 20 June 2014, and as amended from time to time, a summary of which is contained in Appendix IV to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Bintan Acquisition”	acquisition of the Bintan Assets as contemplated under the Bintan Acquisition Agreement and the Bintan SPA
“Bintan Acquisition Agreement”	the amended and restated acquisition agreement effective as of 16 August 2013 (as amended and restated on 31 March 2014) entered into by Mr. Thamrin, the Bintan Vendors, Duchess Global and PT Hang Huo, in relation to, among others, the sale and purchase of the Bintan Assets at the consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million)
“Bintan Assets”	the Bintan Land and constructions, erections, buildings, structures, facilities or improvements situated thereon, which were acquired by PT Hang Huo pursuant to the Bintan Acquisition Agreement and the Bintan SPA
“Bintan Development Plan”	the future plan in relation to the Bintan Assets, as more particularly described in the sub-section headed “Business — Bintan Development Plan — Reasons for the Bintan Acquisition and future development” in this prospectus
“Bintan Land”	62 parcels of land (comprising Bintan Resort Land and Bintan Raw Land) in a total area of approximately 425,497 sq.m. situated at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia, which were acquired by PT Hang Huo pursuant to the Bintan Acquisition Agreement and the Bintan SPA
“Bintan Raw Land”	28 parcels of land (being part of the Bintan Land) with a total site area of approximately 382,271 sq.m. which were vacant and undeveloped as at the date of the Bintan Acquisition Agreement and as at the Latest Practicable Date
“Bintan Resort Land”	34 parcels of land (being part of the Bintan Land) with a total site area of approximately 43,226 sq.m. which have been utilised in connection with the hotels, resort and leisure business operated by Mr. Thamrin under the business name of “Bintan Cabana Beach Resort” as at the date of the Bintan Acquisition Agreement and as at the Latest Practicable Date

DEFINITIONS

“Bintan Lease Agreement”	the lease agreement dated 17 June 2014 entered into between PT Hang Huo (as lessor) and Mr. Thamrin (as lessee) in respect of the Bintan Leased Properties
“Bintan Leased Properties”	the Bintan Resort Land and all the constructions, erections, buildings, structures, facilities and improvements situated thereon, which have been utilised in connection with the hotels, resort and leisure business operated by Mr. Thamrin as at the date of the Bintan Acquisition Agreement under the business name of “Bintan Cabana Beach Resort” situated thereon
“Bintan Shareholders’ Agreement”	the amended and restated shareholders’ agreement effective as of 16 August 2013 (as amended and restated on 31 March 2014) in respect of PT Hang Huo entered into by Duchess Global and Mr. Thamrin, details of which are set out under the sub-section headed “Business — Bintan Development Plan — PT Hang Huo and Bintan Shareholders’ Agreement” in this prospectus
“Bintan SPA”	the deed of binding sale and purchase agreement No. 9 dated 26 February 2014, made before Agnes Margono, S.H., notary in Bintan, Indonesia in the form prescribed by the Indonesia laws, relating to the transfer of the Bintan Assets and entered into between Mr. Thamrin (acting for himself and on behalf of the other Bintan Vendors) and Mr. Chen Changzheng, one of our executive Directors (acting for and on behalf of PT Hang Huo) at the consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million). The Bintan SPA was made as a matter of binding the parties to conduct the sale and transfer of title of the Bintan Assets and obtaining approval from government authority in respect of the transfer of the title of the Bintan Assets
“Bintan Vendors”	11 individuals who are the vendors of the Bintan Assets, namely, (i) Mr. Thamrin and his associates (being Tri Noviardi Thamrin, Tarnin Thamrin, Ira Karmila Thamrin, Verdy Veriady Thamrin, Tarwie Thamrin and Siti Maryam Mucti); and (ii) Tasmiati, Kim Tjeng, Yeo Bing Hong and Fransiskus, who (except Mr. Thamrin and his associates) are Independent Third Parties
“Board” or “Board of Directors”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of 209,999,900 Shares to be made upon capitalisation of the share premium account of our Company as further described in the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented and/or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time
“Company” or “our Company”	Link Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 15 May 2012
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of our Company, means Vertic, and its beneficial shareholders, namely Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng
“Corporate Customers”	corporate customers which make reservation of rooms directly with us, and in the context of this prospectus, exclude Shipping Customers and travel agents

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated 20 June 2014 and executed by our Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for our present subsidiaries) in respect of, among others, certain indemnities regarding taxation and non-compliance matters, particulars of which are set out in the sub-section headed “Statutory and general information — E. Other information — 1. Tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-Competition	the deed of non-competition dated 20 June 2014 and executed by our Controlling Shareholders as convenators in favour of our Company (for itself and as trustee for our subsidiaries from time to time), particulars of which are set out in the sub-section headed “Relationship with Controlling Shareholders — Non-competition undertaking” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Duchess Global”	Duchess Global Ltd., a company incorporated in the BVI with limited liability on 3 April 2013 and a direct wholly-owned subsidiary of our Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented, or otherwise modified from time to time
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context so requires in respect of period before our Company becomes the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or their predecessors (as the case may be)
“Hang Huo Macau”	Hang Huo Enterprise Group Limited, a company incorporated in Macau with limited liability on 30 March 1999, which was owned as to 20% respectively by each member of the Ngan Family as at the Latest Practicable Date
“HGB”	Hak Guna Bangunan, which means Right to Build
“HHI”	Hang Huo Investment Pte. Ltd. (formerly known as Hang Huo Hotel Management (Singapore) Pte. Ltd.), a company incorporated in Singapore with limited liability on 4 May 2004, an indirect wholly-owned subsidiary of our Company and the owner of Link Hotel
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“Hotel Tenants”	tenants of the shop units of Link Hotel under the respective tenancy agreements entered into with our Group, who are Independent Third Parties
“Hotels Act”	the Hotels Act (Chapter 127 of the Singapore Statutes)
“HVS”	Hong Kong Hospitality Consulting Services Limited, Division of Hong Kong, trading as HVS, an independent market consultant on the hotel industry
“HVS Report”	a customised report titled “Market Research Report Singapore and Bintan” prepared by HVS and commissioned by our Company for the purpose of the Placing
“Incorporation Share”	one Share which was allotted and issued in nil-paid form to Codan Trust Company (Cayman) Limited as the initial subscriber on 15 May 2012 and was transferred to Mr. Ngan Iek on the same date
“IFRSs”	International Financial Reporting Standards, its amendments and the related interpretations issued by the International Accounting Standards Board
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of our Company or subsidiaries of our Company or any of their respective associates
“Indonesia”	the Republic of Indonesia
“Indonesian Legal Adviser”	Ery Yunasri & Partners, our Company’s legal adviser as to Indonesian law
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Internet Intermediaries”	operators of hotel reservation websites

DEFINITIONS

“Issue Mandate”	the general mandate to issue Shares given to our Directors by our Shareholder, particulars of which are set out in the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus
“Joint Lead Managers”	Guotai Junan Securities (Hong Kong) Limited and Great Roc Capital Securities Limited
“Latest Practicable Date”	20 June 2014, being the latest practicable date prior to the date of this prospectus for ascertaining certain information in this prospectus
“Link Bridge”	the bridge connecting the two blocks of Link Hotel, occupying the airspace of lot number MK1-70001W
“Link Hotel”	Link Hotel located at 50 and 51 Tiong Bahru Road, Singapore, 168733 & 168734, which is owned and operated by our Group
“Link Hotels International”	Link Hotels International Pte. Ltd. (formerly known as Link Hotel Pte. Ltd.), a company incorporated in Singapore with limited liability on 21 May 2007 and an indirect wholly-owned subsidiary of our Company
“Link Lease Agreement”	the agreement for lease entered into between STB and HHI dated 14 September 2005, pursuant to which HHI was granted a lease in relation to the land located at 50 and 51 Tiong Bahru Road, Singapore, 168733 & 168734 for the term of 100 years from 1 January 1967 less one day
“Listing”	the listing and commencement of dealings in the Shares on GEM
“Listing Date”	the date expected to be on or about Monday, 7 July 2014, on which dealings in our Shares commence on GEM
“Macau”	the Macau Special Administrative Region of the PRC
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on 20 June 2014, as amended from time to time
“MOP”	Macau Pataca, the lawful currency of Macau;
“Mr. Thamrin”	Mr. Tjiagus Thamrin (also known as Mr. Tjia Tje Tjoeng), who held 20% of the paid-up capital of PT Hang Huo (an indirect non wholly-owned subsidiary of our Company) as at the Latest Practicable Date, being (i) a connected person of our Company; (ii) one of the Bintan Vendors; (iii) the lessee under the Bintan Lease Agreement; and (iv) the operator of Bintan Cabana Beach Resort at the Bintan Leased Properties

DEFINITIONS

“Ngan Family”	Mr. Ngan In Leng, Ms. Chan Wai Ian, Mr. Ngan Iek (the chairman of our Company and a non-executive Director), Ms. Ngan Iek Chan and Ms. Ngan Iek Peng (a non-executive Director). Mr. Ngan In Leng is the spouse of Ms. Chan Wai Ian. Mr. Ngan In Leng and Ms. Chan Wai Ian are the parents of Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng are siblings
“Over-allotment Option”	the option granted by our Company to the Sole Bookrunner subject to the terms and conditions of the Underwriting Agreement pursuant to which our Company may be required to allot and issue up to an aggregate of 10,500,000 additional new Shares (representing 15% of the initial number of Placing Shares) at the Placing Price to cover over-allocations in the Placing and/or to satisfy the obligation of the Sole Bookrunner to return securities borrowed under the Stock Borrowing Agreement, the particulars of which are set out in the sub-section headed “Structure and conditions of the Placing — Over-allotment Option” in this prospectus
“Placing”	the conditional placing of the Placing Shares by the Underwriters on behalf of our Company for cash at the Placing Price, as further described in the section headed “Structure and conditions of the Placing” in this prospectus
“Placing Price”	HK\$1.75 per Placing Share (exclusive of brokerage, Stock Exchange trading fee and SFC transaction levy)
“Placing Shares”	the 70,000,000 new Shares being offered by our Company for subscription at the Placing Price pursuant to the Placing, subject to the Over-allotment Option set out in the sub-section headed “Structure and conditions of the Placing — Over-allotment Option” in this prospectus
“PRC” or “China”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, Macau and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before 3 March 2014

DEFINITIONS

“PT Hang Huo”	PT. Hang Huo Investment, a company established in Indonesia with limited liability on 3 September 2013 (the Deed of Establishment of PT Hang Huo was signed on 27 July 2013 and the approval of the Ministry of Law and Human Rights of Indonesia was issued on 3 September 2013) and the paid-up capital of which is registered as to 80% in the name of Duchess Global and 20% in the name of Mr. Thamrin. PT Hang Huo is an indirect non wholly-owned subsidiary of our Company
“Reorganisation”	the corporate reorganisation arrangements we have undergone in preparation for the Listing and prior to the issue of this prospectus which are more particularly described in the sub-section headed “History, development and corporate structure — Corporate reorganisation — Reorganisation” in this prospectus
“Repurchase Mandate”	the general mandate to repurchase Shares given to our Directors by our Shareholder, particulars of which are set out in the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus
“Room Customers”	customers who generate Room Revenue
“Room Revenue”	revenue generated from room rates (including related service charges) of Link Hotel
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGD” or “S\$”	Singapore dollars, the lawful currency of Singapore
“Shareholder(s)”	the holder(s) of issued Share(s)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company, the principal terms of which are summarised in the sub-section headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus

DEFINITIONS

“Shipping Customers”	customers which are companies and agencies in the shipping sector and make reservation of rooms directly with us
“Silverine Pacific”	Silverine Pacific Ltd., a company incorporated in the BVI with limited liability on 18 April 2005 and a direct wholly-owned subsidiary of our Company
“Singapore”	the Republic of Singapore
“Singapore Legal Adviser”	Harry Elias Partnership LLP, our Company’s legal adviser as to Singapore law
“Singapore Tourism Board” or “STB”	a statutory body founded under the Singapore Tourism Board Act (Chapter 305B of the Singapore Statutes). The primary functions of STB are to develop and promote Singapore as a travel and tourist destination; to advise the Singapore Government on matters relating to travel and tourism; to enhance the travel and tourism sector’s contribution to the Singapore economy; and to exercise licensing and regulatory functions in respect of such tourism enterprises as STB may determine
“Sole Bookrunner”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO
“Sole Sponsor”	Guotai Junan Capital Limited, a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities as defined in the SFO
“Southeast Asia”	comprising Singapore, Indonesia, Brunei Darussalam, Kingdom of Cambodia, Lao People’s Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, Kingdom of Thailand, Democratic Republic of Timor-Leste, Socialist Republic of Vietnam and “Southeast Asian countries” shall be construed accordingly
“Stock Borrowing Agreement”	the stock borrowing agreement dated 27 June 2014 and entered into between Vertic and the Sole Bookrunner, pursuant to which the Sole Bookrunner may borrow up to 10,500,000 Shares from Vertic to cover any over-allocation in the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“substantial shareholders”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Taurine”	Taurine Group Holdings Ltd., a company incorporated in the BVI with limited liability on 18 April 2005 and a direct wholly-owned subsidiary of Hang Huo Macau. Before completion of the Reorganisation, Taurine was the immediate holding company of Duchess Global and Silverine Pacific
“Total Revenue”	revenue of our Group including (i) Room Revenue; (ii) F&B revenue; (iii) rental income from Hotel Tenants; and (iv) other revenue including, among others, revenue generated from the car park and laundry services
“Track Record Period”	the period comprising the two financial years ended 31 December 2013
“Underwriters”	the underwriters of the Placing as described in the sub-section headed “Underwriting — Underwriters” in this prospectus
“Underwriting Agreement”	the underwriting agreement dated 27 June 2014 relating to the Placing entered into between our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“United States” or “U.S.”	the United States of America
“U.S. dollar(s)” or “US\$”	United States dollar(s), the lawful currency of the United States
“Vertic”	Vertic Holdings Limited, a company incorporated in the BVI with limited liability on 5 April 2012, the issued share capital of which was owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng as at the Latest Practicable Date. Vertic is one of our Controlling Shareholders
“%”	per cent

DEFINITIONS

Unless otherwise specified, all references to any shareholdings in our Company assume no allotment or issue of any Shares upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” is for identification purposes only.*

GLOSSARY

This glossary contains certain explanations and other terms used in this prospectus in connection with our Group and/or its business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.

“average room rate” or “ARR”	the room revenue of a hotel or hotels (including related service charges) during a period divided by the Total Occupied Room Nights of such hotel or hotels during the corresponding period
“CAGR”	compound annual growth rate
“F&B”	food and beverage
“FY”	the financial year of our Company, which ended on 31 December of the year indicated and “FY2012” and “FY2013” shall be construed accordingly
“GFA”	gross floor area
“Goods and Services Tax” or “GST”	a broad-based consumption tax levied on the import of goods and nearly all supplies of goods and services in Singapore, excluding, among others, sale and leasing of residential properties and the provision of most financial services
“occupancy rate”	Total Occupied Room Nights of a hotel during a period divided by the Total Available Room Nights
“Revenue per Available Room” or “RevPAR”	room revenue of a hotel (including related service charges) during a period divided by the Total Available Room Nights of such hotel during the same period
“sq.ft.”	square feet
“sq.m.”	square metre
“Total Available Room Nights”	all room nights available for sale excluding those under renovation
“Total Occupied Room Nights”	all room nights sold and including room nights provided to guests on a complimentary basis

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as “expect”, “believe”, “plan”, “intend”, “estimate”, “project”, “potential”, “anticipate”, “seek”, “may”, “will”, “would”, “should” and “could” or similar words or statements, in particular, in the sections headed “Business”, “Financial information” and “Future plans and use of proceeds” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus, and the following:

- our business and operating strategies and our various measures to implement such strategies;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for hotel/resort industry in Singapore and Bintan;
- the regulatory environment as well as the general industry outlook for hotel/resort industry in Singapore and Bintan;
- future developments in hotel/resort industry in Singapore and Bintan;
- the general economic trend of Singapore and Indonesia;
- exchange rate fluctuations and restrictions; and
- factors beyond our control such as catastrophic losses from fires, floods, windstorms, earthquakes, diseases or other adverse weather conditions or natural disasters.

We caution you that, subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section and should not be taken as representations by us that our plans and objectives will be achieved.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

RISK FACTORS

Potential investors should consider carefully all of the information set out in this prospectus and, in particular, should evaluate the following risks associated with an investment in the Placing Shares. You should pay particular attention to the fact that we conduct our operations in Singapore and hold the Bintan Assets in Indonesia, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or the trading price of the Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR GROUP AND OUR BUSINESS

We experienced a decrease in revenue, net profit and net profit margin during the Track Record Period

We have been experiencing a decrease in revenue, net profit and net profit margin during the Track Record Period. Our revenue and net profit dropped by 10.1% and 17.9% respectively from the year ended 31 December 2012 to the year ended 31 December 2013. Our net profit margin decreased from 32.7% to 29.8% from the year ended 31 December 2012 to the year ended 31 December 2013. Our revenue, net profit and net profit margin were in a decreasing trend during the Track Record Period as a result of the decrease in occupancy rate and average room rate due to keen competition while the cost of sales remained relatively stable. Subsequent to the Track Record Period, competition in the hotel industry in Singapore continued to be intense. Our revenue for the five months ended 31 May 2014, as compared to that in the corresponding period in 2013, has dropped primarily as a result of the drop in occupancy rate and average room rate at Link Hotel. The occupancy rate of Link Hotel for the five months ended 31 May 2014 was 58.5%, representing a decrease of 0.9 percentage point as compared with the occupancy rate of 59.4% for the five months ended 31 May 2013. The average room rate for the five months ended 31 May 2014 was HK\$856.7, representing a decrease of 5.4% as compared with the average room rate of HK\$905.8 for the five months ended 31 May 2013.

There is no assurance that we will be able to improve or maintain our revenue and net profit margin in the future. If we continue to have a decrease in the revenue and net profit margin in the future, our operating cashflow may be subject to constraint and it could have a material adverse effect on our business, financial condition, results of operations and prospects. For further details of our revenue, net profit and net profit margin, please refer to the section headed “Financial information” in this prospectus.

Our Group may not be able to successfully devise and/or implement our Bintan Development Plan

One of the business strategies of our Group is to pursue the Bintan Development Plan, which, as at the Latest Practicable Date, was still at a preliminary stage and no detailed plan and strategies in respect of the proposed development of the Bintan Assets had been formulated. There is no assurance that our Group will be able to pursue this business strategy on a commercially viable basis or in a timely manner, or at all. In addition, our Group relies on independent external designers, construction companies and other professional parties for devising the master development plan and all of the enhancement, infrastructural and construction work to be undertaken at the Bintan Assets is, therefore, subject to risks relating to the performance of these third party contractors. There is no assurance that the services rendered by such third party contractors will match the targeted quality level required by our Group. As a result, our Group may not be able to achieve the intended business expansion, economic benefits or demonstrate commercial viability of the Bintan Development Plan.

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Our Group may also have difficulty in engaging reputable management group or personnel to manage and operate the Bintan Assets as enhanced and/or developed. There is also no assurance that our Group will be able to obtain sufficient funding for the Bintan Development Plan. If our Group fails to obtain sufficient funding or, when necessary, secure the collaboration of suitable business partner(s) for the Bintan Development Plan, the project may be adversely affected and our Group may not be able to successfully implement our business strategy.

All of our revenue during the Track Record Period came from Link Hotel. Our business, financial condition and results of operation would be materially and adversely affected if the occupancy rate and/or expenditures of guests at Link Hotel declines and/or if we fail to execute our future plans

During the Track Record Period, all of our revenue had been generated by Link Hotel. We expect to continue to derive a majority of our revenue from Link Hotel in the future even after completion of the Bintan Development Plan and the commercial operation of the Bintan Assets as enhanced and/or developed by our Group, subject to the extent of the return to be derived therefrom. As at the Latest Practicable Date, the Bintan Development Plan was still at its preliminary stage and our Group planned to engage suitable professional parties to devise the master development plan in the second half of 2014 and to commence the initial outlay for the Bintan Development Plan in the first half of 2016. Furthermore, as mentioned above, our Group may not be able to successfully devise and/or implement our Bintan Development Plan. If we fail to do so, our business, financial condition and results of operation will continue to be dependent predominantly on the occupancy rate and expenditures of guests at Link Hotel, and therefore an investment in our Group may entail more risks than investments in companies that have a larger hotel portfolio. If the occupancy rate and/or expenditures of guests at Link Hotel declines, or if we fail to execute our future plans as described in the sub-section headed “Business — Business strategies” in this prospectus to strengthen our existing business and diversify our business, our business, financial condition and results of operation would be materially and adversely affected accordingly.

We intend to undergo overall renovation of Link Hotel which may result in disruption of our hotel operations and cost overruns

In order to stay competitive in the market, we intend to improve the attractiveness of Link Hotel by undergoing a major renovation of the entire hotel. Please refer to the sub-section headed “Business — Business strategies” in this prospectus for further details of our renovation plan. The renovation is subject to risk of delays and may be more costly than planned. In addition, during the renovation process, we may require a partial closure of certain areas and facilities at Link Hotel. The renovation may create disturbance to our hotel operations and also to hotel guests, which in turn, will adversely affect our revenue and our financial performance.

There may be disagreements or disputes between our Group and Mr. Thamrin, a minority shareholder of PT Hang Huo, which may hinder the smooth development of the Bintan Assets

PT Hang Huo, which owns the Bintan Assets, is owned as to 80% by our Group and 20% by Mr. Thamrin. Pursuant to the Bintan Shareholders’ Agreement, certain corporate decisions (including any increase in share capital other than as is necessary to raise financing to implement the future plans for the development of the Bintan Land or capital expenditure budget of PT Hang Huo; the acquisition or disposal of land and/or buildings other than as set out in the Bintan Shareholders’ Agreement or the Bintan Acquisition Agreement; and any issue of any debt instruments) require consents from

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shareholders holding not less than 81% voting rights of PT Hang Huo, which means that Mr. Thamrin has a veto right in such decisions. See the sub-section headed “Business — Bintan Development Plan — PT Hang Huo and Bintan Shareholders’ Agreement” in this prospectus for more details of the Bintan Shareholders’ Agreement.

Where there is any conflict of interests between our Group and Mr. Thamrin with respect to these corporate decisions, there may be deadlocks on such decisions. Any disagreements or disputes between our Group and Mr. Thamrin may also hinder the smooth development of the Bintan Assets and in such case, our execution of future plans on the Bintan Assets may be adversely affected.

A part of our profit during the Track Record Period was attributable to interest income from Hang Huo Macau which was not generated from our core business. We do not expect that we will continue to receive such exceptional income after Listing

For the two years ended 31 December 2013, our profit for the year amounted to approximately HK\$28.5 million and HK\$23.4 million respectively. A part of such profit in the sum of approximately HK\$9.7 million and HK\$6.3 million for the two years ended 31 December 2013 respectively, however, was attributable to an interest income derived from certain loan advanced to Hang Huo Macau, which is a company controlled by our Controlling Shareholders. Such interest income was not generated from our operating core business and represented the aggregate of (i) an amount equivalent to the sum of the interest expenses and bank charges incurred by us in respect of obtaining the loans advanced to Hang Huo Macau from bank; and (ii) interest charged to Hang Huo Macau at a rate of 3.5% on the amount owing by Hang Huo Macau to us as at the year end date. We do not expect that we will continue to receive such exceptional income after Listing. Therefore, Shareholders should note that the financial performance of our Group for the years after 31 December 2013 would be materially and adversely affected by the absence of such interest income.

Our Group’s financial performance for the year ending 31 December 2014 would be adversely affected by expenses incurred in connection with the Listing

The total amount of listing expenses, commissions together with SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Placing (assuming the Over-allotment Option is not exercised) is estimated to be HK\$25.4 million, of which HK\$11.4 million is expected to be capitalised after the Listing. The remaining amount of HK\$14.0 million was or is expected to be charged to our profit and loss accounts, of which HK\$1.5 million and HK\$2.4 million were charged in the year ended 31 December 2012 and 31 December 2013, respectively, and HK\$10.1 million is expected to be charged in the year ending 31 December 2014.

Shareholders should note that the financial performance of our Group for the six months ended 30 June 2014 and for the year ending 31 December 2014 would be materially and adversely affected by the estimated expenses in relation to the Listing, and our Group’s net profit is expected to be significantly lower than that for the year ended 31 December 2013.

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Our profitability in the future may fluctuate due to fair value gains or losses on our investment properties because certain portion of our net profit is expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time

After completion of the Bintan Acquisition which took place in June 2014, the Bintan Assets is recorded as investment properties in our financial statements. Based on the property valuation report prepared by Colliers International (Hong Kong) Limited, the text of which is included as Appendix III to this prospectus, the value of the Bintan Assets as at 31 March 2014 was IDR215,900,000,000 (equivalent to approximately HK\$139.7 million), of which IDR172,720,000,000 (equivalent to approximately HK\$111.7 million) was attributable to our Group. We are required to reassess the fair value of the Bintan Assets at every year-end and/or period-end date on which we issue financial statements. Our valuations are generally based on a direct comparison approach, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values, and an income approach by taking into account the net rental income of properties. Under IFRSs, we recognise the fair value of our investment properties on our consolidated statements of financial position, and recognise fair value gains or losses on investment properties and the relevant deferred tax on our consolidated statements of comprehensive income.

The volatility of our profitability may increase as a result of fair value gains or losses. In addition, fair value gains or losses do not give rise to any change to our cash position unless the relevant investment property is sold and therefore we may experience constraints on our liquidity even though our profitability increased. The amount of revaluation adjustments may be significantly affected by the prevailing property market conditions and may be subject to market fluctuations. Any decrease in the fair value of our investment properties would adversely affect our profitability.

Fluctuations in the exchange rates may adversely affect your investment

Our combined financial statements are presented in Hong Kong dollars. The functional currency of our operating subsidiaries in Singapore, HHI and Link Hotels International, is Singapore dollars. The functional currency of our subsidiary in Indonesia, PT Hang Huo, is Singapore dollars. The Bintan Assets which are held by PT Hang Huo are located in Indonesia.

Singapore dollars depreciated against Hong Kong dollars by approximately 5.8% from 31 December 2011 to 31 December 2012, and appreciated against Hong Kong dollars by approximately 3.5% from 31 December 2012 to 31 December 2013.

Singapore dollars depreciated against Indonesian Rupiah by approximately 10.6% from 31 December 2011 to 31 December 2012, and by approximately 18.1% from 31 December 2012 to 31 December 2013.

Due to fluctuations in the exchange rate of Singapore dollars to/from Hong Kong dollars and Singapore dollars to/from Indonesian Rupiah, any trends associated with the financial performance of our operations may not be accurately reflected in our combined financial statements. Our exposure to foreign exchange risk also arises as a result of the difference in the currencies in which monetary assets and liabilities of our Company and our subsidiaries are denominated and the functional currency of those entities for the purposes of our combined financial statements. Any fluctuations in Singapore dollars to Hong Kong dollar exchange rate in future reporting periods may also affect the comparability of our results of operations with prior periods.

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Our historical dividends may not be indicative of our future dividends

Dividends may be paid out of our distributable profits as permitted under the relevant laws. Our ability to pay dividends will therefore depend on our ability to generate sufficient distributable profits.

During the Track Record Period, we had not declared any dividends. On 3 April 2014, our Group declared a final dividend in the aggregate amount of HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific. Such final dividend has been applied towards off-setting, in part, the amount owing by Hang Huo Macau (as directed by Taurine) to us prior to the declaration of such dividend and therefore the declaration and payment of such dividend has no cash flow effect on us. We currently have no intention to declare any dividends in respect of the year ending 31 December 2014.

There can be no assurance that in the future we will pay dividends at a similar level to the past or at all, and potential investors should be aware that the amount of dividends we paid in the past should not be used as a reference or basis which future dividends are determined. The payment and the amount of dividends in the future will depend on various factors, including but not limited to, the results of operations, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by us and future prospects.

In addition, to the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations and may therefore limit our future development. Therefore, there can be no assurance that we will declare dividends at all in the future. Future dividends, if any, will be at the discretion of our Board and will depend upon our future results of operations, capital requirements, general financial position, legal and contractual restrictions and other factors our Board may deem relevant.

We have outsourced a number of services to third-party service providers. As a result, our operations will be affected by their quality of service

We have outsourced a number of services, such as laundry, pest control and shuttle bus services to third-party service providers. Please refer to the sub-section headed “Business — Suppliers” in this prospectus for more details. As a result, our operations will be affected by the quality of services of our third-party service providers. We may not be able to control the quality or standard of the services provided by third-party service providers to the same extent as when the services are performed by our own employees. Any failure by the third-party service providers to meet our quality of services may result in our liabilities to third parties and have a material adverse effect on our business, reputation, financial condition and results of operations.

Accidents, injuries or prohibited activities in Link Hotel may adversely affect our reputation and subject us to liability

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests) taking place in hotels. Since the operation of Link Hotel, there occurred an accident which involved the death of a hotel guest who accidentally fell from the fourth floor of Link Hotel in September 2010. A Coroner’s Inquiry was held and the District Judge of the Subordinate Court of Singapore (as it was then called) returned a verdict of “Misadventure” on 29 December 2010. The case has since been concluded by the Singapore Police Force. As advised by our Singapore Legal Adviser, pursuant to section 24A of the Limitation Act (Chapter 163 of the Singapore

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Statutes) of Singapore, the time period within which personal injury claims can be brought against a plaintiff is three years from the date on which the cause of action accrued (“**Limitation Period**”), regardless of whether the cause of action arose under contract or tort. As the cause of action arose on 6 September 2010, the Limitation Period lapsed on 6 September 2013. We have maintained public liability insurance for accidental bodily injury to any person and accidental loss of or damage to property at Link Hotel at the time of the aforesaid accident and throughout the Track Record Period. Our Directors confirmed that (i) no claim has been made against our Group in relation to the aforesaid accident; and (ii) they were not aware of any claims that had been threatened or pending against our Group in relation to the aforesaid accident as at the Latest Practicable Date.

Occurrence of any accidents, injuries or prohibited activities at Link Hotel could adversely affect our safety reputation among guests, harm our brand, decrease our overall occupancy rates, and increase our costs by requiring us to implement additional safety measures. In addition, if accidents, injuries or prohibited activities occur at Link Hotel, we may be held liable for costs or damages and fines. Our current property and public liability insurance policies may not provide adequate or any coverage for such losses, and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Our insurance coverage may be insufficient to protect us against potential liabilities arising during the course of our operations

Our operations may be affected by a number of risks, including business interruption or potential damage to our facilities and equipment caused by inclement weather, human error, terrorist attacks, pollution, labour disputes or war. In addition, we face risks relating to our provision of services to customers, including damage to customers’ property. We maintain insurances policies to protect ourselves from a range of contingencies including risks of loss arising from damage to properties and business interruption, our liability as the occupier of Link Hotel and dishonest acts committed by our employees of Link Hotel. However, no assurance can be given that our insurance coverage will be able to cover all types of, or be sufficient to cover the full extent of any loss, damage or injury to person or property for which we may be held liable. Should an incident occur in relation to which we have inadequate insurance coverage, our business, financial position and operating results could be materially and adversely affected. Further, we cannot assure you that we will be able to renew our existing insurance coverage on commercially reasonable terms, or at all.

RISKS RELATING TO CONDUCTING BUSINESS IN BINTAN, INDONESIA

Risks relating to the land titles of the Bintan Assets

We own the Bintan Assets which are located on various parcels of land in Indonesia. Our Group holds the Bintan Land with HGB titles. A HGB title is an Indonesia land title granted for a maximum initial term of 30 years. By filing an application with the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term a maximum of 20 years. Following the expiration of this additional term, a renewal application may be made. See the sub-section headed “Regulatory overview — Overview of Indonesian regulations — Land ownership” in this prospectus for further details of the land system in Indonesia. However, there is no assurance that the extension or renewal application will be granted in the future. Failure to renew or extend these HGB titles, for any reason, could either adversely affect the future development of the Bintan Assets or result in PT Hang Huo losing its ownership of the Bintan Assets.

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After the issue of the HGB certificates under the name of PT Hang Huo upon completion of the Bintan Acquisition which took place in June 2014, there is a period of five years for any third party to claim or object to the validity of the HGB certificate as stipulated in Government Regulation No. 24 of 1997 regarding Land Registration. Therefore, it is possible that during this five-year period, the HGB certificates for the Bintan Land under PT Hang Huo's name may be challenged by a third party, and in such case, the future development of the Bintan Assets could be adversely affected.

The Bintan Land may be acquired compulsorily by the Indonesian Government

The Indonesian Government has the right to compulsorily acquire any lands in Indonesia, including the Bintan Land, for development in the public interest pursuant to Indonesian Law No. 2 of 2012 regarding Acquisition of Land for the Development of Public Interests (“**Law 2/2012**”) and Presidential Regulation No. 71 of 2012 regarding Acquisition of Land for the Development of Public Interests. Before compulsorily acquire a land in Indonesia, the Indonesian Government will fulfil certain procedures and compensate the land owners. The amount of compensation will be assessed on the basis prescribed in Law 2/2012 and other relevant rules and regulations of Indonesia. See the sub-section headed “Regulatory overview — Overview of Indonesian regulations — Compulsory acquisition” in this prospectus for further details of the procedures of compulsory acquisition of land by the Indonesian Government.

If any part of the Bintan Land were acquired compulsorily by the Indonesian Government, the compensation amount paid to our Group may be less than the carrying value or the price which our Group paid for the Bintan Land. If any part of the Bintan Land is compulsorily acquired, the Bintan Development Plan may also be subject to change. Therefore, depending on size of the compulsory acquisition and the level of compensation, any compulsory acquisition of the Bintan Land may have an adverse effect on the revenue, results of operations, value of assets and the Bintan Development Plan.

Terrorist attacks in Indonesia could destabilise the country

Acts of terrorism in Indonesia could destabilise Indonesia leading to social, political and economical instability and unrest. Violent acts arising from and leading to instability and unrest have in the past had and may continue to have a material adverse effect on investment and confidence in and the performance of the Indonesian economy and may have a material adverse on the operation of the Bintan Assets, its financial condition, the results of operations and future prospects.

Repeated reports of violence or terrorist attacks in Indonesia have resulted in various countries imposing, from time to time, different level of travelling warning/alert to tourists travelling to Indonesia. The Bintan Assets are located in Bintan, Indonesia. Security risks, particularly terrorism in Indonesian may decrease the confidence level of travellers in visiting Indonesia (including Bintan) generally and thus may affect our Bintan Development Plan and the operations of PT Hang Huo.

Economic changes in Indonesia may adversely affect PT Hang Huo's business

The economic crisis which affected Southeast Asia, including Indonesia, commencing around mid-1997 was characterised in Indonesia by among other effects, currency depreciation, negative economic growth, high interest rate, social unrest and extraordinary political developments. These conditions had material adverse effects on Indonesian businesses.

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The economic difficulties faced by Indonesia during the Asian economic crisis in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness.

In addition, Indonesia relies heavily on aid from the International Monetary fund (“IMF”), loans from the World Bank and the members of the Paris Club, as well as from the Consultative Group on Indonesia (“CGI”). The inability of the Indonesian government to obtain adequate funding, in the event of a termination of the IMF program, or a reduction or elimination of funding from the World Bank and the members of the Paris Club or the CGI, could have adverse economic, political and social consequences in Indonesia which in turn could have a material adverse effect on PT Hang Huo’s business, financial condition, results of operations and future prospects.

A loss in the investor’s confidence in the financial system of emerging and other markets may cause increased volatility in the Indonesian financial markets and a slowdown or negative growth could have material adverse effects on PT Hang Huo’s business, its financial condition, results of operations and prospects.

Risks relating to change in governmental policy and laws and regulations

Our Group’s investment in the Bintan Assets and the Bintan Development Plan may be affected by a change in Indonesian governmental policy, both central and local governments, particularly related to the tourism field, such as a change in Regional Spatial Layout Plan and Long-Term Regional Development Plan by the Bintan local government.

Our Group’s investment in the Bintan Assets and the Bintan Development Plan may also be affected by a change in the laws and regulations related to tourism, including but not limited to land and building use, zoning, hotel and resort standardisation, taxation, building standard, foreign exchange, foreign investment limitation for the tourism business and licensing requirement for the tourism business.

The Indonesian legal system is subject to considerable discretion and uncertainty

Indonesia’s legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedents and are not systemically published. Indonesia’s commercial and civil laws are historically based on Dutch law as in effect prior to Indonesia’s independence in 1945. Some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. There may be uncertainty in the interpretation and application of legal principles in Indonesia. The application of legal principles in Indonesia depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty.

Labour activism and unrest may materially and adversely affect the Bintan Assets

Laws permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labor unrest and activism in Indonesia. In March 2003, the Indonesian government enacted Law No. 13/2003 (“**Indonesian Labour Law**”) that requires further implementation of regulations that may substantively affect labour relations in Indonesia.

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The Indonesian Labour Law requires bipartite forums with participation from employers and employee and the participation of more than 50% of the employee of a company in order for a collective labour agreement to be negotiated and settled and, in addition, the Indonesian Labour Law creates procedures that are more conducive to the staging of strikes.

Labour unrest and activism in Indonesia could adversely affect or hinder our Bintan Development Plan.

RISKS RELATING TO THE HOTEL INDUSTRY

The hotel industry in Singapore is competitive

The hotel industry in Singapore is highly competitive. According to the HVS Report, over 50% of new hotel completions in 2013 were in the mid-tier segment targeting budget travellers who are more price-sensitive. In 2014, it is further estimated that 43% of total hotel completions will be in the mid-tier segment. As Link Hotel is classified by HVS as a mid-tier hotel, the increase in supply of hotels in the mid-tier segment will further intensify competition in the mid-tier hotel segment. Moreover, the competition to attract customers is primarily based on the location of the hotel, price, property size, quality of rooms, amenities and facilities, customer brand recognition and loyalty, geographic coverage quality of services provided. In particular, if the more established competitors engage in significant and sustained price discounting to attract customers and we are forced to substantially reduce our own prices to maintain occupancy levels, it would have a material adverse effect on our revenues, profit margins and results of operations.

The hotel business in Singapore is a regulated business

We currently operate Link Hotel in Singapore. The operation of hotels in Singapore is subject to various laws and regulations, such as the Hotels Act, under which hotels in Singapore are required to be licensed. See sub-section headed “Regulatory overview — Overview of Singapore regulations” in this prospectus for further details. In order to conduct our hotel operations, we are required to obtain applicable licences and renew them on an ongoing basis. Most of the applicable licences (including the hotel-keeper’s licence) are subject to renewal annually. We do not have automatic rights of renewal to our licences. There is no assurance that the conditions or requirements we may be required to satisfy or meet will not change or increase from year-to-year. Any such change may increase our cost of compliance, which may have a material adverse effect on our financial condition and results of operations.

Hotel-keeper’s licence of Link Hotel is held by an individual employee of our Group but not our Group

Pursuant to the Hotels Act, any person who wishes to operate a hotel has to apply for a hotel-keeper’s licence to enable the person to keep or manage the hotel. Moreover, under the Hotels Licensing Board’s qualification requirements, the proposed hotel-keeper has to be a person who holds a post equivalent to that of a chief executive officer or general manager of the hotel and must either be a Singaporean, Permanent Resident or an Employment Pass holder. For further details, please refer to the sub-section headed “Regulatory overview — Overview of Singapore regulations” in this prospectus.

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As at the Latest Practicable Date, Link Hotel's hotel-keeper's licence was granted to Mr. Chen Changzheng, one of our executive Directors. There can be no assurance that the licence holder will not resign from our Group or commit any misconduct which may cause the licence to be revoked. In such event, if Link Hotel cannot procure another employee to apply or be granted with new licences in a timely manner, it could cause interruption to our business and materially and adversely impact our business and results of operations.

The Singapore hotel industry has been, and will continue to be, significantly impacted by potential customers' desire and willingness to travel to and stay in Singapore

The Singapore hotel industry has been, and will continue to be, significantly impacted by potential customers travelling to Singapore and is closely linked to the development of tourist activity in Singapore. Potential customers' desire and willingness to travel to and stay in Singapore may be affected by a number of external factors which are outside our control, including adverse global, regional or local economic conditions, travel disruptions, viral epidemics and fluctuations in the Singapore dollar exchange rate against other currencies. We cannot predict the occurrence of these events and the extent to which they will, directly or indirectly, impact the hotel industry in Singapore.

Business travellers form a major source of demand for hotels and such persons often travel to Singapore to meet with corporations or firms that have set up regional headquarters and offices in Singapore. In addition, these corporations and firms form a source of demand for our catering business, through conferences and similar events. The attractiveness of Singapore to such corporations and firms and their employees and the associated business-related travel is influenced by economic conditions, political and economic stability of Singapore, Singapore's regulatory, legal, tax and financial framework, Singapore's environment and levels of pollution, and Singapore's transport and infrastructure and other amenities.

Changes in travel patterns can be erratic and this may adversely affect the performance of Link Hotel. Increase in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns may deter travellers and the performance of Link Hotel may be adversely affected as a consequence.

In addition, travel disruptions arising from natural disasters, adverse weather conditions, terrorist acts, riots or civil commotions may adversely impact the number of travellers coming to Singapore. See the risk "The hotel industry may be adversely affected by a recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of other epidemics, such as avian influenza A (H5N1 and H7N9) virus and influenza A (H1N1) virus" below for further discussion.

The hotel industry may be adversely affected by a recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of other epidemics, such as avian influenza A (H5N1 and H7N9) virus and influenza A (H1N1) virus

Any recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of any other epidemic in the places where we operate, such as avian influenza A (H5N1 and H7N9) virus and influenza A (H1N1) virus or other widespread communicable disease may lead the World Health Organisation and certain governments to issue travel advisories against non-essential travel to affected regions, impose travel restrictions or impose quarantines. Such actions would likely have a material adverse effect on the number of international visitor arrivals to Singapore and the corresponding

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demand for hotel rooms and catering and restaurant facilities. In addition, an outbreak of SARS, avian influenza A or influenza A virus or other widespread communicable disease may result in the temporary closure of hotels and/or restaurants, giving rise to material disruptions to our businesses.

We face risks related to instances of food-borne illnesses, food contamination and associated liability claims

Revenue from F&B services accounted for approximately 9.4% and 10.6% of our Total Revenue for the two years ended 31 December 2013 respectively. We face an inherent risk of food contamination and associated liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers and we may not be able to detect all defects in our supplies and food contamination could be caused by third party food suppliers or other factors which are outside of our control. We also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Any failure to detect defective food supplies, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer inside or outside our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, penalties being imposed against us by relevant authorities and/or compensation awards by courts.

In addition, new food-borne illnesses may develop in the future and any negative publicity resulting from such instances of food-borne illnesses or food contamination would damage our reputation and could have a material adverse effect on our business, results of operations, financial condition and prospects. Any incidents of food contamination or food-borne illnesses in the future could materially harm our reputation and have a material adverse effect on our business, results of operations, financial condition and prospects.

RISKS RELATING TO THE PLACING

There has been no prior public market for the Shares

Prior to the Placing, there was no public market for the Shares. There is no guarantee that a liquid public market for our Shares will develop or be sustained upon completion of the Placing. In addition, the Placing Price was the result of negotiations between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), and the Placing Price may differ significantly from the market price for the Shares following the Placing. Our Company has applied to the Stock Exchange for permission to list and deal in the Shares. However, a listing on the Stock Exchange does not guarantee that an active trading market for the Shares will develop following the Placing or in the future.

The liquidity and market prices of the Shares following the Placing may be volatile

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our services could cause the market price of the Shares to change substantially. We cannot guarantee that these developments, which may result in large and sudden changes in the volume and price at which the Shares will trade, will not occur in the future.

RISK FACTORS

Future sales of our Placing Shares or other securities relating to our Placing Shares could impact the prevailing market price of the Placing Shares and our ability to raise capital in the future, and may result in dilution of your shareholdings

The market price of the Placing Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market or the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. Moreover, future sales, or perceived sales, of substantial amounts of the Shares or other securities relating to the Shares could adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

Shareholders will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. The Shareholders may experience further dilution in the net tangible book value per Share which they hold if we issue additional Shares or equity-linked securities in the future. We currently do not have any definitive plan for any offering of additional Shares or equity-linked securities, particularly in relation to the timing or size of such offering, and such offering may or may not happen.

We have adopted the Share Option Scheme, under which options may be granted after the listing of the Shares on the Stock Exchange. Issuance of Shares pursuant to the exercise of the options to be granted under the Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby will cause dilution to the percentage of ownership of the existing Shareholders, the earnings per Share and net asset value per Share. Under the IFRSs, the fair value of services received as determined by reference to the fair value of share options granted to employees of our Group is recognised as an employee costs with a corresponding increase in equity. The fair value is measured at grant date.

Subject to the accounting practices then prevailing and applicable to us at the time of grants, any future grants of share options to our employees under the Share Option Scheme or may also be recognised as our staff costs, and may thereby have adverse effect on our profitability in the financial years during the applicable vesting period of these share options.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders

Immediately following the Placing, our Controlling Shareholders will collectively beneficially own 75% of our Shares, or approximately 72.3% of our Shares if the Over-allotment Option is exercised in full. As a result, by virtue of their controlling ownership of our share capital, our Controlling Shareholders will be able to exert significant influence over our business and otherwise on matters of significance to us and other Shareholders by voting at the general meetings of Shareholders, such as election of Directors, dividend payments and other distributions, acquisition of or merger with another entity, and alteration to our capital, and amendments to our Articles.

RISK FACTORS

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders and they are free to exercise their votes according to their interests. Our Controlling Shareholders will have the power to prevent or cause a change in control of our Company. Without the consent of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us and our other Shareholders.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

The industry data and forecasts in this prospectus obtained from various government publications have not been independently verified

This prospectus includes industry data and forecasts that we obtained from various government publications. We cannot assure you of the accuracy or completeness of information obtained from such government publications. We have not independently verified any of the data from such sources, nor have we ascertained the underlying economic assumptions relied upon in such sources. While we are not aware of any misstatements regarding our industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in this section.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

WAIVER FROM STRICT COMPLIANCE WITH CHAPTER 20 OF THE GEM LISTING RULES

On 17 June 2014, our Group entered into the Bintan Lease Agreement with Mr. Thamrin, who is a connected person of our Company upon Listing by virtue of his holding of 20% of the paid-up capital of PT Hang Huo. The Bintan Lease Agreement and the transactions thereunder constitute continuing connected transactions of our Company under the GEM Listing Rules upon Listing, and are subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement pursuant to Rule 20.74 of the revised Chapter 20 of the GEM Listing Rules (which will become effective on 1 July 2014) upon Listing. The Sole Sponsor, on behalf of our Company, has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the strict compliance with the announcement requirements in respect of such continuing connected transactions under Rule 20.103 of the revised Chapter 20 of the GEM Listing Rules (which will become effective on 1 July 2014). The details of such continuing connected transactions and information in relation to the reasons, annual caps, basis and conditions for the waiver are set out in the section headed "Continuing connected transactions" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 prospectus misleading.

STRUCTURE AND CONDITIONS OF THE PLACING

Fully underwritten

This prospectus is published in connection with the Placing, which is sole sponsored by the Sole Sponsor and is managed by the Sole Bookrunner. The Placing Shares are fully underwritten by the Underwriters pursuant to the Underwriting Agreement. For further information about the Underwriters and the placing and underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Over-allotment Option

Our Company has granted to the Sole Bookrunner the Over-allotment Option which if exercised, requires our Company to allot and issue up to an aggregate of 10,500,000 additional Placing Shares, representing 15% of the initial number of Placing Shares at the Placing Price to cover any excess demand in the Placing.

Further information on the above and the structure and conditions of the Placing is set out in the section headed "Structure and conditions of the Placing" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE PLACING SHARES

Each person acquiring the Placing Shares will be required, or be deemed by his/her acquisition of the Placing Shares, to confirm that he/she is aware of the restrictions on offers or sales of the Placing Shares described in this prospectus.

No action has been taken to permit an offering of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offers and sales of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

This prospectus and any other materials relating to the Placing Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289 of the Singapore Statutes) (“SFA”). Accordingly, this prospectus and any other prospectus or materials in connection with the offer or sale, or invitation for subscription or purchase, of Placing Shares, may not be issued, circulated or distributed, nor may the Placing Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption invoked under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

The Placing Shares have not been and will not be registered, offered, transferred or sold, directly or indirectly, in Indonesia, or to any Indonesian residents or Indonesian citizens (wherever they may be located) in a manner which constitutes a public offering under the laws and regulations in Indonesia. The distribution of this prospectus and the offer, sale and delivery of the Placing Shares may be restricted by the Indonesian Capital Markets Law (i.e., Law No. 8 of 1995 dated 10 November 1995) and its implementing regulations. The information contained herein does not constitute an offer to sell or a solicitation of an offer or a recommendation to purchase securities under the Indonesian Capital Market Law and its implementing regulations. Persons who may come into possession of this prospectus are required to inform themselves about, and to observe, any such restrictions.

The Placing Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Placing to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, and any of their respective directors or any other persons involved in the Placing. It is expected that, pursuant to the Placing, the Underwriters will conditionally place the Placing Shares at the Placing Price on behalf of our Company to selected professional, institutional and other investors in Hong Kong.

REASONS FOR SEEKING A LISTING IN HONG KONG

Our Company is seeking a listing in Hong Kong because Hong Kong equity market can attract different investor profiles thereby widening the investor base of our Company. We believe that there are sufficient institutional capital and funds in Hong Kong for companies listed in Hong Kong. We also believe that there will be high liquidity and exposure to a broader analyst and investment community in Hong Kong.

APPLICATION FOR LISTING ON GEM

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Placing (including any Shares to be issued upon exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

A total of 70,000,000 Shares, representing 25% of the enlarged issued share capital of our Company immediately following completion of the Placing and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), will be made available under the Placing.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Placing or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. A total of 70,000,000 Placing Shares, representing 25% of the enlarged issued share capital of our Company, will be in the hands of the public immediately following completion of the Placing and the Capitalisation Issue and upon Listing without taking into account any Shares which may be allotted and issued under the Over-allotment Option or pursuant to the exercise of options that may be granted under the Share Option Scheme.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Underwriters, their respective directors or any other person involved in the Placing accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

REGISTRATION AND STAMP DUTY

All the Placing Shares will be registered in the branch register of members of our Company to be maintained in Hong Kong by Tricor Investor Services Limited, our Hong Kong Share Registrar. Our principal register of members will be maintained in the Cayman Islands by the principal share registrar of our Company, Codan Trust Company (Cayman) Limited.

Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Dealings in the Shares registered on the principal register of members of our Company maintained in the Cayman Islands will not be subject to the Cayman Islands stamp duty except where our Company holds interests in land in the Cayman Islands.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on or about Monday, 7 July 2014. The Shares will be traded in board lots of 2,000 Shares each.

Our Company will not issue any temporary document of title.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

For the purpose of illustration in this prospectus only (other than the section headed "Financial information" and Appendix I) and unless otherwise specified in this prospectus, the translation of Singapore dollar into Hong Kong dollars has been made at the rate of S\$1 to HK\$6.2035, the translation of United States dollar into Hong Kong dollars has been made at the rate of US\$1 to HK\$7.7518 and the translation of Indonesian Rupiah into Hong Kong dollars has been made at the rate of IDR100 to HK\$0.0647, prevailing on the Latest Practicable Date.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

For the section headed “Financial information” and Appendix I in this prospectus, unless otherwise specified, income and expense items of foreign operations are translated into the presentation currency of our Group (i.e. Hong Kong dollars) at the average exchange rates for the relevant period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period.

No representation is made that the Singapore dollar, Indonesian Rupiah and the United States dollar could have been, or could be, converted into Hong Kong dollars at such rates or at any other rate on such date or on any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

Name	Residential address	Nationality
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Executive Directors

Datuk Siew Pek Tho (拿督蕭柏濤)	Est. Sete Tanques S/N R/C-G Edif Villa Delle Rose Taipa Macau	Malaysian
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Mr. Chen Changzheng (陳長征先生)	383 Tanglin Road #05-04 Singapore 247966	Chinese
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Mr. Wong Ip (黃曄先生)	Rua De Tai Lin (Fa Seng) Edif Lei Yip 32-And-X Taipa Macau	Chinese
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Non-executive Directors

Mr. Ngan Iek (顏奕先生)	Est. Sete Tanques S/N R/C-D Edif Villa Delle Rose Taipa Macau	Chinese
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Ms. Ngan Iek Peng (顏奕萍女士)	Est. Sete Tanques S/N R/C-G Edif Villa Delle Rose Taipa Macau	Chinese
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Independent non-executive Directors

Mr. Thng Bock Cheng John (湯木清先生)	75 Holland Grove Drive Singapore 278903	Singapore
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Mr. Wu Chi Keung (胡志強先生)	Flat A, 9th Floor, Block 2 Braemar Hill Mansions 17 Braemar Hill Road North Point Hong Kong	Chinese
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Mr. Yen Yuen Ho, Tony (嚴元浩先生)	Flat A, 4/F, Block 6 Yar Chee Villas 1A Chi Fu Road Pok Fu Lam Hong Kong	Chinese
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DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Further information in relation to the Directors, senior management and staff of our Company is set out in the section headed “Directors, senior management and employees” in this prospectus.

PARTIES INVOLVED IN THE PLACING

Sole Sponsor

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

Sole Bookrunner

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen’s Road Central
Hong Kong

Joint Lead Managers

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen’s Road Central
Hong Kong

Great Roc Capital Securities Limited
Suite 3712, 37th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Co-Managers

Ever-Long Securities Company Limited
18th Floor, Dah Sing Life Building
99-105 Des Voeux Road Central
Hong Kong

SBI China Capital Financial Services Limited
Unit A2, 32/F, United Centre
95 Queensway
Hong Kong

Legal advisers to our Company

as to Hong Kong law:
Michael Li & Co.
19/F., Prosperity Tower
No. 39 Queen’s Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

as to Singapore law:

Harry Elias Partnership LLP
SGX Centre 2 #17-01
4 Shenton Way
Singapore
068807

as to Cayman Islands law:

Conyers Dill & Pearman (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

as to Indonesian law:

Ery Yunasri & Partners
The Energy Building, 17th Floor
Sudirman Central Business District Lot 11 A
Jl. Jendral Sudirman Kav. 52-53
Jakarta 12190
Indonesia

**Legal advisers to the Sole Sponsor
and the Underwriters**

as to Hong Kong law:

Leung & Lau
Units 7208-10, 72nd Floor
The Center
99 Queen's Road C.
Central
Hong Kong

as to Singapore law:

Rodyk & Davidson LLP
80 Raffles Place
#33-00 UOB Plaza 1
Singapore
048624

as to Indonesian law:

Soewito Suhardiman Eddymurthy Kardono
14th Floor, Mayapada Tower
Jl. Jend. Sudirman Kav. 28
Jakarta 12920
Indonesia

Auditors and reporting accountants

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Property valuer	Colliers International (Hong Kong) Limited Suite 5701, Central Plaza 18 Harbour Road Wanchai Hong Kong
Independent market consultant	Hong Kong Hospitality Consulting Services Limited, Division of Hong Kong (trading as HVS) 21st Floor, The Center 99 Queen's Road Central Hong Kong
Compliance adviser	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 3406A, 34/F China Resources Building No. 26 Harbour Road Wanchai Hong Kong
Principal place of business in Singapore	Link Hotel 50 and 51 Tiong Bahru Road Singapore 168733 & 168734
Company's website	www.linkholdingslimited.com <i>(the contents of the website do not form part of this prospectus)</i>
Company secretary	Mr. Ng Chi Wai, <i>HKICPA</i> Flat 16, 23/F, Block 1 Metropolis Residence 8 Metropolis Drive Hung Hom, Kowloon Hong Kong
Compliance officer	Datuk Siew Pek Tho
Authorised representatives (for the purpose of the GEM Listing Rules)	Datuk Siew Pek Tho Est. Sete Tanques S/N R/C-G Edif Villa Delle Rose Taipa Macau Mr. Ng Chi Wai Flat 16, 23/F, Block 1 Metropolis Residence 8 Metropolis Drive Hung Hom, Kowloon Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Wu Chi Keung (<i>Chairman</i>) Mr. Yen Yuen Ho, Tony Mr. Thng Bock Cheng John
Remuneration committee	Mr. Yen Yuen Ho, Tony (<i>Chairman</i>) Mr. Ngan Iek Datuk Siew Pek Tho Mr. Wu Chi Keung Mr. Thng Bock Cheng John
Nomination and corporate governance committee	Mr. Ngan Iek (<i>Chairman</i>) Datuk Siew Pek Tho Mr. Wu Chi Keung Mr. Yen Yuen Ho, Tony Mr. Thng Bock Cheng John
Principal share registrar and transfer office in the Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal banker	DBS Bank Limited 12 Marina Boulevard 43-03 DBS Asia Central Marina Bay Financial Centre Tower 3 Singapore 018982

INDUSTRY OVERVIEW

We have extracted and derived the information in the section below, in part, from various government or official sources that are publicly available and the HVS Report. See “Sources of information” below. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any other party involved in the Placing and no representation is given as to its accuracy. Accordingly, you should not place undue reliance on such information or statistics.

SOURCES OF INFORMATION

In connection with the Placing, we have engaged HVS, an Independent Third Party, to prepare the report titled “Market Research Report Singapore and Bintan” (“**HVS Report**”) for use in this section. We paid HVS a total of US\$48,000 as the fee for preparing and updating the HVS Report. The payment of such amount was not contingent upon our successful Listing or on the results of the HVS Report.

About HVS

HVS is a global consulting and services organisation founded in 1980 and based in the United States. Through a worldwide network of over 30 offices, HVS provides services in areas including, among others, consulting and valuation, executive search, investment banking, hotel management, shared ownership, parking operations, risk management and property tax. Consulting and valuation services include among others, development feasibility study, property valuation, master plan advisory and strategic consulting, hotel and tourism market study, asset management and hotel operator search and brand selection.

Research methodology

HVS prepared the HVS Report based on its in-house database, government statistics, industry publications, tourism bureaus and related authorities. HVS also conducted primary research such as site inspection and interviews with hotel management representatives to gather and synthesise market information.

Forecasted data was projected on the basis of analysis of Singapore’s and Bintan’s macroeconomic data, historical data of Singapore and Bintan hospitality market and specific industry related drivers. In particular:

- (i) in arriving at the forecast in hotel room supply in Singapore and Bintan, HVS assumes that industry drivers such as government supports and improvements on infrastructure will ensure sustainable development of the tourism industry in Singapore and Bintan. The total hotel supply increased at CAGR of 5.2% between 2005 and 2013. Singapore hotel supply is estimated to grow at a CAGR of 4.0% from 2014 to 2017. HVS also estimates 1% increase in Singapore hotel supply for 2018. HVS estimates that hotel room supply in Bintan will surge at the rate of 16.1% per annum from 2014 to 2018 which is a notable growth as compared to the CAGR of 2.6% of hotel room supply in Bintan between 2005 and 2013; and

INDUSTRY OVERVIEW

- (ii) HVS estimates that Singapore economies will maintain steady growth between 3.9% to 5.4% per annum across the forecast period from 2014 to 2018 compared to the volatile fluctuations of economic growth ranging from -0.6% to 15.1% over 2005 to 2013. HVS also estimates that Indonesia economies will maintain an annual growth rate of 5.4% to 6.4% from 2014 to 2018 as compared to the 4.6% to 6.5% growth for the previous nine years.

Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the HVS Report which may qualify, contradict or have an impact on the information in this section.

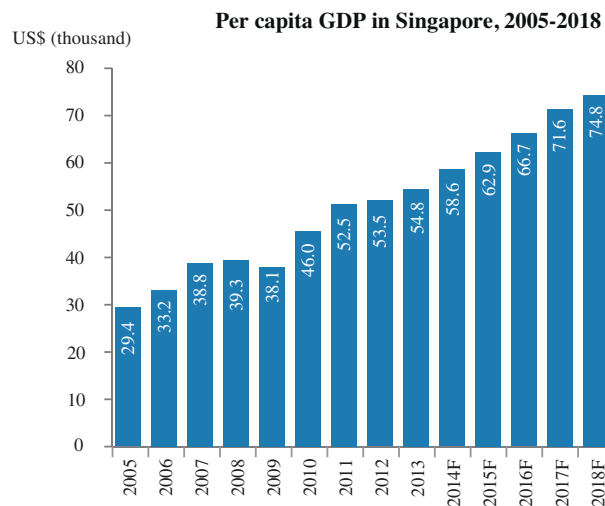
Except as otherwise noted, all of the data and forecast in this section are derived from the HVS Report. See the sub-section headed “Risk factors — Risks relating to statements made in this prospectus — The industry data and forecasts in this prospectus obtained from various government publications have not been independently verified” in this prospectus.

SINGAPORE HOTEL INDUSTRY OVERVIEW

Macroeconomic indicators

Located at the Southern tip of the Malay Peninsula, Singapore is one of the financial and business centres in South East Asia and also one of the major tourist destinations in the Asia Pacific.

The graph below sets out the per capita GDP in Singapore from 2005 to 2018:



Source: Economist Intelligence Unit

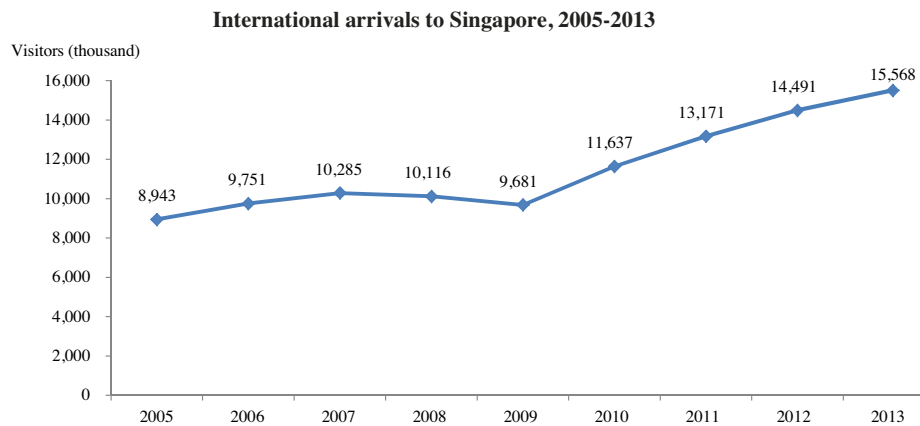
INDUSTRY OVERVIEW

As set out in the above graph, although the pace of expansion of Singapore economy was slowed down since 2011 compared to the robust growth in the previous years, the economy still maintained healthy growth.

Tourism market data

Number of visitor arrivals

The graph below sets out the number of international visitor arrivals to Singapore from 2005 to 2013:



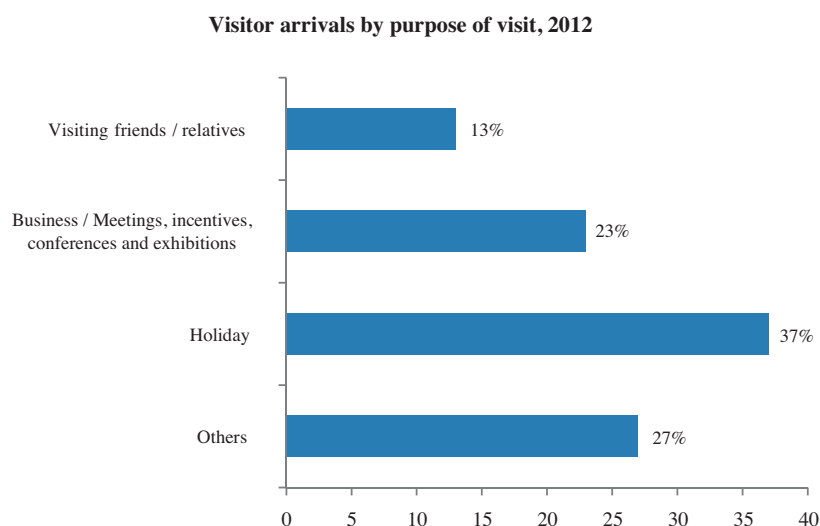
Source: STB

Total international arrivals to Singapore grew steadily from 2005 to 2013, increasing from approximately 8.9 million in 2005 to approximately 15.6 million in 2013, representing a CAGR of 7.3%. This was primarily due to a combination of factors including the continued effort in creating demand, solid marketing effort in promoting “Uniquely Singapore” by STB, increased business travel in the region and the opening of the two integrated resorts, Marina Bay Sands and Resorts World Sentosa.

INDUSTRY OVERVIEW

Purpose of visit

The graph below sets out a breakdown of international visitor arrivals by purpose of visit in 2012:



Source: STB

Leisure demand remains dominant for Singapore international visitor arrivals. Holiday was the single largest purpose of visit to Singapore in 2012, representing 37% of total international visitors. 23% of travellers are business driven and the improving business environment will likely increase demand for this segment. The figures for international visitor arrivals by purpose of visit in 2013 were not available at the Latest Practicable Date.

Visitor arrivals by region

The main feeder region to Singapore is Southeast Asia (including Indonesia, Malaysia and other Southeast Asia countries) which accounted for 39.6% of total international visitor arrivals in 2013, followed by North Asia (including China and other North Asia countries) which accounted for 28.9% of total international visitor arrivals in 2013. The main feeder countries to Singapore were Indonesia, China and Malaysia which accounted for 19.8%, 14.6% and 8.2% of total international visitor arrivals in 2013 respectively.

INDUSTRY OVERVIEW

Tourism receipts

Tourism receipts represent expenditure of international inbound visitors which provide an indication of the overall status of the tourism industry. The graph below sets out the total tourism receipts in Singapore from 2005 to 2013:



Source: STB

Singapore's tourism receipts increased from S\$10.9 billion in 2005 to S\$23.5 billion in 2013, representing a CAGR of 10.1%. Tourism receipts rebounded to S\$18.9 billion in 2010, representing a growth of 50.0% compared to 2009 and further grew by 18.0% to S\$22.3 billion in 2011. This increase was mainly attributable to the higher per capita spending by visitors and the increase in number of international visitor arrivals due to improving regional economic sentiments after the 2008 global financial crisis and the opening of the two integrated resorts, being Marina Bay Sands and Resorts World Sentosa.

Singapore's tourism receipts amounted to S\$23.5 billion in 2013, representing an increase of approximately 2.2% as compared to 2012 mainly due to the growth in accommodation and sightseeing and entertainment receipts.

INDUSTRY OVERVIEW

Singapore hotel market

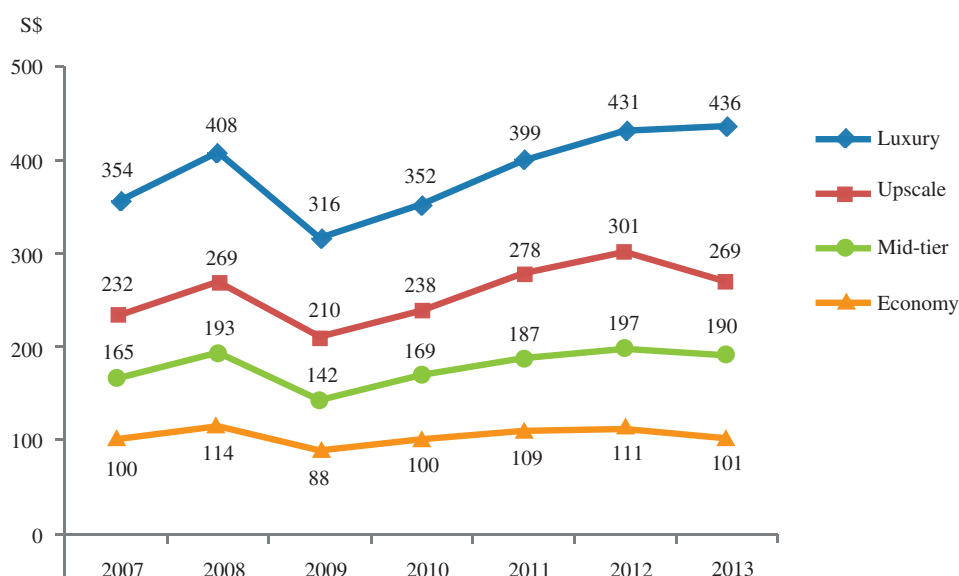
Hotel classification

Singapore hotels are classified as gazetted and non-gazetted hotels. Hotels that are inspected and passed the minimum requirements set by STB are classified as gazetted hotels and are officially declared as tourist hotels. Gazetted hotels constitute approximately 80% of total supply by number of rooms and approximately 50% of total supply by number of properties.

STB further internally classifies hotels by tier, which is determined predominantly by their performance and location. Luxury tier includes luxurious hotels with prime locations and/or in historical buildings and are usually the best performing hotels in terms of average room rate. Upscale tier includes upscale hotels generally in key locations. Mid-tier consists of hotels in the mid-tier segment in prime commercial areas or just outside the city. Economy tier are budget hotels with relatively low average room rates located in outlying areas.

The following graph sets out the gazetted hotel performance by tier from 2007 to 2013 in respect of average room rate:

Average room rate performance, 2007-2013



Source: STB

As advised by HVS, STB does not disclose the identities of the hotels it has classified in each tier. HVS classified Link Hotel as a mid-tier hotel as (i) Link Hotel's average room rate is slightly more inclined towards the mid-tier hotel's average room rate; and (ii) it is located in the immediate outlying area of River Valley which is easily accessible.

INDUSTRY OVERVIEW

STB also categorises the gazetted hotels by size. The table below indicates the categories by size. Link Hotel, with 288 hotel rooms, falls into the category of medium size.

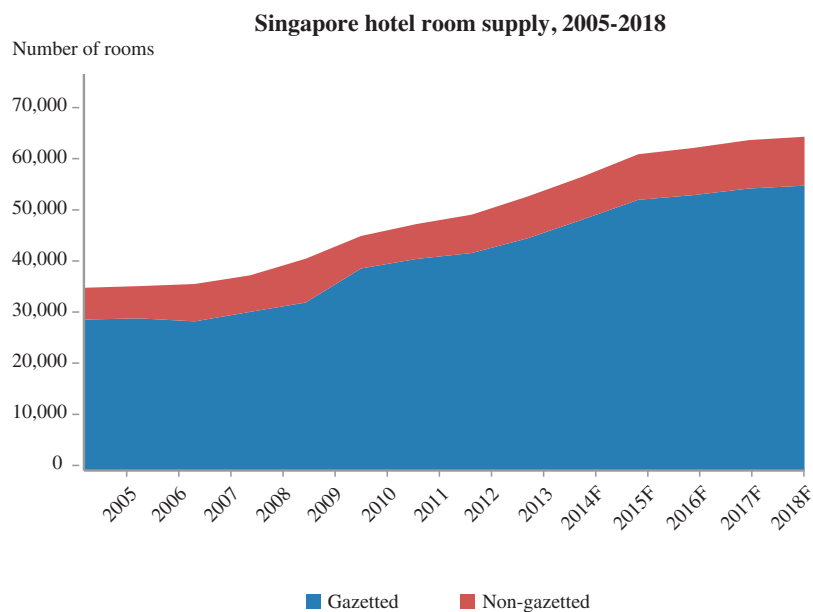
Gazetted hotel categories by size

<u>Total number of rooms</u>	<u>Category</u>
Less than 200 rooms	Small
201 - 400 rooms	Medium
401 - 600 rooms	Large
More than 600 rooms	Very large

Source: STB

Hotel supply

The following graph sets out the supply of hotel rooms from 2005 to 2018:



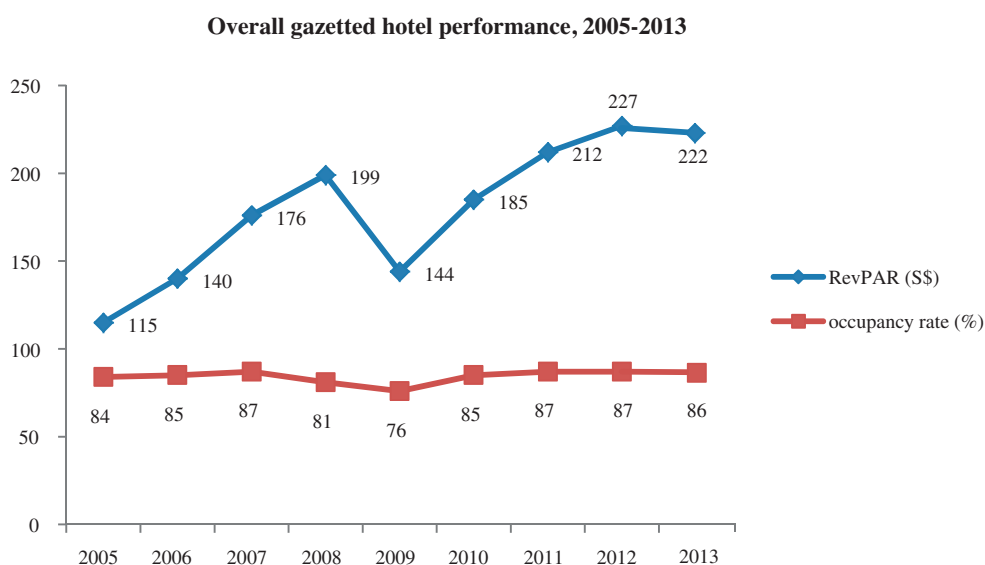
Source: HVS and STB

INDUSTRY OVERVIEW

Total hotel rooms supply in Singapore increased relatively steadily from 2005 to 2008. Spurred by the opening of the two integrated resorts, Marina Bay Sands and Resorts World Sentosa, total hotel rooms supply increased from 39,376 in 2008 to 49,719 in 2011, representing a CAGR of 8.1%. Supply of hotel rooms continued to increase in 2012 and 2013, resulting in more than 55,000 hotel rooms at the end of 2013.

Overall gazetted hotels performance

The following graph sets out overall gazetted hotel performance from 2005 to 2013 in respect of the RevPAR and occupancy rate:



Source: STB

Tourism and hotel markets are sensitive to macro-economic factors. Singapore was impacted by the global financial crisis due to weakened activity in the financial sectors, stalemate in trading and subsequent economic recession. RevPAR decreased from S\$199 in 2008 to S\$144 in 2009, representing a drop of 27.6%. The market recovered in 2010 due to strong economic recovery in the region including Singapore.

In 2013, RevPAR decreased by 2.2% and occupancy rate decreased one percentage point due to intensified competition as a result of the increase in hotel room supply in Singapore.

INDUSTRY OVERVIEW

Boutique-style hotel

Boutique-style hotels represent a concept that presented a departure from large-scale hotel developments and is often characterised by (i) locating in neighbourhoods with a distinct character that has potential for revitalisation; (ii) being conversions of existing buildings that provides an unique experience through its architectural style and use of materials; (iii) providing guests with exceptional service; (iv) having strong food and beverage outlets; and (v) being independent properties without brand affiliation. There is no classification nor official definition of boutique-style hotels as it is a style that can be incorporated in different hotel tiers.

HVS identified the following boutique-style hotels in Singapore:

Operator	Number of Rooms
Village Hotel Albert Court	210
Gallery Hotel	223
Hotel 1929	32
The Scarlet Hotel	80
Hotel Majestic	30
Amara Sanctuary Resort Sentosa	121
Naumi Hotel	40
Link Hotel	288
Hotel Re! Pearl's Hill	140
Klapsons, The Boutique Hotel	17
Nostalgia Hotel	50
The Quincy Hotel	108
Wangz Hotel	41
Hotel Fort Canning	86
Innotel Singapore	70
Moon Hotel	83
The Club Hotel by Harry's Hospitality	22
The Sultan Hotel	64
Wanderlust Hotel	29
Naumi Liora	79
The Duxton Hotel	49
Totals	<u>1,862</u>

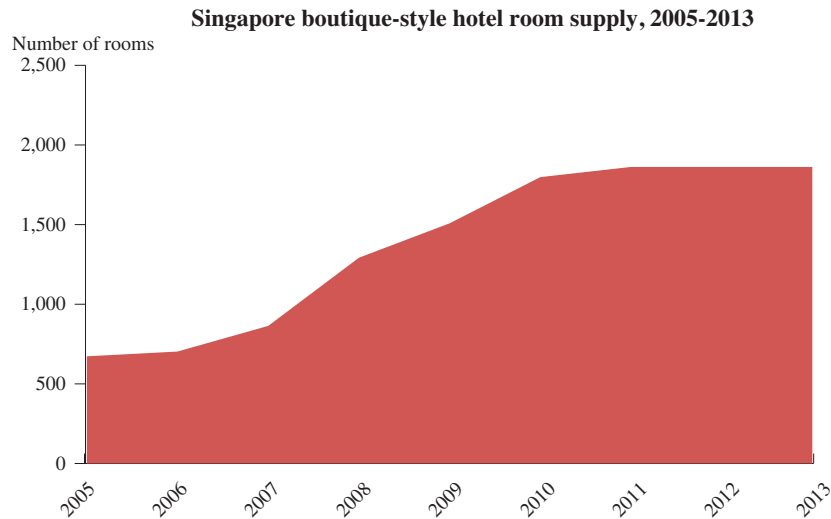
Source: HVS

INDUSTRY OVERVIEW

Singapore's boutique-style hotels have 1,862 rooms with an average room count of 89.

Boutique-style hotel supply

The following graph sets out the supply of boutique-style hotels from 2005 to 2013:



Source: HVS

The boutique-style hotel market has become increasingly competitive as total boutique-style hotel rooms supply in Singapore increased from 673 in 2005 to 1,862 in 2013.

Drivers of the Singapore hotel market

Government support

In 2005, the Singapore Government had targets to ensure tourism remains a key economic pillar with a goal to achieve the following by 2015: (i) triple tourism receipts to S\$30 billion, (ii) double visitor arrivals to 17 million; and (iii) create an additional 100,000 jobs in the tourism service sector. To achieve these goals, the Tourism Development Fund (“**Tourism Development Fund**”) in the amount of S\$2 billion was set up in 2005 to support STB and the Singapore Government outlined in the 2012 budget that S\$905 million was to be injected into the Tourism Development Fund over the next five years with the principal aim of attracting high end travellers. According to STB, there are three key areas of focus of the Tourism Development Fund: (i) strengthen Singapore as a leading convention & exhibition city in Asia; (ii) develop Singapore as a leading Asian leisure destination; and (iii) establish Singapore as a service centre of Asia.

INDUSTRY OVERVIEW

Improvement of transportation and infrastructure to drive visitation

Singapore is accessible by air and sea from worldwide destinations and by road and rail from Malaysia. A number of infrastructure projects to facilitate travel have been recently completed or are in development stage:

- ***Changi airport*** — It is expected terminal 4 which is scheduled to be completed in 2017, will boost the airport's capacity from 66 million to 82 million passengers per annum. Terminal 5 is scheduled to be completed in mid 2020s and is expected to further boost the airport's capacity from 82 million to 132 million passengers per annum.
- ***High speed railways*** — A high speed rail project linking Singapore and Kuala Lumpur will reduce travel time to 90 minutes between the two said countries and is expected to be completed by 2020. The high speed railway is expected to boost tourism in Southeast Asia. Moreover, a rail link from Singapore through Indochina to China is also under development and is expected to be completed by 2020. The line will will reduce travel time between China and Singapore to 10 hours.

Leisure demand

Visitor arrivals by purpose of visit were dominated by leisure demand. The well-developed shopping malls attract a significant amount of tourists from the region, most notably Indonesia and China. The two integrated resorts, being Marina Bay Sands and Resorts World Sentosa, opened in 2010 offer an extensive variety of casinos, theme parks, hotels, luxury shopping and other leisure resources.

Corporate demand

Corporate demand is mainly generated through the financial and business services sector with generally low price sensitivity. The volume of corporate demand is largely dependent on the country's economic health. With an improving economic outlook, business travel regained momentum as many companies increased travel activity and budgets.

Thriving shipping industry

The port of Singapore is the largest transshipping hub in the world, with 200 shipping lines connecting to over 600 ports in the world. In addition, in 2013, the port of Singapore was the world's top ship refuelling port. Currently, the majority of lodging demand that comes from the shipping industry is derived from workers on oil platforms under construction and crews temporarily on land during dry docking periods for maintenance.

MICE demand

Meetings, incentives, conferences and exhibitions ("**MICE**") is a type of tourism in which large groups of people are brought together for purposes of meetings, incentives, conferences and exhibitions. Singapore hosts numerous trade shows and conferences for a wide range of industries which include shipping, chemicals, pharmaceuticals technology, aerospace, arms and travel.

INDUSTRY OVERVIEW

Competitive analysis

Competitive landscape

HVS identified the following as the top ten hotel operators in Singapore by number of hotel rooms in 2013:

	Operator	Number of hotel rooms	Market share (%)
1	Far East Hospitality	3,672	7.8
2	Pan Pacific Hotels & Resorts	2,624	5.6
3	FRHI Hotels & Resorts	2,609	5.6
4	Marina Bay Sands	2,561	5.5
5	Hotel 81	2,512	5.4
6	Millennium & Copthorne Hotels	2,313	4.9
7	InterContinental Hotels Group	1,776	3.8
8	Accor	1,756	3.7
9	Shangri-La Hotels & Resorts	1,749	3.7
10	Starwood	1,201	2.6

According to HVS, market share in the hotel industry is calculated as the number of rooms in the subject hotel as a percentage of total rooms in the hotel competitive market set. There was an estimated total of 46,837 gazetted rooms in Singapore in 2013. On such basis, our market share was approximately 0.61%. According to HVS, the number of rooms operated by the top six hotel operators account for less than 40% of the total gazetted room supply in Singapore which indicates the Singapore hotel industry is strongly fragmented.

Barriers to entry

According to the HVS Report, barriers of entry to the hotel industry in Singapore are low. The Singapore Government welcomes investment in the tourism industry and continues to make land available for hotel developments. Around 3,600 hotel rooms had been added in 2013. For mid-tier hotels, the barriers of entry to the markets are relatively lower than upscale hotels due to its lower costs of construction and greater flexibility in location.

Future opportunities

According to the HVS Report, future opportunities for Link Hotel to capitalise upon include the following:

- ***Growth in international visitor arrivals*** — Growth of visitor arrivals have been primarily led by emerging Asian economies, in particular Indonesia, China and Malaysia which accounted for more than one-third of total growth in visitor arrivals for 2013. As these markets are predominantly value-oriented visitors, Link Hotel is likely to attract such demand.
- ***Tourist Development Fund*** — The establishment of the Tourism Development Fund to develop critical infrastructure to support tourism growth, anchor major events and tourism product development will help support the growth in visitor arrivals.

INDUSTRY OVERVIEW

- **Renovation of Link Hotel facilities** — Link Hotel's planned renovation of facilities presents an opportunity to upgrade the hotel in order to achieve higher average room rates.

Threats and challenges

According to the HVS Report, threats and challenges for Link Hotel include the following:

- **Increased competition within the market** — Room supply growth trend in the Singapore hotel market is a major threat. Over 50% of new hotel completions in 2013 were in the mid-tier segment targeting budget travellers who are more price-sensitive. In 2014, it is further estimated that 43% of total hotel completions will be in the mid-tier segment. As Link Hotel is classified by HVS as a mid-tier hotel, the increase in supply of hotels in the mid-tier segment will further intensify competition in the mid-tier hotel segment.
- **Reduction of foreign worker inflow** — Restrictions on the influx of foreign workers were implemented by the Singapore Government in 2010 to lower the foreign manpower dependency ratio in the services sector by 5% annually. The tightened employment market resulted in the increase in wage growth from 2.3% in 2012 to an estimated 3.0% in 2013. HVS estimates that Singapore will continue to tighten the influx of overseas labour which will result in labour shortages in the medium term and increase operation costs for Link Hotel.

Competitive advantages

According to the HVS Report, Link Hotel possesses strengths in the following areas relative to its major competitors identified by HVS:

- **Location** — Located at the edge of the River Valley area, Link Hotel gains competitive advantage by being in close proximity to the port, allowing Link Hotel to capture significant volume of demand from the corporate and shipping segments. Moreover, the neighbourhood of Link Hotel brings distinct benefits as Tiong Bahru (where Link Hotel is located) is famous for its rich cultural heritage and local delights and cuisine.
- **Size** — Link Hotel houses 288 rooms which enable it to absorb demand and cater to a wider range of market segments.

BINTAN RESORT INDUSTRY OVERVIEW

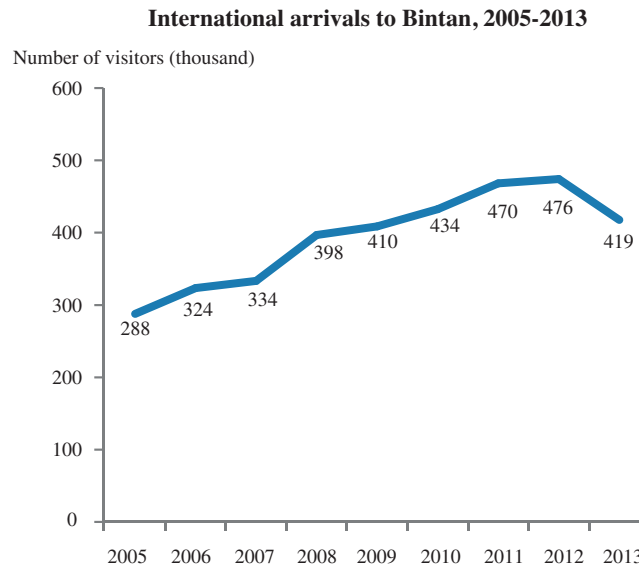
Overview — Bintan hotel and resort market and tourism receipts

Bintan, the largest of 3,200 islands in the Riau Archipelago, is part of the Riau Islands' province of Indonesia. Tourism is one of the main drivers of Bintan's economy. Resorts in Bintan are predominantly located in the rural or undeveloped north and northeast part of Bintan. In addition to resorts, there are also primarily low-end hotels located near the provincial capital of Tanjung Pinang in the southwest part of Bintan which serves domestic travelers, local government and tour groups from the PRC. HVS estimates that tourism receipts from resorts in the northern part of Bintan derived from accommodation, food and beverage, leisure activities, transportation and shopping accounted for approximately 40%, 40%, 10%, 5% and 5% of the said total tourism receipts, respectively.

INDUSTRY OVERVIEW

Visitor arrivals

The graph below sets out details of international arrivals to Bintan from 2005 to 2013:



Source: HVS

Total international arrivals to Bintan experienced growth at a CAGR of 4.8% from 2005 to 2013. Total international arrivals to Bintan declined by 12.0% from 476 thousands in 2012 to 419 thousands in 2013 primarily as a result of increased competitiveness from regional destinations which have become more accessible via low-cost carriers. The growth from 2005 to 2012 was mainly due to a combination of factors including the growing reputation of Bintan as a leisure destination and its affordability. Although Bintan is currently facing increased competition from regional markets, Bintan is undergoing infrastructure enhancements and new luxury resort developments in Lagoi Bay are set to bring a new high-end experience to Bintan. Looking forward, HVS estimates that the number of visitor arrivals will climb to one million by 2016 with the new opening of Bintan Resorts International Airport.

Visitor arrivals by region

The main feeder countries to Bintan were Singapore, Indonesia and China which accounted for 28.4%, 19.3% and 12.8% of total international visitor arrivals in 2013, respectively. Bintan has witnessed an increasing number of visitors from the international source market due to extensive marketing. Notably, visitor arrivals from China increased from 25,246 in 2010 to 43,574 in 2013, representing a CAGR of 20.0%.

Drivers of Bintan tourism industry

Government support

In 1991, Singapore and Indonesia signed an agreement to lease 23,000 hectares of Bintan's northern region for development as a tourist destination. 3,000 hectares of the said land has been allocated to develop leisure resorts and facilities by Singaporeans. To further promote tourism, a free trade zone exempting import and export duty, value added tax and sales tax on luxury goods was created in 2007.

INDUSTRY OVERVIEW

Improvement of transportation and infrastructure to drive visitation

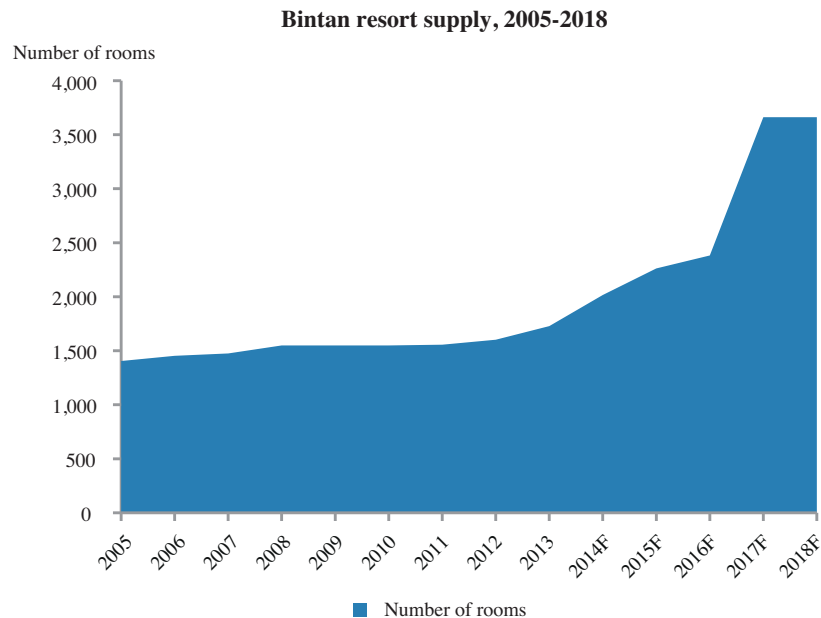
Bintan is currently accessible by domestic airline and sea by ferry mainly from Singapore and Malaysia. A number of infrastructure projects to facilitate travel have been recently completed or are in development stage:

- ***Bintan resorts international airport*** — The new Bintan Resorts International Airport is estimated to be completed by 2016. The development of the new airport is expected to enhance the accessibility of Bintan, of which the bulk of the visitors currently enter via ferry links.
- ***Bintan lagoon ferry terminal*** — The new Bintan Lagoon Ferry Terminal recently launched in 2012 and is fully operational with immigration facilities for incoming and outgoing tourists. It only takes approximately an hour to transport from the Tanah Merah Ferry Terminal in Singapore.

Bintan resort market

Resort supply

The following graph sets out the supply of resort rooms in Bintan from 2005 to 2018:

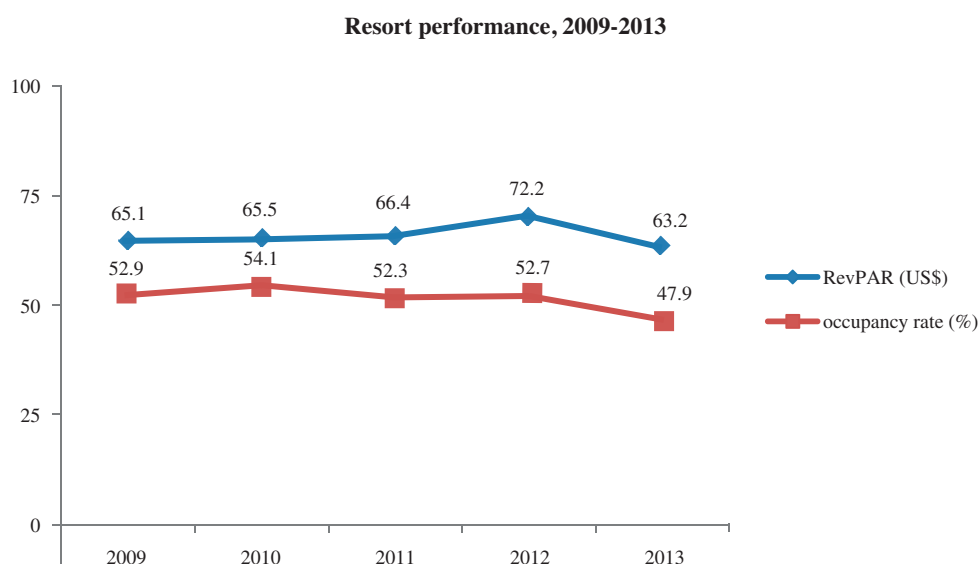


Source: HVS

INDUSTRY OVERVIEW

Resort Performance

The following graph sets out market wide resort performance of Bintan estimated by HVS from 2009 to 2013 in respect of the RevPAR and occupancy rate:



Source: HVS

The demand for resorts in Bintan grew steadily with increasing international visitor arrivals as RevPAR increased steadily from US\$65.1 in 2009 to US\$72.2 in 2012, representing a CAGR of 3.5%. In 2013, demand softened due to the slight decrease in international visitor arrivals resulting in the decrease of RevPAR and occupancy rate by 12.5% and 9.1%, respectively.

Competitive landscape

According to HVS, the resort market in Bintan is currently dominated by a few resort operators as the number of resort rooms supplied by the four largest resort operators accounted for up to approximately 91.3% of the total number of resort rooms in Bintan.

HVS identified the following as the top six resort operators in Bintan which are considered as competitors to Bintan Cabana Beach Resort:

	Operator	Number of properties	Number of rooms
1	Bintan Lagoon Beach Resort	1	470
2	Nirwana Gardens	3	331
3	Bintan Agro Resorts Group (<i>Note</i>)	2	186
4	Angsana Bintan	1	116
5	Sahid Raya Bintan Beach Resort	1	80
6	Bintan Spa Villa Beach Resort	1	25

Note: Bintan Cabana Beach Resort is under this operator group.

REGULATORY OVERVIEW

OVERVIEW OF SINGAPORE REGULATIONS

Hotels in Singapore are regulated by the Hotels Act and the Hotels Licensing Regulations. In addition, a hotel may, depending on the activities to be conducted by the hotel, be subject to the supervision of various governmental agencies and different laws and regulations. The following is a brief summary of the material laws, rules and regulations that hotels in Singapore have to be in compliance with, and the material licences, approvals and permits that need to be obtained by such hotels. A brief summary of the material laws and regulations in relation to employment and real estate in Singapore is also provided below.

Licences and permits for hotel

Under the Hotels Act, a hotel includes a boarding-house, lodging-house, guest-house and any building or premises not being a public institution and containing not less than four rooms or cubicles in which persons are harboured or lodged for hire or reward of any kind and where any domestic service is provided by the owner, lessee, tenant, occupier or manager for the person so harboured or lodged.

Under Section 5(1) of the Hotels Act, any person who wishes to operate a hotel has to apply to the Hotels Licensing Board for a certificate of registration to use the premises as a hotel (“**Certificate of Registration**”). An applicant for a Certificate of Registration has to satisfy, *inter alia*, the following conditions:

- (a) **registration of company/business:** The applicant is required to first register the hotel as a company, business or limited liability partnership with the Accounting & Corporate Regulatory Authority before submitting an application for the Certificate of Registration;
- (b) **approval from Urban Redevelopment Authority (“URA”):** It is a pre-requisite that all applicants have obtained the grant of written permission from URA for using the premises as a hotel before submitting an application for the Certificate of Registration;
- (c) **clearance from National Environment Agency (“NEA”):** The applicant must obtain a clearance certificate (temporary occupation permit)/compliance certificate (certificate of statutory completion) from the Central Building Plan Unit, Planning and Development Department, NEA;
- (d) **permit or certificate from Building and Construction Authority (“BCA”):** The applicant must also obtain a temporary occupation permit or certificate of statutory completion from the BCA;
- (e) **temporary fire permit (“TFP”) or fire safety certificate (“FSC”) from the Singapore Civil Defence Force (“SCDF”):** The applicant must obtain a TFP or FSC from the SCDF; and
- (f) **advertising the application:** The applicant is required to advertise in both The Straits Times (English daily) and Lianhe Zaobao (Chinese daily) (at his/her own expense) the application, within 14 days of the date of submitting the application for a Certificate of Registration. The advertisement must be in the prescribed format.

REGULATORY OVERVIEW

Additionally, under Section 7(1) of the Hotels Act, any person who wishes to operate a hotel also has to apply for a hotel-keeper's licence to enable the person to keep or manage the hotel. Moreover, under the Hotels Licensing Board's qualification requirements, the proposed hotel-keeper has to be a person who holds a post equivalent to that of a chief executive officer or general manager of the hotel and must either be a Singaporean, permanent resident or an employment pass holder. Furthermore, Section 7(6) of the Hotels Act provides that no licence shall be granted by the Hotels Licensing Board ("**HLB**") unless the person applying satisfies the HLB that the premises in respect of which the application is made will not be conducted as a disorderly house and he is of good character and a fit and proper person to keep and manage a hotel.

A hotel-keeper's licence is valid for one year and is renewable annually.

If a hotel-keeper has resigned, or his/her employment has been terminated, or is otherwise not able to carry out his duties and responsibilities as a hotel-keeper, an application (together with all the required particulars of the proposed replacement hotel-keeper) to update the HLB must be filed via the Online Business Licensing Services website within 10 days of the effective date of the change of hotel-keeper. In addition, the proposed replacement hotel-keeper's resume together with a copy of his/her employment pass (if any) must be provided together with the application to the HLB for approval under Section 7 of the Hotels Act. Processing of the application will take a minimum of one week upon receipt of all the documents required. While the application is being processed, the hotel may in the interim period continue to operate as usual. As at the Latest Practicable Date, we had not had any difficulties renewing the hotel-keeper's licence for Link Hotel.

All hotel operators must also comply with the Hotels Licensing Regulations which prescribe certain requirements in connection with the control and management of a hotel and the standards of hygiene. For example, the Hotels Licensing Regulations require every licensee to keep displayed in a conspicuous place in the public part of the hotel the certificate of registration of the hotel, the licence to manage the hotel, and the rates charged for rooms in the hotel.

Licences and permits for other operations and facilities

Food and beverage outlets

(a) Food shop licence

Under the Environmental Public Health Act (Chapter 95 of the Singapore Statutes), all operators of retail food outlets where food and/or drinks are sold wholly by retail, such as restaurants, cakeshops, and snack counters, are required to obtain a food shop licence from the National Environmental Agency. A food shop licence is valid for one year and is renewable annually.

(b) Liquor licence

The Customs Act (Chapter 70 of the Singapore Statutes) ("**Customs Act**") requires that a liquor licence be obtained from the Liquors Licensing Board for the sale of intoxicating liquor. The administration and enforcement of the Customs Act falls under the purview of the Liquors Licensing Board of the Ministry of Home Affairs. The liquor licence is valid for a period of not more than two years. The grant and renewal of the liquor licence is at the discretion of the Liquors Licensing Board, which also has the discretion to suspend or cancel the liquor licence at any time.

REGULATORY OVERVIEW

Public entertainment

(a) Public entertainment or arts entertainment licence

Unless exempted, a public entertainment or arts entertainment licence is required under the Public Entertainments and Meetings Act (Chapter 257 of the Singapore Statutes), for any entertainment that is provided in any place to which the public or any class of public has access, whether gratuitously or otherwise. Common establishments that may require a public entertainment licence are bars, nightclubs, cafes, lounges, pubs, restaurants and snack bars. A public entertainment establishment licence is normally valid for one year and is renewable annually.

(b) Copyright

A copyright licence may be required from the Composers and Authors Society of Singapore (COMPASS) for an establishment if copyrighted music and/or videos containing copyrighted music are played at the premises. A copyright licence is valid for one year and is renewable annually.

Money-changer's licence

A hotel that seeks to operate a money changer that buys or sells foreign currency notes at the hotel premises is required under the Money-changing and Remittance Businesses Act (Chapter 187 of the Singapore Statutes) to obtain a valid money-changer's licence by applying to the Monetary Authority of Singapore.

We are required to obtain applicable licences and renew them on an ongoing basis in order to conduct our hotel operations in Singapore. For the impact on our Group in relation to obtaining and renewal of our licences for operation of Link Hotel in Singapore, please see the sub-sections headed "Risk factors — Risks relating to the hotel industry — The hotel business in Singapore is a regulated business" and "Risk factors — Risks relating to the hotel industry — Hotel-keeper's licence of Link Hotel is held by an individual employee of our Group but not our Group" in this prospectus.

Laws and regulations relating to the hotel building

Outdoor advertisement licence

Under the Building Control (Outdoor Advertising) Regulations, any person seeking to display outdoor advertisement signages such as sky signs and electronic billboards is required to obtain an advertisement licence from the BCA. The validity of an outdoor advertisement licence depends on the duration that the advertisement will be displayed. For advertisement signage and signboards to be displayed in the central areas, outside central areas or conservation buildings, clearance from the URA may be required.

An advertisement means any logo, symbol, sign, notice, representation or other visual device that promotes any goods, brand of products, services or events and includes any logo, symbol, sign, notice or representation that is projected on to any external surface of a building or structure by light or any other means.

REGULATORY OVERVIEW

Electrical installation licence

Under the Electricity Act (Chapter 89A of the Singapore Statutes), no person shall use, work or operate or permit to be used, worked or operated any electrical installation without an electrical installation licence granted by the Energy Market Authority of Singapore.

The licensee is required to ensure that the electrical installation is properly maintained and inspected in accordance with the terms of the licence. Any licensee who fails to comply with the terms of such electrical installation licence may be guilty of an offence and may be liable on conviction to monetary fines and/or custodial sentences. An electrical installation licence shall be valid for the period stated therein unless it is revoked before the expiry of that period. Upon expiry of the licence, it may be renewed.

Fire certificate

Under the Fire Safety Act (Chapter 109A of the Singapore Statutes), the owner of any public building, including a hotel, with an occupant load of more than 200 persons, is required to apply and obtain a fire certificate. The administration and enforcement of the Fire Safety Act falls under the purview of the Ministry of Home Affairs. Any person who fails to comply with the requirement to apply and obtain a fire certificate shall be guilty of an offence and shall be liable on conviction to monetary fines and/or custodial sentences. The fire certificate is valid for the period stated therein and for a period of not more than one year. The fire certificate may be renewed upon its expiry.

Operation of lift

Under the Building Maintenance and Strata Management (Lift and Building Maintenance) Regulations 2005, a contractor registered with the BCA has to lodge a certificate with the Commissioner of Buildings (“**Certificate of Lift Maintenance and Testing**”) and every owner of a lift shall ensure, at all times while the lift is in operation, that the Certificate of Lift Maintenance and Testing for that lift is and remains valid. Such Certificate of Lift Maintenance and Testing shall be valid for a period of 12 months and shall be renewed on a yearly basis.

Laws and regulations relating to the environment

The Environmental Public Health Act (Chapter 95 of the Singapore Statutes) (“**EPHA**”) requires, inter alia, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, inter alia, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and Water Resources and/or its statutory board, the National Environmental Agency, summarily under the EPHA include, among other things, any factory or workplace which is not kept in a clean state and any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance.

As at the Latest Practicable Date, we had not been served any nuisance orders under the EPHA.

REGULATORY OVERVIEW

The Environmental Protection and Management Act (Chapter 94A of the Singapore Statutes) seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, inter alia, air pollution, water pollution, land pollution and noise control.

Laws and regulations relating to employment

Employment Act (Chapter 91 of the Singapore Statutes) (“EA”)

The EA covers every employee (regardless of nationality) as defined under Section 2 of the EA who has entered into or works under a contract of service with an employer, except:

- (a) any person employed in a managerial or executive position who earns a basic monthly salary of more than S\$4,500;
- (b) any seafarer;
- (c) any domestic worker; and
- (d) any persons employed by a statutory board of Singapore or the Government of Singapore;

Part IV of the EA, which prescribes certain minimum requirements regarding rest days, hours of work, annual leave, payment of retrenchment benefits and certain other conditions of service, applies only to (a) workmen earning not more than S\$4,500 per month; and (b) employees earning not more than S\$2,500 per month. For clarity, a workman is broadly understood to be an employee whose work involves manual labour.

Given that the purpose of the EA is to protect a certain class of employees in Singapore that fall within the scope of the EA, any term and condition of employment, in a contract of service for such classes of employees, that is less favourable than the relevant provision under the EA is illegal, null and void. The provision of the EA will take precedence over a particular contractual term that is less favourable.

Employment of Foreign Manpower Act (Chapter 91A of the Singapore Statutes) (“EFMA”)

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the Ministry of Manpower (“MOM”). The number of foreign workers working in Singapore for hotel operations is regulated by the MOM through the following mechanisms, including but not limited to:

- (a) the recruitment of foreign workers from approved source countries;
- (b) the requirement of obtaining work permits by foreign workers;
- (c) the imposition of security bonds and levies; and
- (d) the restriction on the ratios for local workers to foreign workers working in a company.

Under Section 5(1) of the EFMA, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid pass or permit, which allows the foreigner to work for him.

REGULATORY OVERVIEW

The MOM sets out the following passes and permits which include (but are not limited to):

- (a) **employment pass:** The employment pass allows foreign professionals to work in Singapore. It applies to foreigners who earn a fixed monthly salary of at least S\$3,300 and have recognised qualifications.
- (b) **S pass:** The S pass allows mid-level skilled foreigners who earn a fixed monthly salary of at least S\$2,200 to work in Singapore.
- (c) **work permit:** The work permit is for foreigners who work in Singapore and are from an approved source country/territory (depending on the sector which the worker is going to be employed in). A prospective employer must first apply to the Controller of Work Passes for a work permit before employing a foreign worker.
- (d) **training employment pass:** The training employment pass allows foreigners to undergo practical training attachments for professional, managerial, executive or specialist jobs in Singapore for up to three months. It applies to foreigners who earn a fixed monthly salary of at least S\$3,000.
- (e) **training work permit:** The training work permit allows unskilled or semi-skilled foreign trainees as well as foreign students studying in educational institutions in Singapore to undergo practical training and work for up to six months.

Central Provident Fund Act (Chapter 36 of the Singapore Statutes)

The Central Provident Fund is a compulsory social security savings plan for working Singapore citizens and Singapore permanent residents primarily to fund their retirement, healthcare and housing needs. It is administered by the Central Provident Fund Board, a statutory board of Singapore. Both employer and employee have to contribute to the Central Provident Fund.

Work Injury Compensation Act (Chapter 354 of the Singapore Statutes) (“WICA”)

Pursuant to the WICA, every employer is required to insure and maintain one or more approved policies with an insurer against all liabilities which it may incur under the provisions of the WICA, in respect only of its employees engaged in manual labour, and its employees engaged in non-manual labour with monthly earnings of S\$1,600 or less. Regardless of any insurance policy in place, the WICA places the company as the primary party responsible for paying the prescribed compensation to its employee in the event of a valid claim.

Land Titles Act and Land Titles (Strata) Act

Singapore operates a system of land registration and most of its land are now registered land whereby information of the registered land, such as tenure, legal owner/proprietor, area and other registered interests affecting the land such as restrictive covenants, easements, mortgages and leases may be obtained by way of a public search (via e-services) of the records maintained by the Singapore Land Authority. Under this system of land registration, legal title to property is perfected by the act of registration. This means that one can generally rely on the certificate of title as evidence of title.

REGULATORY OVERVIEW

Land Acquisition Act

From time to time, privately owned land may be compulsorily acquired by the Singapore Government. Under the Land Acquisition Act, the President of Singapore may declare, by notification in the Singapore Government Gazette that any particular land in private hands is required:

- (a) for any public purpose;
- (b) by any person, corporation or statutory board for any work or any undertaking which, in the opinion of the Minister is of public benefit or of public utility or in the public interest; or
- (c) for any residential, commercial or industrial purposes.

Other legislations such as those establishing statutory boards or government corporations (e.g. Land Transport Authority of Singapore Act (Chapter 158A of the Singapore Statutes), Rapid Transit System Act (Chapter 262A of the Singapore Statutes), Urban Redevelopment Authority Act (Chapter 340 of the Singapore Statutes), Housing and Development Board Act (Chapter 129 of the Singapore Statutes) and Jurong Town Corporation Act (Chapter 150 of the Singapore Statutes)) may contain provisions empowering it to request the President of Singapore to acquire land for its purposes. However, the administration of such acquisitions are through the Singapore Land Authority.

Stamp Duties Act

In general, stamp duty is payable on the following:

- (a) a contract for the sale and purchase or transfer of land or immovable property;
- (b) a lease or tenancy agreement;
- (c) a mortgage or variation to a mortgage;
- (d) transfer by gift; or
- (e) trust deed / declaration of trust.

In relation to contracts for the sale and purchase or transfer of land or immovable property, the different categories of stamp duty which may be payable are: normal buyer's stamp duty, additional buyer's stamp duty (for residential properties only) and seller's stamp duty.

No document chargeable with stamp duty shall be admissible in court as evidence unless the document is duly stamped. It is an offence to evade the payment of stamp duty.

Penalties are levied for the late payment of stamp duty. Stamp duty is payable on tenancy agreements, and is computed on all charges (except Goods and Services Tax) paid by the tenant to landlord. Unless there is an express provision to the contrary, the tenant is liable for payment of stamp duty.

REGULATORY OVERVIEW

As at the Latest Practicable Date, we had not breached any laws and any relevant regulatory requirements in Singapore and have obtained all relevant and necessary permits and licences required for our hotel operations in Singapore.

Taxation

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with exemptions of (i) 75% of up to the first S\$10,000 of a company's normal chargeable income and (ii) 50% of up to the next S\$290,000. The remaining chargeable income (after the aforementioned partial exemption) will be taxed at 17%. For newly-incorporated entities, subject to meeting certain conditions, the first S\$100,000 and one-half of up to the next S\$200,000 of their normal chargeable income, excluding Singapore dividends, will be eligible for tax exemption. Further, it was announced during the Singapore Budget 2013 that companies will receive a 30% corporate income tax rebate for the years of assessment 2013, 2014 and 2015, subject to a cap of S\$30,000 per year of assessment.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. Normally, the control and management of a company is vested in its board of directors and the place of residence of the company is where its directors meet and hence a company is usually regarded as a tax resident of Singapore if its board of directors holds the majority of its board meetings in Singapore.

Corporate taxpayers are subject to Singapore income tax on income accrued in or derived from Singapore and foreign-sourced income received or deemed to be received in Singapore from outside Singapore (unless otherwise exempted). Foreign-source income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met.

F1 cess

A Formula One ("**F1**") cess (tax) is imposed on the gross receipts of any tourist hotel from every hotel room occupied (including receipts from rental of any bed in the room) ("**Gross Receipts**") during the period (around four days) when the F1 rally is held in Singapore at the following rates:

- (a) 30% of the Gross Receipts for tourist hotels as ascribed in the orders ("**F1 Orders**") made pursuant to the Singapore Tourism (Cess Collection) Act (Chapter 305C of the Singapore Statutes); or
- (b) 20% of the Gross Receipts for all other tourist hotels.

The F1 cess is payable to STB. During the Track Record Period, Link Hotel was not one of the hotels specified in the F1 Orders.

REGULATORY OVERVIEW

Property Tax Act

Property tax is payable by all property owners on the properties owned by them. The current property tax rate for hotels is 10.0% of the annual value of the property. The annual value of hotel rooms will be assessed based on 25% of the gross room receipts, while that of the other F&B outlets and other lettable areas on the hotels will be assessed based on estimated market rents. The hotel operator is required to report the necessary information to Inland Revenue Authority of Singapore (“IRAS”) in a prescribed form by 31 March each year.

Dividend distributions

(i) One-tier corporate taxation system

Singapore currently adopts the one-tier corporate taxation system (“**One-Tier System**”). Under the One-Tier System, the tax paid by a company on its chargeable income is a final tax and the after-tax profits of the company resident in Singapore can be distributed to its shareholders as tax exempt (“**one-tier**”) dividends. One-tier dividends are tax exempt in the hands of all shareholders, regardless of whether or not the shareholder is a Singapore tax resident or whether the shareholder is an individual or a company.

Subject to the payment of the applicable taxes described above, there is no restriction or time frame imposed on the reinvestment or repatriation of earnings and capital under the Laws of Singapore, so long as there is no breach of any rule for international monitoring for countering money-laundering and terrorism.

(ii) Withholding taxes

Under the Income Tax Act (Chapter 134 of the Singapore Statutes) (“**ITA**”), when a person makes payment of a specified nature to a non-resident, he has to withhold a percentage of that payment and pay the amount withheld to IRAS. Withholding tax is applicable to certain limited payments made to non-residents such as interest on loans, and for technical assistance and management fees, if the services are provided in Singapore. The rate of withholding tax depends on the nature of the payment. Depending on the nature of the payment, the withholding tax rate could be either 10%, 15%, at the prevailing corporate tax rate of 17%, or the rate specified under the ITA.

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Goods and Services Tax

Under the Goods and Services Tax Act (Chapter 117A of the Singapore Statutes), a company that is expected to have an annual revenue in excess of S\$1 million is required to apply for GST registration. GST is a broad-based consumption tax levied on nearly all supplies of goods and services in Singapore, excluding however, the sale and leasing of residential properties, the importation and local supply of investment precious metals and the provision of most financial services. Only

REGULATORY OVERVIEW

GST-registered companies can charge GST (currently set at a rate of 7%) to clients on goods and services provided by them. A GST-registered company can claim GST incurred by it, on local purchases from GST-registered suppliers or on the importation of goods, subject to certain conditions. A GST-registered business is required to file GST returns with IRAS at the end of each prescribed accounting period and to remit the GST payments collected by it to IRAS.

OVERVIEW OF INDONESIAN REGULATIONS

Land ownership

Ownership of land in Indonesia is principally regulated under the Law No. 5 of 1960 regarding the Basic Agrarian Law. The Basic Agrarian Law and its implementing regulations (including Government Regulation No. 10 of 1961, as amended by Government Regulation No. 24 of 1997 (“**GR on Land Regulation**”)) provide various forms of land title and a registration system to protect legal ownership (though not all land interests in Indonesia are subject to registration). The closest form of land title to an internationally recognised concept of “freehold” title is right of ownership (“**Right of Ownership**”), Hak Milik title. Hak Milik title is available only to Indonesian individuals and certain religious and social organisations and government bodies in Indonesia. Hak Milik title is not available to companies (whether Indonesian or foreign owned) or foreign individuals.

Both companies incorporated in Indonesia and owned by Indonesian entities and/or Indonesian individuals and companies incorporated in Indonesia and non wholly or wholly-owned by foreign entities and/or foreign individuals may acquire right to build (“**Right to Build**”), HGB title. A holder of HGB title to a parcel of land has the right to erect, occupy and use buildings on such parcel of land and sell all or part of such parcel. HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, HGB title may be extended for an additional term not exceeding 20 years. Following expiration of this additional term, an application for further extension may be made. The application must be made no later than two years prior to the expiration of the additional term. The land office has discretion to grant various extensions.

Pursuant to Government Regulation No. 24 of 1997 regarding Land Registration, when a HGB certificate has been legally issued in respect of a parcel of land, there is a period of five years for any third party to claim or object to the validity of the HGB certificate. However, as advised by our Indonesian Legal Adviser, such objection or claim should be raised with basis, failing which, the objection or claim will not stand. If no claims or objections are raised in writing to the holder of the HGB certificate and to the relevant land office, and no lawsuits are filed with the court within the said five-year period, no party can further claim any rights towards the said land.

Based on Decree of Agrarian Minister/Head of National Land Body No. 16 Year 1997 regarding Changing of Right of Ownership (Hak Milik) to Right to Build (HGB) or Right to Use (Hak Pakai) and Right to Build (HGB) to Right to Use (Hak Pakai), there are two kinds of land right that may be converted. First, the Right of Ownership could be converted to the Right to Build or the Right to Use valid for 30 years and 25 years period time. Second, the Right to Build over State Land or the Right to Build over the Right of Ownership into the Right to Use will be valid for the period of 25 years. The application must be submitted to Head of Land Office of Indonesia.

REGULATORY OVERVIEW

Compulsory acquisition

Pursuant to Indonesian Law No. 2 of 2012 regarding Acquisition of Land for the Development of Public Interests (“**Law 2/2012**”) and Presidential Regulation No. 71 of 2002 regarding Acquisition of Land for the Development of Public Interests, the Indonesian Government, after fulfilling certain procedures and compensating the land owners based on reasonable prices and the prevailing laws and regulations, has the right to revoke any right over the land and any property thereon owned by any party to fulfill public needs pursuant to the Regional Spatial Layout Plan and Development Priority, such as public roads, airports, train stations, water embankments or natural reservation. As advised by our Indonesian Legal Adviser, all lands in Indonesia, including the Bintan Land, are subject to the relevant Indonesian laws and regulations above.

Based on Law 2/2012, a land acquisition by the Indonesian Government is based on the initiative of the government institution or agency that needs the land (“**Agency**”), the Agency will then coordinate with the Indonesian Regional Government where the relevant land is located and the local Land Office in carrying out the land acquisition. In respect of the Bintan Land, the Agency will coordinate with the Bintan Regional Government, through the Investment and Promotion Board of Bintan Regency (“**IPB Bintan**”), and will further coordinate with the Bintan Land Office in implementing the land acquisition (if any).

If the entitled party (which can be the land owner or the controller of the land), object to the land acquisition, the objecting party can file an objection to the State Administrative Court and if the objecting party is not satisfied with the decision made by the judges in the Administrative Court, the objecting party can appeal the case to the Supreme Court (cassation).

Law 2/2012 states that the compensation amount will be decided in the negotiation between the Indonesian Government and the entitled party. The steps to determine the compensation amount are:

- (a) the Land Office designates an appraiser registered with the Ministry of Finance to issue a appraisal report that will become the basis for the negotiation between the Indonesian Government and the entitled party. An “appraiser” is a licensed individual who makes an appraisal independently and professionally to calculate the value or price of the land to be acquired by the Agency. The Agency shall explain, *inter alia*, the development plan and the method of assessment that the appraiser may apply in calculating the relevant compensation;
- (b) the Indonesian Government will conduct the negotiation with the entitled party to determine the value of the compensation; and
- (c) the value agreed in the negotiation will then be the amount of compensation to be paid by the Indonesian Government to the entitled party.

As advised by our Indonesian Legal Adviser, the compensation amount is determined after negotiation between the Indonesian Government and the entitled party with reference to the appraised value of the land and in the case like the Bintan Assets, such value is usually appraised by using the market value approach which shall be comparable to market price. Save as aforementioned, Law 2/2012 does not stipulate other factor which the Indonesian Government may consider during the negotiation process with the entitled party.

REGULATORY OVERVIEW

If no agreement is reached by both parties in the negotiation, then the entitled party may file an objection with the local district court and then file an appeal to the Supreme Court (cassation) if the entitled party is not satisfied with the decision made by the judges at the District Court. The entitled party may procure an appraisal expert witness for his/her/its opinion to be heard for comparing the differences in the assessment of compensation.

Based on a confirmation issued by IPB Bintan, according to the Regional Regulation of Bintan Regency No. 2 of 2012 regarding The Regional Spatial Lay Out Planning in Bintan Regency, the investment plan of PT Hang Huo is located in an area designated for tourism activities and the Bintan Regional Government is not planning to conduct any construction of public facilities in that area. As advised by our Indonesian Legal Adviser, (i) IPB Bintan has been assigned and granted the authority from the Bintan Regional Government based on Regional Regulation of Bintan Regency No.9 Year 2011 to represent the Bintan Regional Government as a one stop service board/agency to approve any business permit in Bintan area, including location permit for land use and is therefore the competent authority of the Bintan Regional Government to issue the above confirmation; and (ii) the Bintan Regional Government itself has been granted the authority including but not limited to running the administration of Bintan from the Indonesian Central Government based on Law No. 25 of 2002 with reference to Government Regulation No. 5 of 2006.

Based on the relevant Indonesian laws and regulations and the confirmation issued by IPB Bintan above, our Indonesian Legal Adviser is of the view that it is currently unlikely for the Indonesian Government to exercise its right to acquire the Bintan Assets pursuant to the relevant Indonesian laws and regulations.

Even if any of the Bintan Assets were acquired compulsorily by the Indonesian Government, given that the Indonesian Government will compensate our Group in accordance with the prevailing laws and regulations at a price after taking into account of an appraised value which our Directors believe to be comparable to the market price, our Directors consider that it would not have any material adverse financial impact on our Group.

For the impact on our Group in relation to the land titles of Bintan Assets, please see the sub-sections headed “Risk factors — Risks relating to conducting business in Bintan, Indonesia — Risks relating to the land titles of the Bintan Assets” and “Risk factors — Risks relating to conducting business in Bintan, Indonesia — The Bintan Land may be acquired compulsorily by the Indonesian Government” in this prospectus.

In order to acquire a parcel of land, a company must obtain a licence, which grants it the exclusive right to buy, clear and develop the particular parcel. The procedures for obtaining such licence vary from region to region. Such licence is normally valid for one to three years, extendable upon approval from the relevant authorities. After obtaining a licence with respect to a particular parcel of land, the holder must still negotiate with the individual landowners whose land is covered by the licence. Such landowners are permitted to sell their land only to the holder of the licence. A company is under no obligation to purchase the land covered by its licence.

Pursuant to Regulation of the State Minister for Agrarian Affairs/Head of National Land Affairs Agency No. 2 of 1999 regarding the Location Permit, a company must obtain location permit before it acquires parcel(s) of land with total area above 10,000 m². However, this licence is not obliged to be obtained if the land is a part of shareholder’s investment in the company.

REGULATORY OVERVIEW

For the purpose of administrating the affairs of lands in Indonesia, the National Land Office (*Badan Pertanahan Nasional*, “**BPN**”) was established pursuant to the Presidential Decree No. 26 of 1988. In each province and regency/city in Indonesia, the representative of BPN is *Kantor Perwakilan Pertanahan* for province and *Kantor Pertanahan* for regency/city.

Hotel investment in Indonesia

In Indonesia, the licensing for a hotel business is regulated under Law No. 10 Year 2009 on Tourism dated 16 January 2009 (“**Tourism Law**”), which implemented by Government Regulation No. 52 of 2012 dated 23 April 2012 on Competency Certificate and Business Certificate on Tourism Field (“**GR 52**”), and Minister of Culture and Tourism Regulation No. PMK86/HK.501/MKP/2010 on Registration Procedure of Accommodation Business Provider dated 16 November 2010.

The hotel business activity may be established and organised by an Indonesian party, a foreign investor or a joint venture between an Indonesian party and a foreign investor. Pursuant to Presidential Regulation No. 36/2010 regarding the List of Business Fields Closed to Investment and Business Fields Open, with Conditions, to Investment, a foreign investor is prohibited from owning more than 51% ownership for Hotel Melati, 1 and 2 star(s) hotels. While the 3, 4, or 5 stars hotels (the classification of hotel will be further elaborated below) can be wholly-owned by foreign investor, subject to the Business Licence (IU) issued by the Capital Investment Coordinating Board.

Under the Tourism Law, a hotel business must be registered with the Central Government or Regional Government, prior to the implementation of its business activities. Failure to comply with this obligation can lead to administrative sanction in the form of (a) a written warning, (b) limitation of business activity, or (c) suspension of business activity. The licensing for hotel business is in the form of Tourism Business Certificate (*Tanda Daftar Usaha Pariwisata*) issued by the local government.

If the hotels also provide other services, separate operational licences are also required for each of those services, among others:

- trade business permit for alcoholic drinks issued by the local government, if the hotel sells alcoholic drinks to its guests;
- health feasibility certificate issued by the local government, if the hotel also operates a restaurant or conduct food and beverage processing service; and
- foreign exchange seller licence issued by Bank Indonesia, if the hotel also provides a money changer service to its guests.

For safety purposes and to support its daily activities, the hotel may need to have separate licences other than the above licences, such as an operational licence for generators as governed under the Government Regulation No. 14 of 2012 on Electricity Provider Business dated 24 January 2012 which is issued by the central or local government, Building Feasibility Certificate issued by the local government as required by Government Regulation No. 36 of 2005 on Building Structure dated 10 September 2005, Health Feasibility Certificate for Swimming Pool issued by the local government as required under Minister of Health Regulation No. 061/MENKES/PER/I/1991 regarding Health Requirement for Swimming Pool and Public Bath.

REGULATORY OVERVIEW

Supporting equipment in hotel is also subject to specific regulation, such as for fire extinguisher installed at the hotel must be installed and maintained according to the Minister of Manpower and Transmigration Regulation No. PER-04/MEN/1980 regarding Requirements of Installation and Maintenance of Light Fire Extinguisher, clean water and swimming pool water must be provided according to Minister of Health Regulation No 416/MENKES/PER/IX/1990 regarding Requirements and Monitoring of Water Quality dated 3 September 1990.

Pursuant to the Minister of Culture and Creative Economy Decree No. PM.53/HM.001/MPEK/2013 (“**Regulation PM 53**”), hotel business is divided into two categories/classes:

(a) group/class stars hotel which is divided into five-class hierarchies, namely:

- 5-stars hotel;
- 4-stars hotel;
- 3-stars hotel;
- 2-stars hotel; and
- 1-star hotel; and

(b) group/class non-stars hotel (which is known as “**Hotel Melati**”).

There is a no classification system for Hotel Melati.

Every hotel business must also have a hotel business certificate issued by the Tourism Business Certification Institution after fulfilling hotel business standard as set out in Regulation PM 53. The hotel business certificate shall be valid for three years and renewable.

Indonesian tax implication

Income tax

- **Withholding tax of income received from the lease of land and/or building**

Pursuant to Article 4 (2) of Law No. 36 of 2008 regarding Income Tax (“**Income Tax Law**”), any income received from the lease of land or building will be imposed with a final income tax that will be further regulated by a Government Regulation.

Article 3 of Government Regulation No. 29 of 1996 as amended by Government Regulation No. 5 of 2002 regarding Payment of Income Tax Derived from Lease of Land and/or Buildings stipulates that any income derived from the lease of land and/or building will be imposed with a final income tax at the rate of 10% of the gross rental value of land and/or building.

REGULATORY OVERVIEW

- **Corporate income tax**

Generally, a flat rate of 25% annual corporate income tax applies to annual income of companies in Indonesia, except for public companies that can enjoy a tax cut of 5% off such standard rate, if the public companies satisfy several requirements as set out in the Government Regulation No. 77 of 2013 regarding Income Tax Tariff Reduction for Resident Taxpayer in the Form of Public Companies, as follows:

- (i) minimum 40% of the total issued shares are registered to be traded in the Indonesian Stock Exchange and included in collective custody in Indonesian Central Securities Deposit;
- (ii) the shares as referred to in point (i) are owned by minimum of 300 parties;
- (iii) each parties as referred to in point (ii) is only entitled to hold shares less than 5% of the total of the issued and paid up capital in such public companies; and
- (iv) the above-mentioned requirements shall be fulfilled by the public companies at least 183 calendar days within one tax year.

Any income that has been withheld by a final tax, such as: income derived from lease as stipulated in Article 4(2) of the Income Tax Law, will not be calculated as annual income that will be withheld by a corporate tax. However, any income that has been withheld by a final tax still needs to be reported in the annual income tax return of the company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Introduction

Our history can be traced back to 2004 with the incorporation of HHI on 4 May 2004 with limited liability in Singapore under its former name, Hang Huo Hotel Management (Singapore) Pte. Ltd. The purpose of the establishment of HHI was to take up the rights and obligations of Hang Huo Macau under the letters of offer (“**Letters of Offer**”) dated 5 April 2005 and 20 April 2005 issued by STB to Hang Huo Macau. Hang Huo Macau is an investment holding company which was incorporated in Macau with limited liability on 30 March 1999. Hang Huo Macau has been owned by members of the Ngan Family since the date of its incorporation. As advised by the directors of Hang Huo Macau, Hang Huo Macau is one of the investment vehicles of the Ngan Family and, as at the Latest Practicable Date (after completion of the disposal of entire issued share capital of Silverine Pacific and Duchess Global respectively by Taurine to our Company pursuant to the Reorganisation), it held certain companies which were principally engaged in manufacturing and processing of agricultural and aquatic products and processing of jewellery.

In 2003, Hang Huo Macau was awarded a tender from STB in respect of, among other things, fitting out and structurally adapting two blocks of public housing (formerly known as Block 53 and Block 54) (“**Public Housing Buildings**”) located at 50 and 51, Tiong Bahru Road, Singapore, 168733 & 168734 (“**Land**”) for use as a budget hotel. Pursuant to the Letters of Offer, STB agreed to (i) appoint Hang Huo Macau to carry out retrofitting and other works required to fit out and structurally adapt the two blocks of public housing located at the Land for use as a budget hotel; (ii) grant to Hang Huo Macau, a lease of the parcel of the Land and the Public Housing Buildings erected thereon; and (iii) appoint Hang Huo Macau to operate and manage the Public Housing Buildings as a budget hotel subject to terms and conditions therein. On 9 September 2005, Hang Huo Macau agreed to transfer all its rights and obligations under the Letters of Offer to HHI. Pursuant to the Link Lease Agreement entered into between STB and HHI on 14 September 2005, STB granted to HHI a lease of the Land for the term of 100 years from 1 January 1967 less one day. Pursuant to the Link Lease Agreement, the Public Housing Buildings erected on the Land should be used only for the purpose of development of a budget hotel and HHI should operate and manage a budget hotel at the Land.

The purchase of the Land and the retrofitting works was financed by personal financial resources from the then shareholders of HHI, namely Mr. Ngan In Leng, Ms. Chan Wai Ian, Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng and a bank loan granted to HHI in an aggregate amount of S\$21.0 million (equivalent to approximately HK\$130.3 million) which was secured by, among others, (i) legal mortgages of the Public Housing Buildings; and (ii) a joint and several personal guarantee from the then shareholders of HHI.

The retrofitting works involved the conversion of the Public Housing Buildings into a boutique-style budget hotel, namely, Link Hotel, which comprises 288 rooms and is made up of two main buildings called Lotus Block (*named after the flower symbolic of Macau*) and Orchid Block (*named after Singapore’s national flower*) which are connected by a 38-metre air-conditioned bridge, called Link Bridge. As the two blocks of public housing used to be known as “Red Flats” by residents of Tiong Bahru with their exteriors painted in red, our Group had retained this legacy of the buildings by re-painting part of the exteriors in red. Our Group had to convert the two original residential buildings into a boutique-style budget hotel while, at the same time, had to preserve and retain the buildings’ existing structure.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In April 2007, our Group had completed the first stage of conversion and retrofitting works at Link Hotel. On 14 April 2007, Link Hotel had a soft launch and his Excellency Edmund Ho Hau Wah (the then chief executive of Macau), Mr. Koo Tsai Kee (the minister of state of the Ministry of Defence Singapore and the then member of parliament for Tanjong Pagar GRC of Singapore), and Mr. Zainudin Nordin (the member of parliament for Bishan-Toa Payon GRC of Singapore and the then mayor of Central Singapore District) attended the opening ceremony of Link Hotel.

In July 2007, Link Hotel began accepting guests at Lotus Block and later in November 2007, Orchid Block commenced its business operations.

With the intention to diversify operation of our Group, Duchess Global, a direct wholly-owned subsidiary of our Company, and PT Hang Huo, an indirect non wholly-owned subsidiary of our Company, entered into the Bintan Acquisition Agreement, which was effective as of 16 August 2013, with the Bintan Vendors pursuant to which PT Hang Huo agreed to acquire the Bintan Assets from the Bintan Vendors at the consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million). The Bintan Acquisition Agreement was approved and ratified by a written shareholder's resolution of PT Hang Huo on 20 February 2014. The Bintan Acquisition only involved the acquisition of the Bintan Assets but not the acquisition of the hotels, resort and leisure business operated at the Bintan Leased Properties under the business name of "Bintan Cabana Beach Resort".

The Bintan Vendors comprise 11 individuals, including Mr. Thamrin and seven of his family members and three Independent Third Parties, all of them were the registered owners of certain parcels of land which form part of the Bintan Land prior to completion of the Bintan Acquisition. Mr. Thamrin is the operator of Bintan Cabana Beach Resort at the Bintan Leased Properties and is the registered holder of 20% of the total paid-up capital of PT Hang Huo. The family members of Mr. Thamrin, comprise (i) his mother, Tasmia, (ii) his wife, Siti Maryam Mucti, (iii) his sister, Tarnin Thamrin, (iv) his two sons, namely Tri Noviardi Thamrin and Verdy Veriady Thamrin, (v) his daughter, Ira Karmila Thamrin, and (vi) his cousin, Tarwie Thamrin. Each of the other three individuals, namely Kim Tjeng, Yeo Bing Hong and Fransiskus is an Independent Third Party and does not have any relationship with Mr. Thamrin and/or his associates.

As at the date of the Bintan Acquisition Agreement, the registered owners of the relevant parcel(s) of the Bintan Land and the site area of the Bintan Land were as follows:

Registered owners	Number of plots	Title number / Plot details	Site area (m ²) (approximately)
Tri Noviardi Thamrin	1	Hak Milik No. 435	451
	2	Hak Milik No. 854	20,000
	3	Hak Milik No. 874	20,000
	4	Hak Milik No. 00955	1,856
	5	Hak Milik No. 00972	19,808
Tasmia	6	Hak Milik No. 807	9,878
	7	Hak Milik No. 834	456
	8	Hak Milik No. 835	459
	9	Hak Milik No. 839	454
	10	Hak Milik No. 840	453
	11	Hak Milik No. 841	428

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Registered owners	Number of plots	Title number / Plot details	Site area (m ²) <i>(approximately)</i>
Tjia Tje Tjoeng (i.e. Mr. Thamrin)	12	Hak Milik No. 463	162
	13	Hak Milik No. 00977	9,632
Tarnin Thamrin	14	Hak Milik No. 441	138
	15	Hak Milik No. 509	91
	16	Hak Milik No. 758	135
	17	Hak Milik No. 855	17,877
	18	Hak Milik No. 890	16,128
Kim Tjeng	19	Hak Milik No. 895	15,319
	20	Hak Milik No. 859	20,000
Yeo Bing Hong	21	Hak Milik No. 889	9,641
	22	Hak Milik No. 893	18,317
	23	Hak Milik No. 906	19,629
	24	Hak Milik No. 975	13,382
	25	Hak Milik No. 851	11,490
Fransiskus	26	Hak Milik No. 360	369
Ira Karmila Thamrin	27	Hak Milik No. 434	296
	28	Hak Milik No. 458	525
	29	Hak Milik No. 849	11,523
	30	Hak Milik No. 875	14,628
	31	Hak Milik No. 00957	1,035
	32	Hak Milik No. 00970	18,100
	33	Hak Milik No. 00979	7,927
	34	Hak Milik No. 356	521
Verdy Veriady Thamrin	35	Hak Milik No. 364	450
	36	Hak Milik No. 378	456
	37	Hak Milik No. 394	268
	38	Hak Milik No. 437	724
	39	Hak Milik No. 438	463
	40	Hak Milik No. 439	472
	41	Hak Milik No. 443	440
	42	Hak Milik No. 446	370
	43	Hak Milik No. 462	410
	44	Hak Milik No. 465	382
	45	Hak Milik No. 494	79
	46	Hak Milik No. 496	465
	47	Hak Milik No. 498	585
	48	Hak Milik No. 894	10,970
	49	Hak Milik No. 00969	13,738
	50	Hak Milik No. 00976	16,228

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Registered owners	Number of plots	Title number / Plot details	Site area (m ²) <i>(approximately)</i>
Tarwie Thamrin	51	Hak Milik No. 461	576
Siti Maryam Mucti	52	Hak Milik No. 265	7,101
	53	Hak Milik No. 418	179
	54	Hak Milik No. 850	20,000
	55	Hak Milik No. 907	19,301
	56	Hak Milik No. 00956	1,908
	57	Hak Milik No. 00971	13,110
Tjiagus Thamrin	58	Hak Milik No. 260	11,865
(i.e. Mr. Thamrin)	59	Hak Milik No. 266	3,250
	60	Hak Milik No. 355	558
	61	Hak Milik No. 493	41
	62	Hak Milik No. 00973	20,000
		Total	425,497

As a matter of binding the parties and obtaining approval from government authority of Indonesia in respect of the transfer of the title of the Bintan Assets, Mr. Thamrin (acting for and on behalf of the Bintan Vendors) and Mr. Chen Changzheng, one of our executive Directors, on behalf of PT Hang Huo, entered into the Bintan SPA dated 26 February 2014 for the acquisition of the Bintan Assets.

As at the Latest Practicable Date, the consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million) was fully settled by PT Hang Huo, of which S\$18,800,000 (equivalent to approximately HK\$116.6 million) was paid in cash and the remaining balance of S\$4,700,000 (equivalent to approximately HK\$29.2 million) was set off against (i) an equivalent amount due from Mr. Thamrin to PT Hang Huo arising from an unpaid amount of funding of S\$3,930,000 (equivalent to approximately HK\$24.4 million) to PT Hang Huo by way of shareholder's loan; and (ii) an equivalent amount due from Mr. Thamrin to Duchess Global arising from the capital contribution of S\$770,000 (equivalent to approximately HK\$4.8 million) paid by Duchess Global on behalf of Mr. Thamrin. Such S\$770,000 (equivalent to approximately HK\$4.8 million) was then credited by PT Hang Huo as shareholder's loan due to Duchess Global.

The consideration for the Bintan Acquisition was arrived at after arm's length negotiation among the parties to the Bintan Acquisition Agreement after taking into account, among others, market value of similar properties in proximity. As at the Latest Practicable Date, the Bintan Acquisition was completed and our Group obtained the legal title to the Bintan Assets.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

After completion of the Bintan Acquisition, PT Hang Huo entered into the Bintan Lease Agreement with Mr. Thamrin on 17 June 2014, pursuant to which PT Hang Huo has agreed to lease the Bintan Leased Properties to Mr. Thamrin for a term commencing from the date of the Bintan Lease Agreement until 31 December 2015. Pursuant to the Bintan Lease Agreement, Mr. Thamrin shall be responsible, at his own cost and expense, for obtaining and keeping in force all necessary approvals required by the applicable laws for the operation of the Bintan Cabana Beach Resort and shall indemnify PT Hang Huo for any damages caused by, and losses, penalties and fines imposed by the competent authority resulting from, any default by Mr. Thamrin in complying with the provisions of the Bintan Lease Agreement. Please refer to the section headed “Continuing connected transactions” in this prospectus for more details of the Bintan Lease Agreement. For further details of the Bintan Acquisition, please refer to the sub-section headed “Business — Bintan Development Plan” in this prospectus.

Business milestones

The following table summarises various milestones of our Group’s business development:

May 2004	HHI was established.
September 2005	HHI entered into the Link Lease Agreement with STB for leasing of the Land.
April 2007	The first stage of conversion and retrofitting works at Link Hotel was completed.
July 2007	Lotus Block of Link Hotel commenced operation.
November 2007	Orchid Block of Link Hotel commenced operation.
October 2010	Link Hotel obtained Winner of World Luxury Hotel Awards 2010 — Singapore Winner in Luxury Boutique Hotel Category.
August 2013	Duchess Global and PT Hang Huo entered into the Bintan Acquisition Agreement with the Bintan Vendors in respect of the Bintan Acquisition.
November 2013	Link Hotel obtained Winner of World Luxury Hotel Awards 2013 — Singapore Winner in Luxury Family Hotel Category.
June 2014	Bintan Acquisition was completed.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2012, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares, of which the Incorporation Share, representing the then entire issued share capital, was allotted and issued in nil-paid form to Codan Trust Company (Cayman) Limited as the initial subscriber, which was transferred to Mr. Ngan Iek at nil consideration on the same date. Mr. Ngan Iek subsequently transferred the Incorporation Share to Vertic at nil consideration on 4 February 2014. Since then and immediately before the Placing, Vertic (which is owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng and all of them are members of the Ngan Family) had been our sole Shareholder.

Pursuant to the written resolutions of our sole Shareholder dated 20 June 2014, the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of additional 4,962,000,000 Shares.

On 20 June 2014, our Company acquired the entire issued share capital of Silverine Pacific and Duchess Global from Taurine in consideration of our Company (i) allotting and issuing 99 Shares, all credited as fully paid, to Vertic at the direction of Taurine and crediting as fully paid at par of the Incorporation Share registered in the name of Vertic and (ii) making payment of US\$1 by Vertic to Taurine in consideration of its receipt of 99 Shares from our Company at the direction of Taurine. Upon completion of such acquisitions, Mr. Ngan In Leng and Ms. Chan Wai Ian ceased to have any interest in Silverine Pacific and Duchess Global and/or their respective subsidiaries. It is the family arrangement of the Ngan Family that Mr. Ngan In Leng and Ms. Chan Wai Ian would like to step down from the Ngan Family's hotel business in Southeast Asia in favour of their offsprings. Hence, each of Mr. Ngan In Leng and Ms. Chan Wai Ian received nil consideration in respect of the transfer of the above assets by Taurine to our Company. Further details of such acquisition are described in the sub-section headed "Corporate reorganisation — Reorganisation" in this section below.

Our Company is principally engaged in investment holding.

As at the Latest Practicable Date, our Group comprised our Company, Silverine Pacific, HHI, Link Hotels International, Duchess Global and PT Hang Huo.

Silverine Pacific

On 18 April 2005, Silverine Pacific was incorporated in BVI with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each, of which one share was allotted and issued to Taurine at par. After Taurine became a wholly-owned subsidiary of Hang Huo Macau on 18 December 2006, Silverine Pacific became an indirect wholly-owned subsidiary of Hang Huo Macau. Upon completion of transfer of the entire issued share capital of Silverine Pacific by Taurine to our Company on 20 June 2014, Silverine Pacific became wholly-owned by our Company. Silverine Pacific is principally engaged in investment holding.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

HHI

On 4 May 2004, HHI (formerly known as Hang Huo Hotel Management (Singapore) Pte. Ltd.) was incorporated in Singapore as a limited private company with an authorised share capital of S\$1,000,000 divided into 1,000,000 shares of S\$1 each. As at the date of its incorporation, one share in HHI was allotted and issued to each of Mr. Ngan In Leng, Ms. Chan Wai Ian, Mr. Ngan Iek and Ms. Ngan Iek Peng. On 1 July 2004, HHI allotted and issued one share to Ms. Ngan Iek Chan. On 28 September 2005, the authorised share capital of HHI was increased to S\$10,000,000 and an aggregate of 2,999,995 shares in HHI were allotted and issued to Mr. Ngan In Leng, Ms. Chan Wai Ian, Mr. Ngan Iek, Ms. Ngan Iek Peng and Ms. Ngan Iek Chan in equal proportion. On 30 November 2006, each of Mr. Ngan In Leng, Ms. Chan Wai Ian, Mr. Ngan Iek, Ms. Ngan Iek Peng and Ms. Ngan Iek Chan transferred their respective shareholding interests in HHI to Silverine Pacific at the consideration of S\$1 for each transferred share and such share transfer was completed on 30 November 2006. Since then, HHI had become a direct wholly-owned subsidiary of Silverine Pacific and an indirect wholly-owned subsidiary of Hang Huo Macau. On 6 April 2009, the name of Hang Huo Hotel Management (Singapore) Pte. Ltd. was changed to HHI. Upon completion of the transfer of the entire issued share capital of Silverine Pacific by Taurine to our Company on 20 June 2014, HHI became an indirect wholly-owned subsidiary of our Company. HHI is the legal owner of Link Hotel and its principal business is hotel ownership.

Link Hotels International

On 21 May 2007, Link Hotels International (formerly known as Link Hotel Pte. Ltd.) was incorporated in Singapore as a limited private company with an authorised share capital of S\$1,000,000 divided into 1,000,000 shares of S\$1 each, of which one share was allotted and issued to Silverine Pacific. On 24 April 2009, 999,999 shares in Link Hotels International were allotted and issued to Silverine Pacific. Link Hotels International was then a direct wholly-owned subsidiary of Silverine Pacific and an indirect wholly-owned subsidiary of Hang Huo Macau. On 23 February 2010, the name of Link Hotels International was changed from Link Hotel Pte. Ltd. to Link Hotels International. Upon completion of the transfer of the entire issued share capital of Silverine Pacific by Taurine to our Company on 20 June 2014, Link Hotels International became an indirect wholly-owned subsidiary of our Company. Link Hotels International is principally engaged in operation of hotel services.

Duchess Global

On 3 April 2013, Duchess Global was incorporated in BVI with limited liability. Duchess Global is authorised to issue a maximum of 50,000 no par value shares, of which one share was allotted and issued to Taurine on 1 June 2013. Since its incorporation and before the completion of Reorganisation, Duchess Global was an indirect wholly-owned subsidiary of Hang Huo Macau. Upon completion of the transfer of the entire issued share capital in Duchess Global by Taurine to our Company on 20 June 2014, Duchess Global became wholly-owned by our Company. Duchess Global is principally engaged in investment holding.

PT Hang Huo

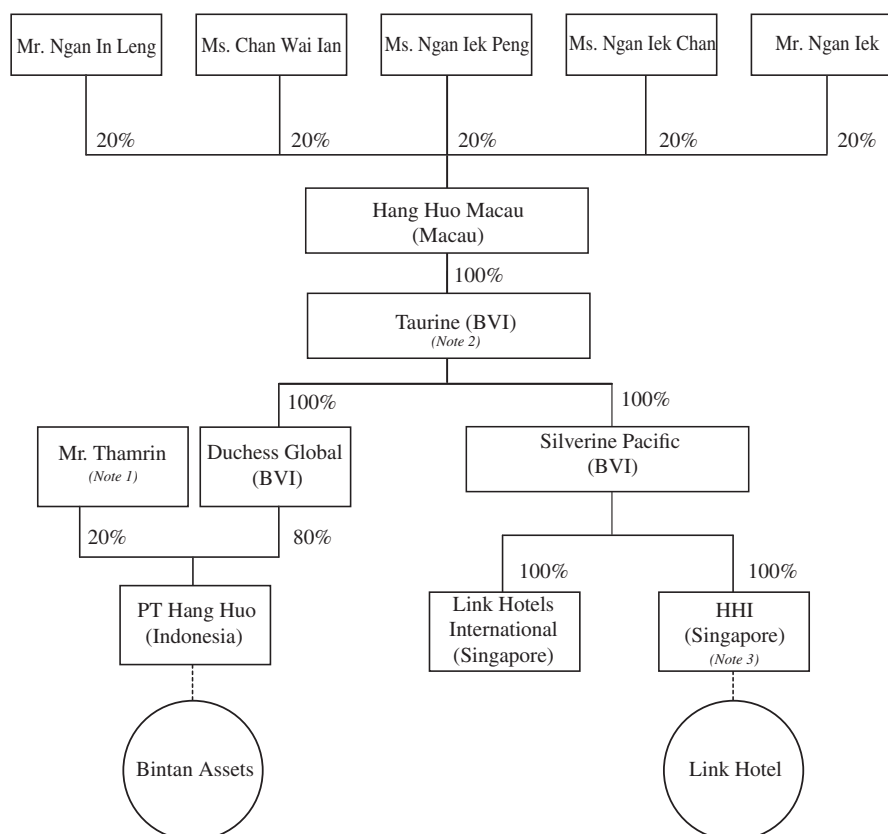
PT Hang Huo was established in Indonesia with limited liability on 3 September 2013. The Deed of Establishment of PT Hang Huo was signed on 27 July 2013 and approval of the Minister of Law and Human Rights of the Republic of Indonesia in relation to the establishment of PT Hang Huo was

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

issued on 3 September 2013. At the time of its incorporation, PT Hang Huo had an authorised capital of IDR69,069,000,000 divided into 7,000,000 shares, each having a nominal value of IDR9,867 and the paid-up capital of PT Hang Huo was IDR29,601,000,000 divided into 3,000,000 shares, each having a nominal value of IDR9,867, of which 2,400,000 shares were registered under the name of Duchess Global (representing 80% of its total paid-up capital) and 600,000 shares were registered under the name of Mr. Thamrin (representing 20% of its total paid-up capital). PT Hang Huo was the then indirect non wholly-owned subsidiary of Hang Huo Macau. Upon completion of the transfer of the entire issued share capital of Duchess Global by Taurine to our Company on 20 June 2014, PT Hang Huo became an indirect non wholly-owned subsidiary of our Company. PT Hang Huo is principally engaged in accommodation (hotel and cottage) and real estate.

CORPORATE REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before completion of transfer of the entire issued share capital of Silverine Pacific and Duchess Global respectively by Taurine to our Company.



Notes:

1. Mr. Thamrin is one of the directors of PT Hang Huo. By virtue of being a substantial shareholder of PT Hang Huo, Mr. Thamrin is a connected person of our Company.
2. Taurine is principally engaged in investment holding.
3. HHI is the legal owner of Link Hotel.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

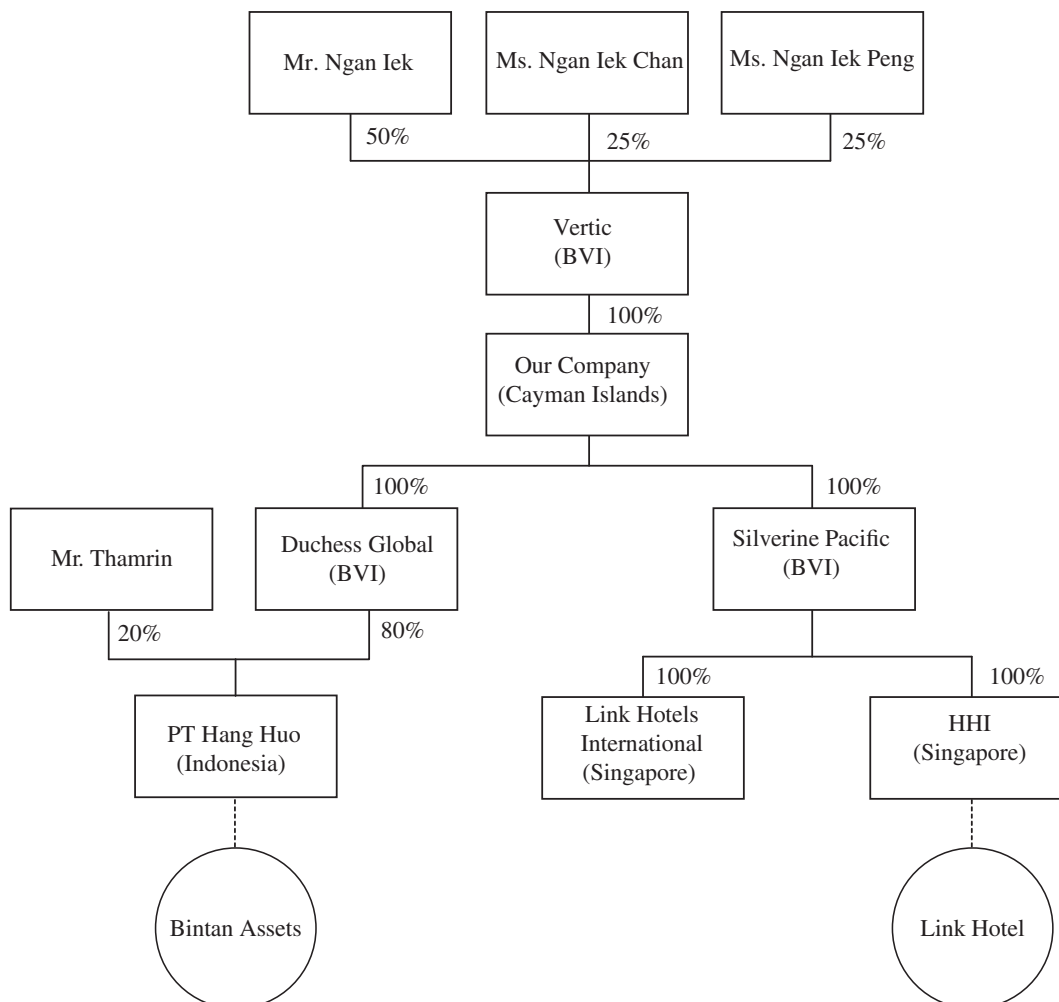
Reorganisation

The companies comprising our Group underwent a reorganisation in preparation for the Listing, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) on 15 May 2012, our Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which the Incorporation Share was allotted and issued in nil-paid form to Codan Trust Company (Cayman) Limited as the initial subscriber, which was transferred to Mr. Ngan Iek at nil consideration on the same date. On 4 February 2014, Mr. Ngan Iek transferred the Incorporation Share to Vertic at nil consideration. As a result of completion of such transfer, our Company was wholly owned by Vertic;
- (b) on 3 April 2013, Duchess Global was incorporated under the laws of BVI and is authorised to issue a maximum of 50,000 no par value shares, of which one share was allotted and issued to Taurine on 1 June 2013;
- (c) PT Hang Huo was established in Indonesia with limited liability on 3 September 2013 based on the Deed of Establishment dated 27 July 2013 and approved by the Minister of Law and Human Rights of the Republic of Indonesia. At the time of its incorporation, PT Hang Huo had an authorised capital of IDR69,069,000,000 divided into 7,000,000 shares, each having a nominal value of IDR9,867 and the paid-up capital of PT Hang Huo was IDR29,601,000,000 divided into 3,000,000 shares, each having a nominal value of IDR9,867, of which 2,400,000 shares were registered under the name of Duchess Global (representing 80% of its total paid-up capital) and 600,000 shares were registered under the name of Mr. Thamrin (representing 20% of its total paid-up capital); and
- (d) on 20 June 2014, our Company acquired (i) one share in Silverine Pacific, representing its entire issued share capital, and (ii) one share in Duchess Global, representing its entire issued share capital, from Taurine in the consideration of (a) the allotment and issue of 99 Shares, all credited as fully paid, to Vertic at the direction of Taurine and the crediting as fully paid at par of the Incorporation Share registered in the name of Vertic; and (b) the payment of US\$1 by Vertic to Taurine in consideration of its receipt of 99 Shares from our Company at the direction of Taurine. Upon completion of such acquisitions, Silverine Pacific and Duchess Global became the direct wholly-owned subsidiaries of our Company.

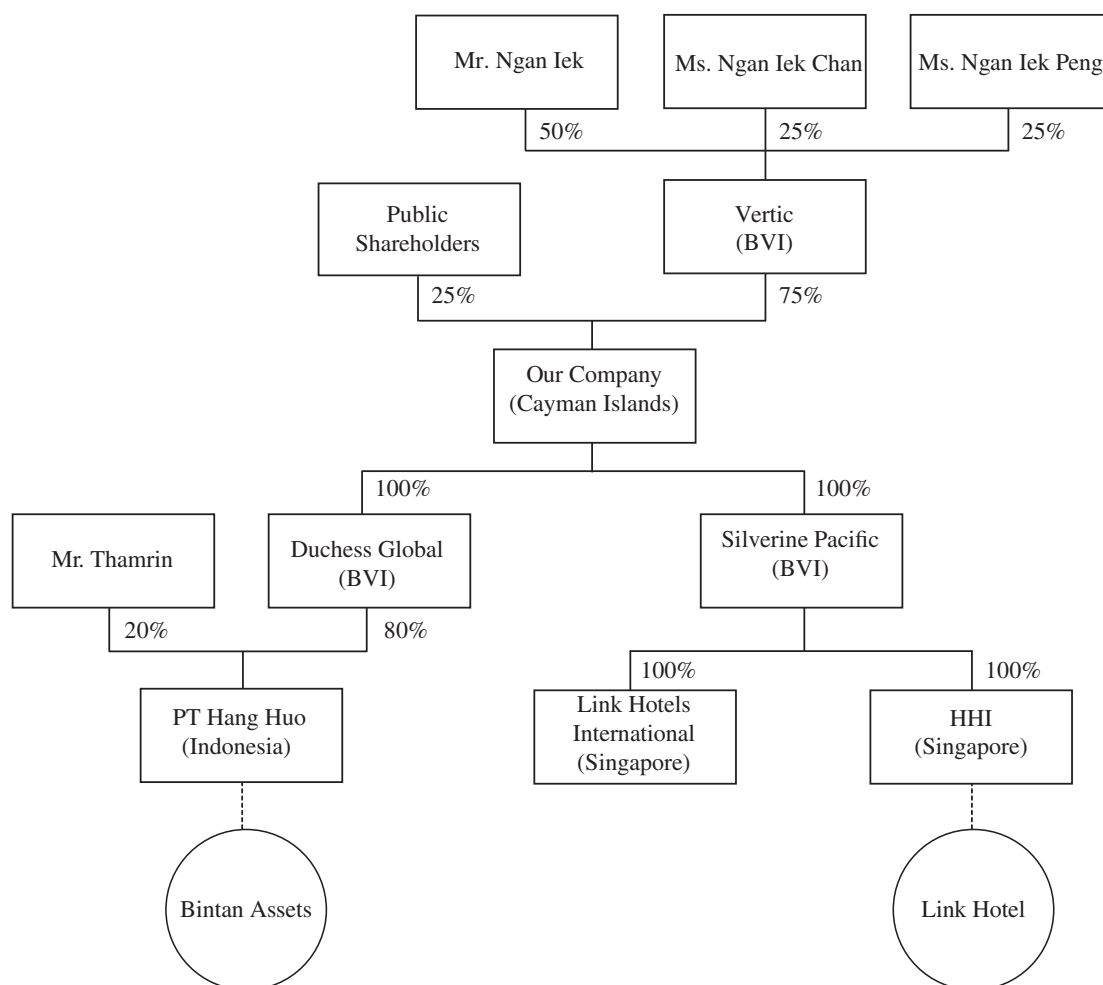
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Placing and the Capitalisation Issue:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart shows the corporate structure of our Group immediately after completion of the Reorganisation, the Placing and the Capitalisation Issue, without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme or any allotment and issue and/or repurchase of Shares by our Company under the general mandates as referred to in the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus.



BUSINESS

OVERVIEW

We commenced operations of our hotel business in Singapore with the opening of Link Hotel in 2007. Converted from two separate blocks of public housing units (which used to be known as Hong Oak (紅屋) or “Red Flats” by residents of Tiong Bahru in Singapore as their exteriors were painted in red), Link Hotel is a four-storey boutique-style budget hotel with 288 guest rooms and suites situated along the conservation site and the heritage trail of Tiong Bahru in Singapore. Spanning across Tiong Bahru Road, the two blocks are connected to each other by the Link Bridge.



Night view of Link Hotel (Lotus Block)



Night view of Link Bridge

BUSINESS

Set out below is a map showing the location of Link Hotel in Singapore.



BUSINESS

The following table sets out certain key information relating to Link Hotel as at the Latest Practicable Date:

Address	50 and 51 Tiong Bahru Road, Singapore, 168733 & 168734
Commencement of operation	2007
GFA	Approximately 10,195.93 sq.m. (including the Link Bridge)
Total number of rooms and suites	288
Number of F&B facilities	Four (two of which are operated by our Group)
Number of meeting/function rooms	Two

COMPETITIVE STRENGTHS

We believe that our success to date and our ability to compete effectively in the future are primarily driven by a combination of the following factors:

Strategically positioned Link Hotel as a boutique-style budget hotel in city destination with 288 hotel rooms which could cater to the demand from different segments of customers

We have strategically positioned Link Hotel as a boutique-style budget hotel which aims to provide guests with a comfort of home and a feel of multi-cultural Singapore. Being a medium-sized hotel with 288 hotel rooms, Link Hotel enjoys a comparative advantage to the small-sized hotels as we have sufficient room inventory to cater to the demand from different segments of customers. As shown in the analysis of Room Customers in the sub-section headed “Customers — Room Customers” in this section below, Link Hotel generates Room Revenue through diversified customer segments such as travel agents, Corporate Customers, Shipping Customers and customers through Internet Intermediaries.

The area surrounding Link Hotel is a district with historical and social memories of Singapore, which our Directors believe can cater to travellers who are looking for authentic experiences in Singapore and also appeal to tourists with interests in history and nostalgia. Bounded by Seng Poh Road, Outram Road and Tiong Poh Road, 20 blocks of pre-war public housing flats of the Tiong Bahru Estate and various shop houses in the surrounding area of Link Hotel were given conservation status in December 2003. In April 2013, the National Heritage Board of Singapore launched the Tiong Bahru Heritage Trail as part of its on-going efforts to bring heritage closer to the community by raising awareness of these historical spots. Featuring 10 heritage markers (including the Bird Corner which is adjacent to Link Hotel), the Tiong Bahru Heritage Trail brings trail walkers through Tiong Bahru’s old architectural buildings, as well as other sites to which residents of Tiong Bahru hold close.

Link Hotel is also located in a city destination and is within walking distance from Tiong Bahru and Outram Park Mass Rapid Transit (MRT) stations of Singapore. In the vicinity of Link Hotel are eateries such as the Tiong Bahru Market and Food Centre. It is also located near Chinatown (which is only one MRT station from the Outram Park MRT station) and is accessible to the Central Business

BUSINESS

District of Singapore and other tourist attractions such as Orchard Road, Clarke Quay, Marina Bay and Sentosa. Benefiting from the booming marine business in Singapore, Link Hotel, with its meeting facilities which cater to business meetings and events from small to medium sized functions, is also able to capture demand from corporate and shipping segments.

By having such diversification in the segments of customers, our Directors believe that this helps our Group to avoid over-reliance on any particular type of market segment and can reduce our exposure to the impact of adverse conditions in any particular segment.

We have a stable and experienced senior management team

We benefit from a stable and experienced senior management team. Most of our senior management have been with our Group during the entire Track Record Period. Our senior management also has extensive hotel industry experience gained in different jurisdictions.

Mr. Chen Changzheng, one of our executive Directors, has over 20 years of experience in the hotel industry. Mr. Chen has also been awarded the Promising SME 500 Award in 2013 and the top 3 HAPA General Manager of the Year Award (Singapore Series) by Hospitality Asia Platinum Awards for the years 2009 to 2011. Ms. Dong Han Kun, the general manager of Link Hotel, has over 20 years of experience in the hotel industry and has also been awarded the Top 100 Singapore Excellence Award by Singapore Enrich Group Pte. Ltd for the year 2012/2013. Further details on the qualifications and experience of our Directors and the senior management of our Company are set out in the section headed “Directors, senior management and employees” in this prospectus. Our Group believes that these management team members have facilitated the exchange of international management concepts with other management team members who have the local knowledge, thus enhancing the overall management quality of our Group.

BUSINESS STRATEGIES

Our aim is to maintain our unique positioning as a boutique-style budget hotel in Singapore and to expand our business to other Southeast Asian countries. We intend to adopt the following principal strategies in order to achieve our aim.

We intend to enhance the performance and upgrade the quality of Link Hotel by undergoing overall renovation

In order to stay competitive in the market and to attract more customers who look for convenience and quality accommodation that is reasonably priced, we intend to improve the attractiveness of Link Hotel by undergoing a major renovation of the entire hotel. As advised by our Singapore Legal Adviser, no additional approval is required under the Hotels Act as long as Link Hotel maintains the number of guest rooms within the range of medium-sized (i.e. between 101 to 299 rooms) after the proposed renovation. We expect to carry out a renovation plan which includes (i) renovating the exterior wall of Link Hotel; (ii) redesigning the interior of the guest rooms; (iii) increasing the functional and useable area of Link Hotel to build additional amenities; and (iv) upgrading the operational system of Link Hotel. Subject to obtaining the approval and/or consent from the relevant government authorities (including STB), it is estimated that the whole renovation process will take around 12 to 15 months, which will include design stage, authority submission and approval stage and construction stage. We plan to kick off the renovation process in the third quarter of 2014.

BUSINESS

The total renovation cost is estimated to be approximately HK\$64.0 million, which can be categorised as follows:

	<i>HK\$ (million)</i>
(i) Preliminary work	0.9
(ii) Building and civil engineering work	16.6
(iii) Mechanical and electrical work	17.4
(iv) Design and consultant fees	2.9
(v) Interior fitting out work	14.3
(vi) Hotel amenities and other equipment	3.1
(vii) Miscellaneous work	8.8

We plan to finance the renovation cost as to approximately HK\$60.0 million by the net proceeds from the Placing and the remaining by our Group's internal resources.

During the renovation process, we may require a partial closure of certain areas and facilities at Link Hotel. To minimise the disturbance to our hotel operations and guests, we plan to undergo the renovation in stages by blocking off sections of Link Hotel. However, it is expected that the renovation will, to a certain extent, create disturbance to our hotel operations and guests, and our revenue and profits during the period when we carry out the renovation work which is expected to last for about six months commencing in the fourth quarter of 2014 may decrease to some extent.

Since we intend to maintain Link Hotel as a boutique-style budget hotel and we do not plan to increase the number of guest rooms in the overall renovation of Link Hotel, we do not expect there will be any significant change in the operational scale or increase in manpower after the overall renovation. After the overall renovation, we expect that we could charge higher room rates and attract more Room Customers to Link Hotel, and hence our Room Revenue is expected to be improved.

As advised by our Singapore Legal Adviser, the operation of Link Hotel as a boutique-style budget hotel is not in breach of the Link Lease Agreement as neither "budget hotel" nor "boutique-style hotel" is defined in the Link Lease Agreement and/or the Singapore Statutes. In addition, there is no express restriction from charging higher room rates under the Link Lease Agreement.

We will devise a master plan for the future development of the Bintan Assets

Driven by a number of factors, including support from the governments of Singapore and Indonesia respectively and various infrastructure projects which have facilitated travels to Bintan, the total number of international arrivals to Bintan experienced growth at a CAGR of 4.8% from 2005 to 2013, according to HVS. We expect these factors will continue to drive demand for hotel rooms and/or resorts in Bintan. In addition, Singapore and Bintan are always promoted as complementary holiday destinations in view of their geographic proximity. Having considered the above factors, our Group decided to expand our business horizon to Bintan and has acquired the Bintan Assets.

We will devise a master plan for the future development of the Bintan Assets which will include physical planning, concept development, financial projection, market positioning and return analysis. Subject to the final approval of our Board and the board of directors of PT Hang Huo, we currently intend to develop the Bintan Assets into a resort complex area and our preliminary plan of development involves (i) upgrading and enhancing the Bintan Leased Properties situated on the Bintan

BUSINESS

Resort Land; and (ii) constructing and developing the Bintan Raw Land. Pending the formulation of the master development plan of the Bintan Assets, we have leased the Bintan Leased Properties to Mr. Thamrin for him to continue the operation of the Bintan Cabana Beach Resort pursuant to the Bintan Lease Agreement. Please refer to the sub-section headed “Bintan Development Plan” in this section below and the section headed “Continuing connected transactions” in this prospectus for further details.

We plan to devise the master plan for the future development of the Bintan Assets in the second half of 2014 and will utilise HK\$3.0 million from the net proceeds from the Placing for such purpose. We will also allocate HK\$23.1 million from the net proceeds from the Placing to finance the initial outlay for and implementation of the Bintan Development Plan.

We will identify and pursue business diversification opportunities in hotel management and franchising business in Southeast Asian countries

We intend to pursue business diversification opportunities by capitalising on our management expertise and hotel operation experience. We plan to enter into management contracts and/or franchising agreements with hotels in Southeast Asian countries, if opportunities arise. We believe that the hotel management business is an asset-light business which will allow us to manage a hotel under our name without requiring us to spend any capital expenditure on building and/or acquiring a hotel. In addition, we intend to use Link Hotel as a demonstration of our quality and management concepts in order to induce small to medium sized hotel owners to manage their hotels according to the standard of Link Hotel and, subject to specific contract arrangements, may become franchises operating under the name of our Group. By securing management contracts and granting franchising agreements, we will receive a steady source of income and have opportunities to develop our brand name and increase our market share at a faster pace. We plan to start to recruit additional staff and undertake market research and promotion in the third quarter of 2014. We plan to apply approximately HK\$6.0 million from the net proceeds of the Placing to finance this business strategy.

We will further strengthen our sales and marketing force

We plan to devote more resources to strengthening our sales and marketing capabilities primarily by reinforcing our relationship with our customers and broadening the sales network and customer base of our Group. As at 31 May 2014, we had eight sales and marketing personnel. To increase our occupancy rate, our Group intends to expand and enhance our sales and marketing team by recruiting more experienced sales persons in the future. In addition, to cater to the overall trend in making reservations via the Internet, our Group plans to strengthen the existing business relationship with the Internet Intermediaries and capture future business opportunities by designating and recruiting additional personnel to coordinate with and monitor such sales accounts.

We plan to finance this business strategy by our Group’s internal resources.

BUSINESS

We will continue to identify sites and/or seek acquisition opportunities to expand our hotel business in Southeast Asian countries

We also plan to establish footholds in other Southeast Asian countries and strengthen our presence in Singapore, by building new hotels or through the acquisition of existing hotels for which we would also be the operator. Subject to market conditions, we will continue to identify sites in strategic locations to expand our hotel business by investing in selected hotel projects. As at the Latest Practicable Date, besides the Bintan Development Plan (details of which are further described under the sub-section headed “Bintan Development Plan” in this section below), we had not identified any site and/or acquisition opportunity for the expansion.

Implementation of the business strategies

Our Group will utilise the net proceeds from the Placing to implement some of the above-mentioned business strategies of our Group. For further details on the implementation of such business strategies of our Group, please refer to the sub-section headed “Future plans and use of proceeds — Implementation plan” in this prospectus.

SELECTED OPERATING STATISTICS OF LINK HOTEL

Occupancy rate

The following table sets out the Total Available Room Nights and Occupancy rate of Link Hotel for the periods indicated:

	Year ended 31 December	
	2012	2013
Total Available Room Nights ^(Note)	105,408	105,120
Occupancy rate	65.5%	62.9%

Note: FY2012 is a leap year that consists of 366 days. Hence, an additional 288 Total Available Room Nights is noted in FY2012.

RevPAR

The following table sets out the Revenue per Available Room for the periods indicated.

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
RevPAR	698.2	609.4

BUSINESS

Total Revenue contribution

The following table sets out the breakdown of the Total Revenue of our Group for the years indicated:

	Year ended 31 December			
	2012		2013	
	HK\$	%	HK\$	%
Room Revenue	73,592,541	84.4	64,056,992	81.7
F&B revenue	8,223,013	9.4	8,290,223	10.6
Rental income from Hotel Tenants ^(Note 1)	3,719,563	4.3	3,838,984	4.9
Others ^(Note 2)	1,639,055	1.9	2,246,895	2.8
Total Revenue	87,174,172	100.0	78,433,094	100.0

Notes:

1. Our Group received rental income from leasing certain shop units located at Link Hotel to our Hotel Tenants.
2. “Others” primarily included revenue generated from the car parking and laundry services.

Pricing

Average room rates

Our average room rates for the two years ended 31 December 2013 were approximately HK\$1,065.5 and HK\$968.2 respectively. The actual room rate sold to Room Customers varies depending on various factors, including but not limited to, the business relationship with our Group, the type of our Room Customers, the target operating profit margin, general market trends, seasonal factors, customers’ value perception, competition, spending patterns and purchasing power of customers. See the sub-section headed “Customers — Room Customers” in this section below for further details on our different segments of Room Customers.

F&B

We operate two F&B outlets which provide guests with food and beverage options. In determining our F&B prices, we take into account of the costs of raw materials and food ingredients, seasonal factors, competition, spending patterns and purchasing power of our customers and other restaurant expenses and costs (such as labour costs and utility expenses). As part of our sales and marketing strategies, during certain promotion periods, we offer our rooms with F&B services available on a discounted or complimentary basis.

BUSINESS

HOTEL OPERATION

Hotel rooms

Link Hotel provides 288 guest rooms and suites with Chinese, Malay, Indian and modern themed designs, in a range of sizes and configurations, to tie in with the multicultural society of Singapore.



Executive suite in Chinese theme (Bedroom)



Executive deluxe room in Malay theme



Deluxe room in modern theme



Superior twin room in Indian theme

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The following table sets out certain information in relation to the hotel rooms of Link Hotel as at the Latest Practicable Date:

Type of guest rooms	Sub-total
<i>Suites</i>	
Small office home office (“SOHO”) ^(Note)	18
Executive suite	11
<i>Rooms</i>	
Executive deluxe	18
Deluxe	103
Superior	138
Total	<u>288</u>

Note: To facilitate the needs of our business guests, each of our SOHO units is equipped with a microwave, a printer/scanner/facsimile and a DVD/VCD/CD player in addition to the basic room facilities. We also provide two wheelchair-friendly rooms under this room category.

Facilities

Meeting facilities

Link Hotel has two multi-function meeting rooms which are suitable for small to medium sized events. We offer different settings for our meeting rooms, such as a board room meeting setting, classroom setting and private dining set up according to the needs and requirements of our customers.



Heritage meeting room

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F&B facilities

As at the Latest Practicable Date, Link Hotel had a total of four F&B outlets, two of which were operated by us and the other two were operated separately by two of our Hotel Tenants from whom we received fixed monthly rental income. Our F&B department, in addition to the provision of 24 hour in-room dining, operates the Louver Café Lounge which serves a selection of à la carte local and western cuisine and a bar area called the Breeze Beer Garden, where guests can enjoy drinks and food in an al-fresco setting on the rooftop of Link Hotel.



Louver Café Lounge

Other facilities and services

As at the Latest Practicable Date, other facilities and services at Link Hotel (provided by us, our Hotel Tenants or third-party service providers) included the following:

- gym room
- spa and beauty services (operated separately by two of our Hotel Tenants from whom we received monthly rental income)
- parking facilities
- free internet access in the public area, meeting rooms and guest rooms and suites
- free shuttle bus services to and from a MRT station and shopping centre
- currency exchange services

Retail tenant

As at the Latest Practicable Date, among our five Hotel Tenants, Link Hotel had one retail tenant operating a convenience store.

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AWARDS

Link Hotel has received a number of awards over the years. Set out below are some of the awards received by us:

Awards	Year awarded	Awarded by
World Luxury Hotel Awards 2013 — Singapore Winner in Luxury Family Hotel Category	2013	World Luxury Hotel Awards ^(Note 1)
World Luxury Hotel Awards 2010 — Singapore Winner in Luxury Boutique Hotel Category	2010	World Luxury Hotel Awards ^(Note 1)
Hospitality Asia Platinum Awards 2009-2011 — Singapore Series: Top 5 in HAPA Best Deluxe Hotel Category	2009-2011	Hospitality Asia Platinum Awards ^(Note 2)

Notes:

1. The World Luxury Hotel Awards is an organisation which aims to recognise and celebrate service excellence in the hotel industry. Awards are presented annually to hotels in different categories on a country and global basis. The criteria of the awards are based upon facilities and services provided by hotels.
2. Hospitality Asia Platinum Awards is organised by World Asia Publishing (publisher of a business-trade magazine “Hospitality Asia”) for the recognition and reward of individuals and establishments in the hospitality industry, to which awards are presented across different categories in regions including Singapore and Malaysia.

CUSTOMERS

Our Group’s customers primarily comprise Room Customers and Hotel Tenants. Total Revenue derived from our five largest customers accounted for less than 30% of our Total Revenue for each of the two years ended 31 December 2013. Room Revenue derived from our five largest Room Customers accounted for less than 30% of our Room Revenue for each of the two years ended 31 December 2013.

None of our Directors, their respective associates, or any of our Shareholders, who, to the knowledge of our Directors, hold more than 5% of our issued share capital (immediately following completion of the Placing and the Capitalisation Issue, without taking into account any Shares that may be taken up under the Placing and allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), had any interest in any of our five largest customers for the two years ended 31 December 2013.

Room Customers

Our Room Customers primarily comprise travel agents, Corporate Customers, Shipping Customers, customers through Internet Intermediaries and other walk-in customers. During the Track

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Record Period, our “walk-in” customers who had not made a booking with us in advance contributed only a very small percentage of our occupied room nights. Our sales and marketing team is responsible for coordinating with and monitoring the sales accounts of travel agents, Corporate Customers, Shipping Customers and Internet Intermediaries.

The table below sets out the percentage of room nights occupied by different segments of Room Customers for the periods indicated:

	Year ended 31 December	
	2012	2013
	<i>% (Note 1)</i>	<i>% (Note 1)</i>
Travel agents	25.1	31.0
Corporate Customers	26.2	22.0
Shipping Customers	17.5	16.9
Customers through Internet Intermediaries	27.5	26.0
Walk-in customers	1.8	1.9
Others ^(Note 2)	<u>1.9</u>	<u>2.2</u>
Total	<u>100.0</u>	<u>100.0</u>

Notes:

1. The percentage figure represents the total number of room nights occupied by guests from that specific category of Room Customers during the indicated period as divided by the Total Occupied Room Nights during the same period.
2. “Others” included rooms used for internal use, rooms sold at discounted rate as staff benefits and rooms provided on a complimentary basis.

The table below sets out the amount and percentage of Room Revenue generated by different segments of Room Customers for the periods indicated:

	Year ended 31 December			
	2012		2013	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Travel agents	13,434	18.3	13,814	21.6
Corporate Customers	20,275	27.5	14,993	23.4
Shipping Customers	13,790	18.7	12,661	19.8
Customers through Internet Intermediaries	22,211	30.2	19,486	30.4
Walk-in customers	1,910	2.6	1,745	2.7
Others ^(Note)	<u>1,973</u>	<u>2.7</u>	<u>1,358</u>	<u>2.1</u>
Total	<u>73,593</u>	<u>100.0</u>	<u>64,057</u>	<u>100.0</u>

Note: “Others” accounted for rooms sold at discounted rates as staff benefits.

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Travel agents

We enter into fixed term agreements, typically for a term of up to one year, with travel agents pursuant to which fixed room rates are set for particular room types of Link Hotel during fixed period(s) of time (excluding certain closed-out dates as specified in such agreements). These agreements are on non-committed basis which means no guarantee of minimum number of guest-stay is required from the contracted travel agents and, likewise, we do not commit to provide a specific number of guest rooms to them.

Room rates offered to travel agents are typically lower than other categories of Room Customers. The travel agents are then able to mark up the prices when they on-sell our guest rooms to their customers. No commission is offered to the travel agents.

For the two years ended 31 December 2013, the Room Revenue attributable to travel agents was approximately 18.3% and 21.6% of our total Room Revenue respectively.

Corporate Customers

We enter into fixed term agreements with our Corporate Customers, typically for a term of up to one year, pursuant to which fixed room rates are set for particular room types of Link Hotel during fixed period(s) of time, irrespective of whether such Corporate Customers are able to procure the occupancy as estimated during the negotiation of the relevant agreements. Likewise, we do not commit to provide a specific number of guests rooms to our Corporate Customers and those contracted room rates are subject to room availability and thus are not applicable during peak periods and certain closed-out dates. No commission is offered to our Corporate Customers.

For the two years ended 31 December 2013, the Room Revenue attributable to our Corporate Customers was approximately 27.5% and 23.4% of our total Room Revenue respectively.

Shipping Customers

Our Shipping Customers comprise companies and agencies in the shipping sector. We enter into fixed term agreements, typically for a term of up to one year, with our Shipping Customers pursuant to which fixed room rates are set for particular room types of Link Hotel during fixed period(s) of time, irrespective of whether such Shipping Customers are able to procure the occupancy as estimated during the negotiation of the relevant agreements. Likewise, we do not commit to provide a specific number of guest rooms to our Shipping Customers and those contracted room rates are subject to room availability and thus are not applicable during peak periods and certain closed-out dates. We offer fixed rate commissions to the shipping agencies for every materialised room night while no commission is offered to the other Shipping Customers.

For the two years ended 31 December 2013, the Room Revenue attributable to our Shipping Customers was approximately 18.7% and 19.8% of our total Room Revenue respectively.

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Customers through Internet Intermediaries

We also sell our hotel rooms on the Internet through Internet Intermediaries and through our hotel website at **www.linkhotel.com.sg** (which is maintained by one of the Internet Intermediaries). We pay commissions to the Internet Intermediaries for the sales made through the websites operated or maintained by them.

For the two years ended 31 December 2013, the Room Revenue attributable to customers through Internet Intermediaries was approximately 30.2% and 30.4% of our total Room Revenue respectively.

Hotel Tenants

As at the Latest Practicable Date, we had five Hotel Tenants which leased shop units located at Link Hotel from us. These Hotel Tenants respectively operate a convenience store, a spa shop, a beauty salon, a Japanese restaurant and a Korean food restaurant.

We enter into tenancy agreements with each of the Hotel Tenants. The tenancy agreements contain terms of lease which range from one to two years (with option to renew), fixed monthly rental and usage of the shop units.

Advertising and marketing

We, from time to time, arrange for placement of advertisements in in-flight magazines and have utilised electronic platforms, including the website of Link Hotel and the websites of the Internet Intermediaries, social networking website and promotional activities arranged with deal-of the-day website, to promote the image of Link Hotel. In addition, we have affiliations with organisations such as banks to provide tie-up promotions. We also offer promotional room rates and/or F&B offers as marketing and promotional measures. However, our Group does not incur significant amount in advertising Link Hotel as we believe the interactive nature of our business and relationships with our guests through their experience of staying with us allow us to obtain new customers and retain customer loyalty.

Credit policy

We adopt different credit policies for different category of Room Customers as set out below:

Room Customers	Payment terms
Travel agents	Payment in full in advance unless prior credit facilities have been arranged
Corporate Customers and Shipping Customers	Payment in full upon guests' departure unless prior credit facilities have been arranged
Customers through Internet Intermediaries	Payment in full upon guests' departure unless prior credit facilities have been arranged
Walk-in customers	Payments in full upon guests' departure

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We accept payment by cash, credit card, telegraphic transfer and cheque. Where credit facilities are arranged for and granted to our Room Customers, we usually allow for a credit period of up to 30 days from the date of invoice. The terms of the credit facilities are determined taking into account factors such as hotel trade reference and size of the potential account.

SUPPLIERS

Our Group's suppliers primarily comprise the Internet Intermediaries, suppliers for our F&B services and other daily utilities at Link Hotel and third-party service providers for some of the ancillary services at Link Hotel. For details of the Internet Intermediaries, please refer to the sub-section headed "Customers — Room Customers — Customers through Internet Intermediaries" in this section above. For suppliers of our F&B services, we usually purchase on an "as-needed" basis. We have outsourced a number of ancillary services, such as laundry, pest control and shuttle bus services to third-party service providers. We generally enter into fixed term contracts for a term ranging from one to five years with our suppliers. We have maintained a good and stable relationship with our suppliers and there was no change of our five largest suppliers during the Track Record Period.

For the two years ended 31 December 2013, our Group's largest supplier was an electricity supply company which accounted for approximately 16.7% and 16.0% of our total cost of sales respectively. For the two years ended 31 December 2013, our largest supplier (excluding the power supply company and another utility company) accounted for less than 30% of our total costs of sales for such periods. Purchases from our Group's five largest suppliers (excluding the power supply company and another utility company) accounted for less than 30% of our total costs of sales during those periods.

None of our Directors, their respective associates, or any of our Shareholders, who, to the knowledge of our Directors, hold more than 5% of our issued share capital (immediately following completion of the Placing and the Capitalisation Issue, without taking into account any Shares that may be taken up under the Placing and allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), had any interest in any of our five largest suppliers (excluding the electricity supply company and another utility company) for the two years ended 31 December 2013.

QUALITY CONTROL

Our Group is committed to providing a pleasant and comfortable stay for our guests. We strive to maintain the quality of our hotel service through on-the-job training and supervision of our personnel. For general upkeep, we conduct regular inspections to ensure the proper functioning of our hotel facilities and that hygiene of our guest rooms are up to standards. To ensure the inquiries and requests of our guests are addressed in a timely manner, we have adopted a written policy for handling guests complaints and concerns by the staff of the front office of Link Hotel. Our front office manager is responsible to oversee the quality of the customer services provided to our guests.

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We also monitor social networking and hotel reservation websites, to capture ratings, recommendations and criticisms posted by guests or travel advisers. Furthermore, guest feedback forms are available in guest rooms and guests are welcome to leave comments, suggestions or complaints in these comments cards. Customers' comments, suggestion and complaints are collated and reported for our follow up actions.

INSURANCE

Our Directors consider our insurance coverage to be customary of our industry and of our size and type and in line with the standard commercial practice and/or required by law of Singapore. As at the Latest Practicable Date, the insurance policies taken out on Link Hotel comprised, primarily, (a) fidelity guarantee (against the direct pecuniary losses arising from acts of fraud or dishonesty committed by our hotel employees); (b) property risk and business interruption insurance; (c) public liability insurance; and (d) work injury compensation insurance. However our insurance coverage may not be adequate to cover all losses that may occur. Please refer to the sub-section headed "Risk factors — Risks relating to our Group and our business — Our insurance coverage may be insufficient to protect us against potential liabilities arising during the course of our operations" in this prospectus for more details.

EMPLOYEES

The following table sets out the breakdown of our full-time employees (excluding our Directors and the directors of our subsidiaries) by division and function as at 31 December 2012 and 2013 and as at 31 May 2014:

Functions	Number of employees		
	As at 31 December 2012	2013	As at 31 May 2014
Executive office	2	2	2
Front office	21	16	15
F&B	17	15	11
Housekeeping	16	17	17
Sales and marketing	6	6	8
Human resources	1	1	1
Accounting ^(Note)	7	6	7
Maintenance	8	6	7
Total	78	69	68

Note: Except the financial controller of our Group who is located in Hong Kong, all of our employees as indicated in the table above are located in Singapore.

We also hire part-time employees from time-to-time to cope with additional staffing requirements. We had one, two and two part-time employee(s) as at 31 December 2012 and 2013 and as at 31 May 2014 respectively.

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Our hotel operations are service-oriented. Therefore our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees. The employees of our Group are selected through an established recruitment process. The remuneration package of our employees includes salary, bonuses, allowance and overtime payments. We periodically review the performance of our employees for review of their salary and promotion appraisals. With a view to upgrading the skills and knowledge of our employees, we have implemented training programs designed according to the job requirements.

We are required to comply with the Employment Act (Chapter 91 of the Singapore Statutes) and the Employment of Foreign Manpower Act (Chapter 91A of the Singapore Statutes) in connection with the employment in Link Hotel. We are also required to contribute to the Central Provident Fund which is a compulsory social security savings plan for working Singapore citizens and Singapore permanent residents primarily to fund their retirement, healthcare and housing needs. Please refer to the sub-section headed “Regulatory overview — Overview of Singapore regulations — Laws and regulations relating to employment” for more details of these requirements.

We are also subject to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) in relation to our employment in Hong Kong.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had two registered trademarks in Singapore and had made an application for registration of a trademark in Hong Kong. We have also registered the domain name of www.linkhotel.com.sg as the website of Link Hotel and the domain name of www.linkholdingslimited.com as the website of our Company. Details of our intellectual property rights are set out in the sub-section headed “Statutory and general information — B. Further information about the business of our Group — 2. Intellectual property rights of our Group” in Appendix V to this prospectus.

As at the Latest Practicable Date, our Group was not aware of any dispute or infringement of our Group’s intellectual property rights.

COMPETITION

According to the HVS Report, Singapore hotel industry is highly fragmented and barriers of entry to the hotel industry in Singapore are low. As such, the Singapore hotel industry in which we operate is highly competitive. However, our Directors believe that we may capture future opportunities to capitalise on (i) the growth in international visitor arrivals; (ii) the establishment of the Tourism Development Fund by the Singapore Government; and (iii) the planned renovation of facilities of Link Hotel. Please refer to the section headed “Industry overview” in this prospectus for more details.

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ENVIRONMENTAL MATTERS

Operations of our hotel business in Singapore are subject to certain environmental laws. Please refer to the sub-section headed “Regulatory overview — Overview of Singapore regulations — Laws and regulations relating to the environment” in this prospectus for more details. As confirmed by our Directors, our Group had not been penalised for any breach of any applicable environmental laws during the Track Record Period.

LEGAL AND REGULATORY COMPLIANCE

Certain licences are required to be obtained and maintained by our Group for our operation of Link Hotel. Please refer to the sub-section headed “Regulatory overview — Overview of Singapore regulations” in this prospectus for more details.

The following table sets out the material requisite licences obtained in relation to our hotel operation in Singapore and their respective expiry dates.

Types of licence	Expiry dates
Hotel-keeper’s licence ^(Note 1)	31 December 2014
Foodshop (restaurant) licence ^(Note 2)	20 September 2014
Liquor licence	15 July 2015
Money changer’s licence	31 December 2014
Public entertainment licence	10 July 2015
Building control (outdoor advertising) licence	30 June 2014 ^(Note 3)
Electrical installation licence	28 March 2015
Fire certificate	30 December 2014

Notes:

- (1) The hotel-keeper’s licence was issued to and has been held by our executive Director, Mr. Chen Changzheng. In the event that Mr. Chen Changzheng resigns from our Group or is otherwise unable to carry out his duties and responsibilities as a hotel-keeper, we will identify suitable candidate to fill in the vacancy and be the hotel-keeper of Link Hotel. Our Directors do not envisage there will be any difficulties in identifying a new hotel-keeper of Link Hotel when the circumstance requires. Please refer to the sub-section headed “Regulatory overview — Overview of Singapore regulations — Licences and permits for hotel” in this prospectus for procedures of applying a hotel-keeper’s licence in replacement thereof.
- (2) In respect of the F&B outlets operated by our Hotel Tenants, each of them is responsible for obtaining all necessary approvals and licences pursuant to their respective tenancy agreements.
- (3) As at the Latest Practicable Date, we had not received any notification letter from the relevant Government authority in relation to the renewal of the subject licence. We will apply for renewal of the building control (outdoor advertising) licence once we receive the notification for renewal from the relevant Government authority.

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We will, from time to time, apply for renewal of the relevant licences within the respective requisite legal time frames. In the event that the application for renewal of certain licence(s) is rejected, certain or all of our hotel operation may be affected. Please refer to the sub-section headed “Risk factors — Risks relating to the hotel industry — The hotel business in Singapore is a regulated business” in this prospectus for more details. As at the Latest Practicable Date, we were not aware of any facts which may prevent the renewal by us, or render to the cancellation, revocation by the relevant authorities, of the above licences in the future.

Our Directors have taken advice from our Singapore Legal Adviser and confirm that we have obtained all licences, approvals and permits that are material to our operations in Singapore, and save as disclosed in the sub-section headed “Major non-compliance matters of our Group occurred and/or subsisted during the Track Record Period and up to the Latest Practicable Date” in this section below, we have complied with all major applicable laws and regulations in Singapore in all material aspects.

Major non-compliance matters of our Group occurred and/or subsisted during the Track Record Period and up to the Latest Practicable Date

Our subsidiaries incorporated in Singapore have inadvertently contravened certain statutory requirements of Singapore, details of the major non-compliance occurred and/or subsisted during the Track Record Period and up to the Latest Practicable Date are set out below.

Non-compliance in relation to the Companies Act (Chapter 50 of the Singapore Statutes) (“CA”)

Name of our subsidiary	Non-compliance events	Reason for non-compliance	Rectification actions
HHI	(1) Failed to hold the annual general meeting within the prescribed time limit in year 2012. <i>(Note 1)</i>	During the material time, we did not have an internal company secretary department or a qualified company secretary to handle the secretarial matters. We solely relied on the external secretarial firm to handle corporate secretarial matters.	Composition amount has been fully paid. ^{<i>(Note 3)</i>}
	(2) Failed to lay the profit and loss accounts made up to a date falling not more than six months at its annual meetings held in 2012, 2013 and 2014. ^{<i>(Note 2)</i>}	During the material time, we did not have an internal company secretary department or a qualified company secretary to handle the secretarial matters. We solely relied on the external secretarial firm to handle corporate secretarial matters.	Composition amounts have been fully paid. ^{<i>(Note 3)</i>}

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Name of our subsidiary	Non-compliance events	Reason for non-compliance	Rectification actions
Link Hotels International	(1) Failed to hold the annual general meeting within the prescribed time limit in years 2012 and 2013 respectively. ^(Note 1)	During the material time, we did not have an internal company secretary department or a qualified company secretary to handle the secretarial matters. We solely relied on the external secretarial firm to handle corporate secretarial matters.	Composition amounts have been fully paid. ^(Note 4)
	(2) Failed to lay the profit and loss accounts made up to a date falling not more than six months at its annual meetings held in 2012, 2013 and 2014. ^(Note 2)	During the material time, we did not have an internal company secretary department or a qualified company secretary to handle the secretarial matters. We solely relied on the external secretarial firm to handle corporate secretarial matters.	Composition amounts have been fully paid. ^(Note 4)

Notes:

- Pursuant to section 175(1) of the CA, an annual general meeting shall be held once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting of a company.
- Pursuant to section 201(1) of the CA, the directors of a company (other than a public company listed in Singapore) shall lay before such company at its annual general meeting a profit and loss account made up to a date falling not more than six months before the date of the annual general meeting.
- The total amount of the composition amounts imposed on and paid by HHI as a result of its non-compliances of the provisions of the CA as disclosed above were S\$1,170.
- The total amount of the composition amounts imposed on and paid by Link Hotels International as a result of its non-compliances of the provisions of the CA as disclosed above were S\$1,170.

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Non-compliance in relation to the Income Tax Act (Chapter 134 of the Singapore Statutes) (“ITA”)

Name of our subsidiary	Non-compliance events	Reason for non-compliance	Total amount of composition fee/ summons fee imposed	Rectification actions
HHI	Failed to file the income tax return, accounts and computation (“ Tax Documents ”) within the statutory time limit for the Years of Assessment 2011, 2012 and 2013. <i>(Notes 1&3)</i>	During the relevant period, the subject filings were handled by the finance department of HHI and the responsible staff did not fully understand the specific requirements under the ITA and thus did not set a strict timeline for the preparation of the audited accounts of HHI. Our Directors consider such non-compliance incidents were caused by the previous lack of comprehensive internal control measures to monitor the progress of our taxation matters.	Summons fee of S\$300 (Year of Assessment 2011) and composition fee of S\$450 (Year of Assessment 2013). <i>(Note 2)</i>	Relevant filings have been made on September 2012 (due November 2011), November 2013 (due November 2012) and February 2014 (due November 2013) respectively and composition fee/summons fee have been fully paid after HHI’s directors having received notifications of the relevant late filings from Inland Revenue Authority of Singapore (“ IRAS ”).
Link Hotels International	Failed to file the Tax Documents within the statutory time limit for the Years of Assessment 2011, 2012 and 2013. <i>(Notes 1&4)</i>	During the relevant period, the subject filings were handled by the finance department of Link Hotels International and the responsible staff did not fully understand the specific requirements under the ITA and thus did not set a strict timeline for the preparation of the audited accounts of Link Hotels International. Our Directors consider such non-compliance incidents were caused by the previous lack of comprehensive internal control measures to monitor the progress of our taxation matters.	Summons fees of S\$675 and S\$675 (Years of Assessment 2011 and 2012 respectively) and composition fee of S\$450 (Year of Assessment 2013).	Relevant filings have been made on November 2012 (due November 2011), August 2013 (due November 2012) and February 2014 (due November 2013) respectively and composition fee/summons fees have been fully paid after Link Hotels International’s directors having received IRAS’ notification of the relevant late filing.

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Notes:

1. Pursuant to the website of IRAS, a company (other than qualified company) shall file the relevant Tax Documents by 30 November of each year.
2. No composition fee has been imposed on HHI and IRAS confirmed that no composition fee will be imposed on HHI in relation to the late filing of Tax Documents for the Year of Assessment 2012.
3. For the same reason, HHI also failed to file the Tax Documents within the statutory time limit for Years of Assessment 2007, 2008, 2009 and 2010 and composition fees of S\$200 were imposed for each of the above-mentioned late filings. Relevant filings have been made on December 2007 (due November 2007), April 2009 (due November 2008), May 2010 (due November 2009) and February 2011 (due November 2010) respectively and the relevant composition fees have been fully paid.
4. For the same reason, Link Hotels International also failed to file the Tax Documents within the statutory time limit for Years of Assessment 2008, 2009 and 2010 and composition fees of S\$200 were imposed for each of the above-mentioned late filings. Relevant filings have been made on September 2009 (due November 2008), August 2010 (due November 2009) and February 2011 (due November 2010) respectively and the relevant composition fees have been fully paid.

Our Directors confirm that there have been no tax avoidance issues with our Group and that there was no outstanding income tax dispute and/or overdue income tax payable by our Group as at the Latest Practicable Date.

Directors' view on the non-compliance matters

As the composition amounts, composition fees and summons fees imposed (“**Non-compliance Fees**”) on our Group were fully paid and their amounts were insignificant, our Directors consider that such Non-compliance Fees had no significant impact on the financial information of our Group and thus no provisions are required to be made. As advised by our Singapore Legal Adviser, no further actions will be taken against our Group by the relevant Singapore Government authorities once the Non-compliance Fees have been fully paid and, in respect of the non-compliance of the ITA, the outstanding Tax Documents have been filed in respect of our non-compliance events as mentioned above. Our Directors consider that the non-compliance events disclosed above will not have any material adverse impact on the operation or financial position or business of our Group.

Sole Sponsor's view on the non-compliance matters

Our Sole Sponsor confirms that, after carrying out enquiries on the facts and circumstances leading to the non-compliance events and having considered that the non-compliance events have no material financial and operational impact on our Group and that such events did not involve any dishonesty on the part of our Directors or impugn on their integrity or competence, it concurs with the view of our Directors that the above non-compliance events do not affect the suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules.

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Actions to prevent future non-compliance

To prevent the occurrence of any non-compliance in the future, our Group has adopted and implemented the following corporate governance and internal control measures to enhance the internal control system and to ensure compliance of various applicable rules and regulations (including the Singapore Statutes and the GEM Listing Rules):

- (i) in respect of the non-compliance with the CA and the ITA, our financial controller and company secretary, Mr. Ng Chi Wai (a member of the Hong Kong Institute of Certified Public Accounts) is responsible for the day-to-day compliance matters of our Group and will liaise with the auditors of our Group and/or external secretarial companies on a regular and timely basis to ensure ongoing compliance with the relevant deadlines for the filing of documents and other corporate requirements under the CA and/or the ITA. Our company secretary will report to our Board on any potential non-compliance issue identified by him on a timely basis and, if necessary, consult external professional for advice to address the potential issue;
- (ii) we have established a compliance manual (including compliance with the CA and the ITA) which shall be observed by the officers-in-charge of our Singapore subsidiaries and our Directors. Our company secretary together with the management team which is based in Singapore are responsible for regularly updating the compliance manual and make recommendations to our Board to approve and adopt any latest update which are considered applicable to our Group;
- (iii) our Board has established the audit committee (which comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Thng Bock Cheng John) and the nomination and corporate governance committee (which comprise Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Thng Bock Cheng John, all of our independent non-executive Directors, and Datuk Siew Pek Tho, our executive Director, and Mr. Ngan Iek, our non-executive Director). Both committees of our Board have adopted their respective terms of reference which set out clearly their respective duties and obligations to, among others, oversee the internal control procedures and ensure compliance with the legal and regulatory requirements; and
- (iv) our Group will also engage external legal adviser(s) and other advisers to render professional advice as to compliance with the relevant legal requirements as applicable to our Group from time to time.

Other internal control matters

In preparation for the Listing, in October 2013, we engaged an independent internal control adviser (“**Internal Control Adviser**”) to undertake a review on the internal control system of our Group according to the agreed scope and recommended measures to improve and rectify certain weaknesses of our internal control systems. Accordingly, we have modified and adopted certain new internal control procedures to enhance our internal control system, the implementation of which has been confirmed by the internal control report issued by our Internal Control Adviser upon the conduct

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of the follow-up reviews. The internal control review was conducted based on information provided by our Group, and no assurance or opinion on internal controls was expressed by our Internal Control Adviser. The table below sets out the major findings and implementation status of the recommendations.

Major findings	Recommendations	Status of implementation
We did not have adequate review and approval procedures for credit applications by new customers or customers with small share capital of Link Hotel.	We should set out in our credit management policy the proper handling procedures of such accounts.	Our credit management policy was revised accordingly, effective from December 2013.
Our customers are not required to give any reply upon receipt of our monthly statements of accounts for the purpose of sales reconciliation.	The management of Link Hotel should, on a sampling basis, perform annual sales reconciliation or confirmation with customers on credit sales.	(i) Annual confirmation has been sent to the major customers of Link Hotel for FY2013; and (ii) reconciliation on credit sales with the major customers of Link Hotel will be performed annually.
Failure to maintain proper documentation on the verbal approval by the management of Link Hotel for discounts offered to certain customers.	<ul style="list-style-type: none"> The standard of procedures for the sales and marketing department of Link Hotel should include the procedures for obtaining approval in relation to the offer of loyalty and special discounts to customers. Proper documentation on the approved discounts should be maintained for records and audit trails. 	<ul style="list-style-type: none"> The standard of procedures for the sales and marketing department of Link Hotel was revised accordingly, effective from December 2013. Since November 2013, our sales officers have started to obtain approvals for offering customers discount from the management via emails with proper documentation.
Officers of the accounts department of Link Hotel issued purchase orders without the company chop or signatory by authorised personnel upon receipt of the duly authorised purchase requisitions.	The management of Link Hotel should issue purchase orders via purchase system(s) or endorse the same by signatory or company chop.	Since December 2013, purchase orders are endorsed by the officers of the accounts department of Link Hotel.

BUSINESS

Major findings	Recommendations	Status of implementation
Only one signatory was required for cheque up to S\$100,000.	<ul style="list-style-type: none"> The management of Link Hotel should review and revise its authority limit for the signing of cheques. Dual signatories are preferred for the signing of all cheques. Alternatively, the management of Link Hotel may implement other controls to lower the risk of a single signatory, such as prior written approval should be obtained from a director of Link Hotels International before the general manager of Link Hotel signs on a cheque and subsequent sample check on the payment should be conducted with proper documentation. 	Prior written approval from a director of Link Hotels International for cheques in the amount between S\$50,000 to S\$100,000 will be obtained before the general manager of Link Hotel signs on the same and subsequent sample check on payment will be conducted.
No segregation of duties in preparing and posting transaction journals of Link Hotel.	Such duties should be delegated to different personnel.	Quotations for upgrading the accounting system for the suggested delegation have been obtained. Such system upgrade is expected to be completed by the end of September 2014.
No periodical review on the right of access to the IT systems of Link Hotel.	The executive officer of the IT department of Link Hotel should conduct periodical reviews on the validity of user IDs and access rights with proper documentation and reporting.	Periodical review will be conducted accordingly. An annual review of the same was conducted in December 2013.

Directors' and Sole Sponsor's views on internal control measures

Based on the rectification measures taken, our enhanced internal control procedures in place after adoption of the recommendations from the Internal Control Adviser, our Directors are of the view and the Sole Sponsor concurs that, the internal control measures adopted by our Group are adequate and effective.

BUSINESS

LITIGATION

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance nor, to the best of our knowledge, is any litigation, arbitration or claim, threatened or pending against us, which would have a material adverse effect on the results of operations or financial condition of our Group.

Since the operation of Link Hotel, there occurred an accident which involved the death of a hotel guest who accidentally fell from the fourth floor of Link Hotel in September 2010. A Coroner's Inquiry was held and the District Judge of the Subordinate Court of Singapore (as it was then called) returned a verdict of "Misadventure" on 29 December 2010. The case has since been concluded by the Singapore Police Force. As advised by our Singapore Legal Adviser, pursuant to section 24A of the Limitation Act (Chapter 163 of the Singapore Statutes) of Singapore, the time period within which personal injury claims can be brought against a plaintiff is three years from the date on which the cause of action accrued ("**Limitation Period**"), regardless of whether the cause of action arose under contract or tort. As the cause of action arose on 6 September 2010, the Limitation Period lapsed on 6 September 2013. We have maintained public liability insurance for accidental bodily injury to any person and accidental loss of or damage to property at Link Hotel at the time of the aforesaid accident and throughout the Track Record Period. Our Directors confirmed that (i) no claim has been made against our Group in relation to the aforesaid accident; and (ii) they were not aware of any claims that had been threatened or pending against our Group in relation to the aforesaid accident as at the Latest Practicable Date.

PROPERTIES

Owned properties

Singapore

Our Group owns Link Hotel located at numbers 50 and 51 Tiong Bahru Road, Singapore 168733 & 168734 which comprises two blocks of four-storey hotel (block numbers 50 and 51) erected on two parcels of land (lot numbers MK1-3376N and MK1-3379C) with a total site area of approximately 8,360 sq.m. connected by the Link Bridge with an air space area of approximately 134.4 sq.m. Link Hotel has a total GFA of approximately 10,195.93 sq.m. (including the air space area of the Link Bridge).

We have obtained the certificates of title over the land at lot numbers MK1-3376N and MK1-3379C and the certificate of title over the airspace at lot number MK1-70001W, where Link Hotel (including the Link Bridge) is situated. As advised by our Singapore Legal Adviser, we have valid leasehold estate title to our Link Hotel (including the Link Bridge) subject to the expiry of the government leases on 31 December 2066 and our compliance with the terms of the relevant government leases. We confirm that we have complied with the terms of the relevant government leases.

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To the best of the knowledge, information and belief of our Directors, our Group has complied with and observed all relevant rules and regulations in relation to the buildings of Link Hotel, and has not been the subject of any investigation for breach of the rules or regulations under the Singapore law. Based on the legal requisition reply from the Building and Construction Authority of Singapore (“BCA”) relating to Link Hotel, our Singapore Legal Adviser has confirmed that, as at 17 June 2014, there was no material notice or order or direction issued by the BCA which affects the buildings of Link Hotel.

Bintan, Indonesia

Our Group is the legal and registered owner of the Bintan Assets which comprise 62 parcels of land in a total area of approximately 425,497 sq.m. situated at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia, of which (i) the Bintan Resort Land with a total site area of approximately 43,226 sq.m. had been developed (together with (a) the constructions, erections, buildings, structures, facilities or improvements with a total GFA of approximately 5,781.28 sq.m.; and (b) the swimming pool and locker room areas of a total 248.52 sq.m. situated thereon) and utilised in connection with the hotels, resort and leisure business operated under the business name of “Bintan Cabana Beach Resort” by Mr. Thamrin; and (ii) the Bintan Raw Land with a total site area of approximately 382,271 sq.m. was vacant and undeveloped as at the Latest Practicable Date.

Our Group holds HGB certificates for the Bintan Land. Pursuant to Government Regulation No. 24 of 1997 regarding Land Registration, when a HGB certificate has been legally issued in respect of a parcel of land, there is a period of five years for any third party to claim or object to the validity of the HGB certificate. However, as advised by our Indonesian Legal Adviser, such objection or claim should be raised with basis, failing which, the objection or claim will not stand. If no claims or objections are raised in writing to the holder of the HGB certificate and to the head of the relevant land office, and no lawsuits are filed with the relevant court within the said five-year period, no party can further claim any rights towards the said land.

Our Indonesian Legal Adviser is of the view that it is unlikely that the Bintan Assets will be challenged by a third party on the following basis: (i) in general, the ownership of land may be challenged by the (a) previous owner(s) and their heirs, (b) mortgagee(s) or (c) lender(s). Previous owners may have the ground to challenge the land title where the title transfer was in dispute in the first place. Given that the Bintan Vendors have entered into the Bintan Acquisition Agreement with our Group and the consideration of the Bintan Acquisition has been fully settled by our Group, challenge from the previous owners (i.e. the Bintan Vendors) is highly unlikely. Further, based on the title search results of the Bintan Land which show that the Bintan Land is free from any encumbrances, charge, mortgage, dispute or claim. Therefore, there is no ground for any objections or claims to be raised by any Bintan Vendors, mortgagee or lender; and (ii) the relevant competent government authority, namely the Bintan Land Office (which is the representative of the national land office in Bintan and has the power to administer land in Bintan (such administration includes registration of title of ownership, mortgages, liens and other encumbrances) and is therefore the competent authority to verify the status of the Bintan Land), has verified that the title of the Bintan Land is not in dispute, being mortgaged or charged.

Leased properties

As at the Latest Practicable Date, our Group had one leased property as the principal place of business of our Company in Hong Kong.

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BINTAN DEVELOPMENT PLAN

Background

Our Group, through our 80%-owned subsidiary, PT Hang Huo, acquired the Bintan Assets at the total consideration of S\$23,500,000 (equivalent to approximately HK\$145.8 million) from the Bintan Vendors pursuant to the Bintan Acquisition Agreement and the Bintan SPA. The Bintan Assets comprise 62 parcels of land in a total area of approximately 425,497 sq.m. situated at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia, of which (i) the Bintan Resort Land with a total site area of approximately 43,226 sq.m. had been developed (together with (a) the constructions, erections, buildings, structures, facilities or improvements with a total GFA of approximately 5,781.28 sq.m.; and (b) the swimming pool and locker room areas of a total 248.52 sq.m. situated thereon) and utilised in connection with the hotels, resort and leisure business operated under the business name of “Bintan Cabana Beach Resort” by Mr. Thamrin; and (ii) the Bintan Raw Land with a total site area of approximately 382,271 sq.m. was vacant and undeveloped as at the Latest Practicable Date. Our Group obtained the legal title to the Bintan Assets, and the Bintan Acquisition was completed, in June 2014.

It is the intention of the Bintan Vendors and our Group, as reflected in the Bintan Acquisition Agreement, that the Bintan Acquisition only involved the acquisition of the Bintan Assets and as such, there was no transfer of goodwill, liabilities, business nor any contracts (including employment contracts) in relation to the operation of the business of the Bintan Cabana Beach Resort to PT Hang Huo pursuant to the Bintan Acquisition Agreement. Furthermore, from an accounting perspective, our Group does not share any profit or loss arising from the business operation of the Bintan Cabana Beach Resort. Our Group entered into the Bintan Lease Agreement on 17 June 2014, under which our Group is only entitled to receive a fixed monthly rental income of S\$50,000 (equivalent to approximately HK\$310,000) from Mr. Thamrin for leasing the Bintan Leased Properties to him. The Bintan Leased Properties (which were completed between 2003 and 2005) include, among others, hotels, resorts, staff dormitory, spa, restaurant, swimming pool and other hotel facilities.

Reasons for the Bintan Acquisition and future development

Driven by a number of factors, including support from the governments of Singapore and Indonesia respectively and various infrastructure projects which have facilitated travels to Bintan, the total number of international arrivals to Bintan experienced a CAGR of 4.8% from 2005 to 2013, according to HVS Report. For further details, please refer to the sub-section headed “Industry overview — Bintan resort industry overview” in this prospectus. We expect these factors will continue to drive demand for hotel rooms and/or resorts in Bintan. We believe that the Bintan Acquisition represents a good opportunity to diversify and expand the business of our Group and is in line with our business strategy to expand our existing business across other Southeast Asian countries. As Singapore and Bintan have been promoted as complementary holiday destinations because of their geographic proximity, we envisage that such business expansion to Bintan would be strategically beneficial to our business in Singapore.

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We intend to explore and develop our hotel/resort business in Bintan in a progressive manner. We will devise a master plan for the development of the Bintan Assets which will include physical planning, concept development, financial projection, market positioning and return analysis. We plan to engage designer(s) and relevant professional parties to prepare the master development plan in the second half of 2014. Subject to the final approval of our Board and the board of directors of PT Hang Huo, it is our current intention to develop the Bintan Assets into a resort complex area. To this end, our preliminary plan of development involves (i) upgrading and enhancing the Bintan Leased Properties situated on the Bintan Resort Land; and (ii) constructing and developing the Bintan Raw Land.

Bintan Resort Land

Our Group currently intends, subject to the overall planning and conceptual design of the future development of the Bintan Raw Land and the Bintan Assets as a whole, to upgrade and improve the existing facilities of the Bintan Leased Properties. Upon the finalisation of the master plan for the development of the Bintan Assets, we plan to kick off the upgrading of the Bintan Leased Properties in the first half of 2016.

Pending the formulation of the master development plan of the Bintan Assets, we have leased the Bintan Leased Properties to Mr. Thamrin for a term commencing from 17 June 2014 and ending on 31 December 2015 (both days inclusive) for him to continue the operation of the Bintan Cabana Beach Resort. Pursuant to the Bintan Lease Agreement, Mr. Thamrin shall pay PT Hang Huo a monthly rental of S\$50,000 (equivalent to approximately HK\$310,000) and payable in advance commencing from 1 July 2014 until 31 December 2015 (both days inclusive).

Pursuant to the Bintan Lease Agreement, Mr. Thamrin shall be responsible, at his own cost and expense, for obtaining and keeping in force all necessary approvals required by the applicable laws for his operation of the Bintan Cabana Beach Resort at the Bintan Leased Properties and shall indemnify PT Hang Huo for any damages caused by, and losses and all penalties and fines imposed by the competent authority resulting from, any default by Mr. Thamrin in complying with the provisions of the Bintan Lease Agreement.

Bintan Raw Land

We intend to develop the Bintan Raw Land in line with the on-going development of other areas of Bintan and the market trend of the hotel/resort and tourism industry in Bintan. Accordingly, we may consider building luxury villas, integrated resort(s) or undertaking other development project(s) at the Bintan Raw Land. As at the Latest Practicable Date, the development plan in respect of the Bintan Raw Land was still at the preliminary stage and we would consider the advice from the professional parties to be engaged for formulating and implementing a detailed plan and strategies for the development of the Bintan Assets.

Implementation of the Bintan Development Plan and financing

To implement the Bintan Development Plan, we aim to identify suitable professional parties to devise the master development plan in the second half of 2014. The foregoing outline of the Bintan Development Plan is subject to further modifications that may be made pursuant to the professional parties and construction companies to be engaged. After the Bintan Development Plan has been finalised, our Group intends to contract out the enhancement, infrastructural and construction work

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and other development project(s) to be undertaken at the Bintan Resort Land and/or Bintan Raw Land to independent construction companies. Our Group also intends to engage qualified project manager(s) to be in charge of the supervision and management of the work of such construction companies. As at the Latest Practicable Date, we had not identified or appointed any designers or professional parties for the preparation of the master development plan, project management nor the construction work for the Bintan Development Plan. Our Group has no current intention to operate the Bintan Cabana Beach Resort on the Bintan Resort Land as upgraded and/or the Bintan Raw Land as developed ourselves and will explore the opportunity for strategic alliance with other hotel/resort management group(s) for the management and operation of the Bintan Assets.

The estimated costs for devising the master development plan is HK\$3.0 million and our Group intends to utilise the net proceeds from the Placing for such purpose. With regard to the possible enhancement and construction works to be conducted at the Bintan Assets, we currently estimate that we will utilise part of the proceeds as to HK\$23.1 million from the Placing to finance the initial outlay for and implementation of the Bintan Development Plan. In the event that there is a shortfall and depending on the financial position of our Group at the time of the implementation of the Bintan Development Plan, we may consider financing the Bintan Development Plan by our Group's internal resources and/or bank borrowings and/or other fund raising exercise.

Our Company will make further announcement(s) when there is any new development on the Bintan Development Plan after Listing as and when appropriate in accordance with the GEM Listing Rules.

PT Hang Huo and Bintan Shareholders' Agreement

PT Hang Huo is set up by Duchess Global, our direct wholly-owned subsidiary, and Mr. Thamrin to undertake the Bintan Development Plan. Set out below is some corporation information of PT Hang Huo as at the Latest Practicable Date.

Date of establishment:	Established based on Deed of Establishment dated 27 July 2013 and approved by the Minister of Law and Human Rights of the Republic of Indonesia on 3 September 2013
Place of establishment:	Indonesia
Authorised capital:	IDR69,069,000,000 divided into 7,000,000 shares, each having a nominal value of IDR9,867
Subscribed and paid-up capital:	IDR29,601,000,000 divided into 3,000,000 shares, each having a nominal value of IDR9,867
Shareholders:	Duchess Global 80%
	Mr. Thamrin 20%

Duchess Global and Mr. Thamrin (collectively, "**Bintan Parties**", each a "**Bintan Party**") entered into the Bintan Shareholders' Agreement effective as of 16 August 2013 to govern, among others, the respective rights and obligations of the Bintan Parties as the shareholders and the conduct of the business and affairs of PT Hang Huo. The principal terms of the Bintan Shareholders' Agreement are set out below:

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Reserved matters

Any resolution to be passed at a general meeting of PT Hang Huo shall, subject to applicable law, be passed by a simple majority of votes, save that any resolutions which deal with the following matters shall require the approval of not less than 81% of the total voting rights of all shareholders having a right to vote at that meeting (“**Bintan Reserved Matters**”):

- (a) any increase in share capital other than as is necessary to raise financing to implement the future plans for the development of the Bintan Land to be agreed by the Bintan Parties and to be undertaken by PT Hang Huo or the capital expenditure budget of PT Hang Huo;
- (b) the acquisition or disposal of land and/or buildings other than as set out in the Bintan Shareholders’ Agreement or the Bintan Acquisition Agreement; and
- (c) any issue of any debt instruments.

Our Directors consider that the Bintan Reserved Matters will not restrict our Group from carrying out the future plans with respect to the Bintan Assets because the Bintan Reserved Matters are only limited to the increase of share capital or acquisition or disposal of land and/or buildings which are not related to the development of the Bintan Land and/or Bintan Assets, or issue of debt instruments which our Directors consider not necessary for the development of the Bintan Land and/or Bintan Assets for the time being. Our Directors consider that introducing Mr. Thamrin as a business partner in PT Hang Huo is beneficial to the Bintan Development Plan in view of Mr. Thamrin’s experience in operating Bintan Cabana Beach Resort. Therefore, our Directors are of the view that the Bintan Reserved Matters are fair and in the interest of the Shareholders as a whole.

Transfer of shares

None of the Bintan Parties shall be entitled to sell, assign, dispose of, transfer, or deal with all or any part of the legal or beneficial interests or title to its/his equity in PT Hang Huo or create or permit to subsist any security including any pledge, lien or charge over any shares of PT Hang Huo held by it/him or any interest therein without the written consent of the other Bintan Party, provided that Duchess Global shall be entitled at any time and from time to time to transfer part or all of its equity in PT Hang Huo to any other company that is a subsidiary of, or related to Duchess Global, or to the shareholders of Duchess Global, at the time of such transfer.

Compulsory transfer

Duchess Global shall be entitled to exercise its rights to compel the transfer of shares of PT Hang Huo by Mr. Thamrin upon occurrence of the triggering event(s) pursuant to the Bintan Shareholders’ Agreement, if Mr. Thamrin:-

- (a) shall commit a breach of any of the provisions of the Bintan Shareholders’ Agreement, and if such breach is remediable, is not remedied within the prescribed period; or
- (b) is unable to pay his debts as they fall due or stops payment of his debts generally or commences negotiations with his creditors generally with a view to a general readjustment or rescheduling of his debts or compounds or enters into any arrangement with or makes any assignment for the benefit of his creditors generally or attempts to do any of the foregoing; or

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- (c) shall become insolvent or have a bankruptcy or liquidation (as the case may be) petition presented against him, or an order is made or any administrative receiver, administrator, liquidator, judicial manager, receiver and/or manager or similar officer is appointed of his assets and undertaking or any part thereof; or
- (d) has infringed any criminal laws and/or a criminal investigation has been commenced against him; or
- (e) any judgement requiring him to pay any sum above S\$100,000 or the equivalent is entered against him, or any writ of seizure or sale is issued against him, in any jurisdiction,

in such case, Mr. Thamrin shall be obliged to (i) promptly resign as the director of PT Hang Huo failing which Duchess Global shall be entitled to pass resolutions for his removal; and (ii) promptly sell all of his shares of PT Hang Huo to Duchess Global or any other company that is a subsidiary of, or related to Duchess Global, or to the shareholders of Duchess Global, based on a valuation to be carried out by a firm of Indonesian auditors appointed by Duchess Global, such valuation not to take into account the value of any intangibles. Completion of such compulsory transfer shall be on a date and at a place to be specified by Duchess Global by notice in writing to Mr. Thamrin.

Deadlock

A deadlock (“**Deadlock**”) is deemed to arise where any Bintan Reserved Matters has been considered by a meeting of the shareholders of PT Hang Huo, at which no resolution has been carried in relation to such matter while the same is necessary for the carrying on of the business of PT Hang Huo from time to time as determined by its board of directors (“**PTHH Business**”).

In the event of a Deadlock, any shareholder of PT Hang Huo (“**PTHH Shareholder(s)**”) may serve a notice (“**Deadlock Notice**”) on all the other PTHH Shareholder(s) and a meeting shall be held to resolve the Deadlock in good faith.

In the event that the PTHH Shareholders are unable to resolve the Deadlock within the prescribed period (“**Negotiation Period**”), if the Deadlock does not prevent PT Hang Huo from providing or carrying on the PTHH Business, the matter shall not be proceeded with; but if the Deadlock issue which remains unresolved will result in PT Hang Huo not being able to provide or carry on the PTHH Business, then at any time during the prescribed period after the expiry of the Negotiation Period, any PTHH Shareholder shall be entitled to offer to buy from the other PTHH Shareholders (“**Offeree**”) all the shares of PT Hang Huo held by the Offeree (“**Deadlock Offer**”). The Offeree shall have the option to either (i) accept the Deadlock Offer; or (ii) make a counter-offer in accordance with the terms of the Bintan Shareholders’ Agreement. If the Offeree refuses, declines or fails to exercise either of the aforesaid options, the Offeree shall be deemed to have accepted the Deadlock Offer on the terms and conditions of the Deadlock Offer in writing.

In the event that no Deadlock Offer is served by the expiration of the Negotiation Period, the PTHH Shareholders will at their option use their reasonable endeavours within certain additional period (“**First Grace Period**”) to agree:

- (a) to use all reasonable endeavours to find a third party purchaser to purchase the entire issued shareholding of PT Hang Huo at the highest achievable price; or

BUSINESS

- (b) if any PTHH Shareholder wishes to sell his/its shareholding (“**Selling PTHH Shareholder**”), to use all reasonable endeavours to find a third party purchaser to purchase the shareholding of the Selling PTHH Shareholders, subject to the approval of the remaining PTHH Shareholders in respect of the identity of the third party; or
- (c) to wind up PT Hang Huo in accordance with its articles of association.

Where the PTHH Shareholders fail to reach a unanimous agreement under the aforesaid paragraph within the First Grace Period, they will be deemed to have reached an agreement to wind up PT Hang Huo. Where an agreement to find a third party purchaser is reached, the selling PTHH Shareholder will have a further period under the Bintan Shareholders’ Agreement (“**Second Grace Period**”) to complete the transfer of the shares of PT Hang Huo to the third party purchaser. In the event that such transfer is not completed within the Second Grace Period, the PTHH Shareholders will be deemed to have reached an agreement to wind up PT Hang Huo.

Pursuant to the Bintan Shareholders’ Agreement, where PT Hang Huo is not insolvent at the point of the winding up, Duchess Global shall have the first right to purchase the Bintan Assets at net book value or such other value that the liquidator of PT Hang Huo may agree. In the event that PT Hang Huo is to be wound up in accordance with the provisions of the Bintan Shareholders’ Agreement but it is not solvent at the relevant time, the PTHH Shareholders shall, in proportion to their agreed proportion in PT Hang Huo, contribute such funds to enable the same to be solvent for the purpose of a voluntary liquidation.

Termination

The Bintan Shareholders’ Agreement will terminate upon the dissolution of PT Hang Huo or by the unanimous agreement of all the PTHH Shareholders, or when either Duchess Global or Mr. Thamrin ceases to be a shareholder of PT Hang Huo.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial statements, including the notes thereto, included in the accountants' report set out in Appendix I to this prospectus ("Accountants' Report"). Our Group's combined financial statements have been prepared in accordance with IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set out in the section headed "Risk factors" and elsewhere in this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are principally engaged in the operations of Link Hotel in Singapore. Converted from two separate blocks of public housing units (which used to be known as Hong Oak (紅屋) or "Red Flats" by residents of Tiong Bahru in Singapore as their exteriors were painted in red), Link Hotel is a four-storey budget hotel with 288 guest rooms and suites situated along the conservation site and the heritage trail of Tiong Bahru in Singapore. Spanning across Tiong Bahru Road, the two blocks are connected to each other by the Link Bridge.

Link Hotel provides 288 guest rooms and suites with Chinese, Malay, Indian and modern themed design, in a range of sizes and configurations, to tie in with the multicultural society of Singapore.

Our Group has three main streams of revenue, namely Room Revenue, F&B income and rental income from Hotel Tenants, of which Room Revenue accounted for over 80% of the Total Revenue during the Track Record Period. For FY2012 and FY2013, our revenue was HK\$87.2 million and HK\$78.4 million, respectively and our profit for the year was HK\$28.5 million and HK\$23.4 million, respectively.

For details of our Group's business strategies, please refer to the sub-section headed "Business — Business strategies" in this prospectus.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 15 May 2012 as an exempted company with limited liability. Pursuant to the Reorganisation as described in the sub-section headed "History, development and corporate structure — Corporate reorganisation" in this prospectus, our Company became the holding company of the subsidiaries now comprising our Group on 20 June 2014. The financial information in the Accountants' Report has been prepared to reflect the reorganisation of the entities under common control. Our Company and its subsidiaries are ultimately controlled by Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng, the beneficial shareholders of our Company

FINANCIAL INFORMATION

before and after completion of the Reorganisation. Accordingly, the financial information and comparative financial information have been prepared using the merger basis of accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current structure of our Group had always been in existence.

SIGNIFICANT FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS

Our Group's results of operations can be explained by the following four key performance indicators that are commonly used in the hotel industry:

- Total Available Room Nights;
- Occupancy rate;
- Average room rate; and
- Revenue Per Available Room.

We generate revenue primarily from Room Revenue, for which occupancy rate and average room rate are the major drivers. Other sources of revenue for which occupancy rate is the main driver, include the sale of F&Bs at Link Hotel and the provision of ancillary services to Link Hotel's guests which mainly include car parking and laundry services.

Our business, financial position and results of operations and their period-to-period comparability have been, and we expect may continue to be, affected by a number of factors, including:

Demand from leisure and business travellers

The occupancy rate, average room rate, Revenue per Available Room and revenue of Link Hotel are affected by levels of leisure and business travel which is driven by development of the tourism industry and business activities in Singapore. According to the HVS Report, key drivers of the Singapore hotel market include, among others, leisure demand, corporate demand, the shipping industry and MICE (i.e. meetings, incentives, conferences and exhibitions) demand. During the Track Record Period, our Room Customers primarily comprised travel agents, Corporate Customers, Shipping Customers and customers through Internet Intermediaries. We anticipate our results of operations will continue to depend, to a substantial degree, on demand from leisure and business travellers.

Customer segments

Our Room Revenue is generated through a diversified customer base. Other than a limited occupancy from "walk-in" guests who had not made a booking with us in advance, our four key customer segments of Room Customers during the Track Record Period were travel agents, Corporate Customers, Shipping Customers and customers making reservations through Internet Intermediaries. Given that the room rates offered to different segments of Room Customers may differ one from the other and that we will incur commissions when we make sales to certain of these customer segments, our Room Revenue and gross profit margin are dependent on the different spread of our customer base and the number of guests generated from each segment.

FINANCIAL INFORMATION

We entered into contracts with travel agents, Shipping Customers and Corporate Customers typically for a duration of up to one year, on a non-committed basis, pursuant to which fixed room rates for certain room types during the periods specified in the contracts are offered to such customers. No commission is offered to travel agents and Corporate Customers while we may provide commission to certain Shipping Customers which are agencies through which rooms are sold. We also entered into contracts with Internet Intermediaries to whom we pay commissions for the sales made through the websites operated or maintained by them. For further details regarding the different segments of Room Customers, please refer to the sub-section headed “Business — Customers — Room Customers” in this prospectus.

Competition

The hotel industry in Singapore is highly competitive. Link Hotel experiences increased competition due to the increase in supply of hotels. New or existing competitors may (i) offer heavy discounts; (ii) provide more convenient locations; and (iii) significantly expand, improve or introduce new services and product offerings in the markets in which Link Hotel compete, thereby posing a greater competitive threat than they presently do. If Link Hotel is unable to compete effectively, it could lose market share, which could adversely affect its results of operations.

Competition also affects our occupancy rate and average room rate which are major drivers of our revenue. For detailed sensitivity analysis on different occupancy rate and average room rate scenarios, please refer to the sub-section headed “Financial risk management objectives and policies — Sensitivity analysis” in this section below.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified below the accounting policies that we believe are the most critical to our combined financial statements. Notes 2.3 and 3 to the Accountants’ Report included in Appendix I to this prospectus set out in detail our significant accounting policies and accounting judgments and estimates concerning the future. These accounting policies require our Directors to make judgements, estimates and assumptions, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors, including expectation of future events, that we believe are reasonable under the circumstances. The results of which form the bases for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results typically differ from these estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to useful life of property, plant and equipment and fair value of financial instruments. No material deviation of our estimates as compared to our actual results were noted in the past, no material changes were made to our estimates in the past and no material changes will likely be made to our estimates in the future.

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Property, plant and equipment

Our property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost includes purchase price and costs that are directly attributable in bringing the asset to its working condition and location for its intended use. Depreciation is calculated using a straight-line method to allocate their cost over their estimated useful life. We determine the estimated useful life based on our historical experience of the actual useful life of relevant assets similar in nature and functions. The estimated useful lives of property, plant and equipment are as follows:

	Estimated useful life
Buildings	60 years
Leasehold improvements	10 - 20 years
Computer equipment	5 years
Furniture, fixtures and equipment	5 - 15 years
Motor vehicles	6 years

The estimated useful life of property, plant and equipment is reviewed on an ongoing basis. We write down an asset immediately to its estimated recoverable amount if such amount is lower than its carrying amount. Any gain or loss arising from the disposal or retirement of property, plant and equipment is recognised in profit or loss.

Prepaid land lease payments

Our prepaid land lease payments represent (i) up-front payments to Singapore Tourism Board for acquiring rights to develop and operate Link Hotel subject to the expiry of the government lease on 31 December 2066; and (ii) up-front payments to Singapore Tourism Board for the lease of an airspace occupied by the Link Bridge subject to the expiry of the government lease on 31 December 2066.

The prepaid land lease payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Revenue recognition

We recognise revenue when it is probable that the economic benefits will flow to our Group and specific criteria have been met for each of our activities:

- (i) Room Revenue and F&B revenue are recognised upon the provision of the services and the utilisation by guests of Link Hotel's facilities; and
- (ii) rental income from Hotel Tenants is recognised on a straight-line basis over the term of the relevant lease.

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Foreign currencies

Our functional currency is SGD, while our presentation currency is Hong Kong dollar, in which our Directors consider is more beneficial to the users of the combined financial statements. Transactions entered into by us in currencies other than SGD are recorded at the rates ruling when the transactions occur. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined while non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. During the Track Record Period, all of our transactions were substantially carried out in SGD. Therefore, foreign currency risk is minimal.

On consolidation, all income and expense items are translated into Hong Kong dollar at the average exchange rates for the relevant period. Amounts denominated in SGD for FY2012 and FY2013 had been translated at the exchange rates of SGD1.00: HK\$6.21 and SGD1.00: HK\$6.20, respectively. All assets and liabilities are translated at the rate ruling as at 31 December 2012 and 31 December 2013. Amounts denominated in SGD as at 31 December 2012 and 31 December 2013 had been translated at the exchange rates of SGD1.00: HK\$6.33 and SGD1.00: HK\$6.11, respectively. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

Current taxation and deferred taxation

Our Group was subject to taxation in Singapore during the Track Record Period. Significant judgement based on our historical experience is required in determining the provision for taxation and the timing of payment of the related taxation.

We recognise deferred taxation in respect of certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred taxation liabilities are recognised for all taxable temporary differences. During the Track Record Period, we recognised deferred taxation liabilities for taxable temporary differences arising from depreciation.

Where the final tax outcome of the above matters is different from amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the periods in which such determination are made. Our Directors confirm the relevant estimates or underlying assumptions made in the past were generally in line with actual results during the Track Record Period and we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Provision for impairment of trade receivables

Our management makes provision for impairment of trade receivables based on the evaluation of collectability and ageing analysis of accounts. A considerable amount of judgement is required in assessing the collectability of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of our Group's customers were to deteriorate resulting in an impairment of their ability to make payments, additional impairment

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provision may be required. Our Directors confirm that the relevant estimates or underlying assumptions made in the past were generally in line with actual results during the Track Record Period and we have consistently applied these estimates or underlying assumptions during the Track Record Period.

Fair value of financial instruments

Our Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

RESULTS OF OPERATIONS

The following table sets out our combined statements of comprehensive income for the periods indicated as extracted from the Accountants' Report included in Appendix I to this prospectus:

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Revenue	87,174,172	78,433,094
Cost of sales	<u>(26,757,432)</u>	<u>(24,807,845)</u>
Gross profit	60,416,740	53,625,249
Other income	10,103,637	6,802,161
Selling expenses	(2,933,442)	(2,924,492)
Administrative expenses	(21,801,067)	(22,379,692)
Finance costs	(6,571,618)	(6,549,639)
Fair value loss on derivative financial instruments	<u>(4,220,398)</u>	<u>(554,290)</u>
Profit before income tax expense	34,993,852	28,019,297
Income tax expense	<u>(6,497,366)</u>	<u>(4,640,649)</u>
Profit for the year	28,496,486	23,378,648
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign operations	<u>4,318,749</u>	<u>(3,641,586)</u>
Total comprehensive income for the year	<u><u>32,815,235</u></u>	<u><u>19,737,062</u></u>

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DESCRIPTION OF SELECTED COMPONENTS OF COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue comprises (i) Room Revenue; (ii) F&B revenue; (iii) rental income from Hotel Tenants; and (iv) other revenue. Other revenue primarily comprise revenues from other hotel related businesses such as the provision of ancillary services to hotel customers, including laundry services and car parking services for both hotel customers and non-hotel customers.

The following table sets out a breakdown of our revenue for the periods indicated.

	Year ended 31 December			
	2012		2013	
	HK\$	%	HK\$	%
Room Revenue	73,592,541	84.4	64,056,992	81.7
F&B revenue	8,223,013	9.4	8,290,223	10.6
Rental income from Hotel Tenants	3,719,563	4.3	3,838,984	4.9
Others	<u>1,639,055</u>	<u>1.9</u>	<u>2,246,895</u>	<u>2.8</u>
Total	<u><u>87,174,172</u></u>	<u><u>100.0</u></u>	<u><u>78,433,094</u></u>	<u><u>100.0</u></u>

Room Revenue

During the Track Record Period, Room Revenue accounted for over 80% of our 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. Average room rate and occupancy rate are mainly affected by competition in the Singapore hotel industry and demand from leisure and business travellers. For further details of the effect these factors may have on our results of operations, please refer to the sub-section headed “Significant factors affecting our Group’s results of operations” in this section above.

The following table sets out the Total Available Room Nights, occupancy rate, average room rate and RevPAR for the periods indicated:

	Year ended 31 December	
	2012	2013
Total Available Room Nights <i>(Note)</i>	105,408	105,120
Occupancy rate	65.5%	62.9%
Average room rate (HK\$)	1,065.5	968.2
RevPAR (HK\$)	698.2	609.4

Note: FY2012 is a leap year that consists of 366 days. Hence, an additional 288 Total Available Room Nights is noted in FY2012.

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The following table sets out a breakdown of our Room Revenue by each segment of Room Customers for the periods indicated:

	Year ended 31 December			
	2012		2013	
	HK\$'000	%	HK\$'000	%
Travel agents	13,434	18.3	13,814	21.6
Corporate Customers	20,275	27.5	14,993	23.4
Shipping Customers	13,790	18.7	12,661	19.8
Customers through Internet Intermediaries	22,211	30.2	19,486	30.4
Walk-in customers	1,910	2.6	1,745	2.7
Others	<u>1,973</u>	<u>2.7</u>	<u>1,358</u>	<u>2.1</u>
Total	<u><u>73,593</u></u>	<u><u>100.0</u></u>	<u><u>64,057</u></u>	<u><u>100.0</u></u>

For FY2012 and FY2013, our revenue was HK\$87.2 million and HK\$78.4 million, respectively. Such decrease was primarily due to the decrease in Room Revenue. For FY2012 and FY2013, our Room Revenue was HK\$73.6 million and HK\$64.1 million, respectively. Such decrease was generally in line with the drop in both average room rate and occupancy rate. For FY2012 and FY2013, the average room rate was HK\$1,065.5 and HK\$968.2, respectively. The occupancy rate for FY2012 and FY2013 was 65.5% and 62.9%, respectively.

The average room rate and occupancy rate of Link Hotel declined during the Track Record Period. Our Directors attribute such decline to the intensified competition as a result of the increase in hotel room supply in Singapore, which resulted in the decrease in number of rooms sold and a general decrease in room rates offered to different segments of Room Customers.

Our Directors consider that the increase in hotel room supply in Singapore has an adverse effect on our Group's occupancy rate.

F&B revenue

For FY2012 and FY2013, our F&B revenue was HK\$8.2 million and HK\$8.3 million, respectively, representing 9.4% and 10.6% of our Total Revenue, respectively. Our F&B revenue remained relatively stable during the Track Record Period. F&B revenue represents the sale of food and beverages in the restaurant, bar, room service and meeting space of Link Hotel.

Rental income from Hotel Tenants

During the Track Record Period, we leased shop units located at Link Hotel and received rental income from Hotel Tenants. For FY2012 and FY2013, our rental income from Hotel Tenants was HK\$3.7 million and HK\$3.8 million, respectively, representing 4.3% and 4.9% of our Total Revenue, respectively. Our rental income from Hotel Tenants remained relatively stable during the Track Record Period.

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Cost of sales

Our cost of sales primarily consists of staff costs for Link Hotel's operations, F&B costs, energy and utilities (including electricity, water and gas) costs and commissions paid to Internet Intermediaries and Shipping Customers which are agencies.

The following table sets out a breakdown of our cost of sales for the periods indicated:

	Year ended 31 December			
	2012		2013	
	HK\$'000	%	HK\$'000	%
Staff costs	11,066	41.4	10,138	40.9
F&B costs	1,701	6.4	1,639	6.6
Energy and utilities costs	4,823	18.0	4,329	17.4
Commissions	2,498	9.3	2,387	9.6
Others	<u>6,669</u>	<u>24.9</u>	<u>6,315</u>	<u>25.5</u>
Total	<u><u>26,757</u></u>	<u><u>100.0</u></u>	<u><u>24,808</u></u>	<u><u>100.0</u></u>

For FY2012 and FY2013, our cost of sales was HK\$26.8 million and HK\$24.8 million, respectively. Staff costs and energy and utilities costs were the major costs which together accounted for 59.4% and 58.3% of our cost of sales for FY2012 and FY2013, respectively.

Staff costs

Staff costs represent salaries, wages, bonus and Central Provident Fund (“CPF”) contributions for staff in hotel operations. Staff costs represented 41.4% and 40.9% of cost of sales for FY2012 and FY2013 respectively. Staff costs are primarily influenced by (i) headcount and average salary level of Link Hotel's staff; and (ii) CPF contributions. CPF contributions refer to the contributions made for staff in the front office, house-keeping, repair and maintenance and F&B services in relation to the compulsory comprehensive savings plan for working Singaporeans to fund their retirement, healthcare, home ownership, family protection and asset enhancement needs. Our staff costs for staff in hotel operations decreased from HK\$11.1 million in FY2012 to HK\$10.1 million in FY2013. The decrease in the staff costs was primarily attributable to the decrease in headcount which was partially offset by an increase in CPF contributions.

Our headcount of full-time staff in hotel operations as at 31 December 2012 and 31 December 2013 was 62 and 54, respectively. We also hire part-time employees from time to time to cope with additional staffing requirements. As at 31 December 2012 and 31 December 2013, we had one and two part-time employees, respectively and our costs attributed to part-time employees were HK\$0.1 million and HK\$0.1 million, respectively.

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Despite the decrease in headcount, CPF contributions increased from HK\$1.4 million in FY2012 to HK\$1.6 million in FY2013. The increase in CPF contributions was primarily attributable to the increase in employers' CPF contribution rates for workers aged 50 to 65 in the range from 0.5% to 2% which was effective from 1 September 2012.

F&B costs

F&B costs represent food cost and beverage cost for the self-run F&B facilities, including Louver Café Lounge and Breeze Beer Garden of Link Hotel. For FY2012 and FY2013, our F&B costs were HK\$1.7 million and HK\$1.6 million, respectively, representing a stable proportion of 6.4% and 6.6% of cost of sales, respectively.

Energy and utilities costs

Energy and utilities costs primarily comprise payments for the electricity supply and other utilities for the operations of Link Hotel. For FY2012 and FY2013, our energy and utilities costs were HK\$4.8 million and HK\$4.3 million, respectively, representing 18.0% and 17.4% of our cost of sales, respectively.

Commissions

Commissions primarily represent commissions paid to Internet Intermediaries and Shipping Customers which are agencies for room reservations with Link Hotel through these parties. For FY2012 and FY2013, our commissions paid was HK\$2.5 million and HK\$2.4 million, respectively, representing a relatively stable proportion of 9.3% and 9.6% of our cost of sales, respectively.

Others

Other costs primarily comprise (i) costs that relate to the provision of ancillary services to hotel customers including laundry services, cable television and internet costs; (ii) hotel maintenance services costs; and (iii) a Formula One ("F1") cess (tax) paid to STB by us at a rate of 20% on our gross receipts of Link Hotel's rooms occupied during the period (around four days in a year) when the F1 rally is held in Singapore. For FY2012 and FY2013, other costs was HK\$6.7 million and HK\$6.3 million, respectively, representing a relatively stable proportion of 24.9% and 25.5% of our cost of sales, respectively.

Gross profit

For FY2012 and FY2013, our gross profit was HK\$60.4 million and HK\$53.6 million, respectively, representing gross margin of 69.3% and 68.4%, respectively.

Our gross profit margin slightly decreased primarily because our Room Revenue decreased as a result of the decrease in occupancy rate and average room rate while our cost of sales decreased to a lesser extent.

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Other income

Other income consists primarily of interest income arisen from the amount due from Hang Huo Macau and government grant during the Track Record Period. For FY2012 and FY2013, our other income was HK\$10.1 million and HK\$6.8 million, respectively. For further details in relation to the interest income, please refer to the sub-section headed “Related party transactions — Interest income from Hang Huo Macau” in this section below.

Selling expenses

Selling expenses primarily consist of staff costs for sales and marketing personnel and advertising and promotion expenses. For FY2012 and FY2013, our selling expenses was HK\$2.9 million and HK\$2.9 million, respectively.

The following table sets out a breakdown of our selling expenses for the period indicated:

	Year ended 31 December			
	2012		2013	
	HK\$'000	%	HK\$'000	%
Staff costs	2,323	79.2	2,429	83.1
Advertisement and promotion	329	11.2	258	8.8
Others	<u>281</u>	<u>9.6</u>	<u>237</u>	<u>8.1</u>
Total	<u>2,933</u>	<u>100.0</u>	<u>2,924</u>	<u>100.0</u>

Staff costs represent salaries, wages, bonus and CPF for sales and marketing personnel. Our headcount of sales and marketing personnel remained unchanged as at 31 December 2012 and 31 December 2013 at six. Advertising and promotion expenses primarily relate to festive giveaways to business partners and advertising expenses for placement of advertisements in magazines.

Administrative expenses

Administrative expenses primarily consist of staff costs for management and administrative personnel, depreciation and amortisation expenses, property tax and legal and professional fees. For FY2012 and FY2013, our administrative expenses was HK\$21.8 million and HK\$22.4 million, respectively.

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The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December			
	2012		2013	
	HK\$'000	%	HK\$'000	%
Staff costs	6,131	28.1	5,932	26.5
Depreciation and amortisation	6,154	28.2	6,148	27.5
Property tax	3,285	15.1	3,281	14.7
Legal and professional fees	2,302	10.6	3,493	15.6
Others	<u>3,929</u>	<u>18.0</u>	<u>3,526</u>	<u>15.7</u>
Total	<u>21,801</u>	<u>100.0</u>	<u>22,380</u>	<u>100.0</u>

Staff costs represent salaries, wages, bonus and CPF for our management and administrative personnel. Our headcount of management and administrative personnel as at 31 December 2012 and 31 December 2013 remained relatively stable at 11 and 10, respectively. Depreciation and amortisation expenses relate primarily to property, leasehold improvements, equipment and prepaid lease payments and are calculated on a straight-line basis over the estimated useful life of 5 to 60 years depending on nature or the term of the relevant lease. Property tax represents tax assessed based on the estimated annual rent of the properties in Singapore. The current property tax rate for hotels is 10.0% of the annual value of the property. The annual value of hotel rooms will be assessed based on 25% of the gross room receipts, while that of the other F&B outlets and other lettable areas on the hotels will be assessed based on estimated market rents. Legal and professional fees represent fees for professional expenses in relation to legal services, financial audit, tax consultancy, and listing expenses.

For FY2012 and FY2013, our administrative expenses amounted to HK\$21.8 million and HK\$22.4 million, representing an increase of 2.8%. Such increase was primarily attributable to the increase in legal and professional fees in relation to the Listing.

Finance costs

Finance costs primarily consist of interest expense on bank borrowings. The following table sets out a breakdown of our finance costs for the periods indicated:

	Year ended 31 December	
	2012	2013
Interest on bank borrowings	5,461,502	5,527,216
Bank overdraft interest	1,095,830	1,015,274
Finance leases interest	<u>14,286</u>	<u>7,149</u>
Total	<u>6,571,618</u>	<u>6,549,639</u>

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Fair value loss on derivative financial instruments

Fair value loss on derivative financial instruments represents loss recognised on the fair value change of interest rate swap contracts we held. As at 31 December 2012 and 31 December 2013, we had three interest rate swap contracts to manage our Group's exposure to interest rate movements on the bank borrowings by swapping a certain proportion of the borrowings from floating rates to fixed rates. For FY2012 and FY2013, we recorded a fair value loss of HK\$4.2 million and HK\$0.6 million, respectively.

Income tax expenses

Our income tax expenses represent corporate income tax for our Group that consist of current tax and movements in deferred tax liabilities. Current tax comprises Singapore corporate income tax which is provided on the estimated assessable profit arising in Singapore at a rate of 17% in accordance with the relevant Singapore income tax rules and regulations. For FY2012 and FY2013, our income tax expense was HK\$6.5 million and HK\$4.6 million, respectively, representing an effective tax rate of 18.6% and 16.6%, respectively. The decrease in effective tax rate during the Track Record Period was primarily due to (i) the increase in income not taxable for tax purpose; and (ii) the absence of an underprovision in prior years in FY2013 while HK\$0.5 million of under provision in prior years was recorded in FY2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF THE OPERATIONS

Year ended 31 December 2013 compared to year ended 31 December 2012

Revenue

Revenue decreased by HK\$8.8 million, or 10.1%, from HK\$87.2 million in FY2012 to HK\$78.4 million in FY2013 which was primarily attributable to the decrease in Room Revenue of HK\$9.5 million.

The decrease in Room Revenue was primarily due to the decrease in our occupancy rate and average room rate. Our occupancy rate decreased from 65.5% in FY2012 to 62.9% in FY2013 and our average room rate decreased by HK\$97.3, or 9.1%, from HK\$1,065.5 in FY2012 to HK\$968.2 in FY2013.

Our Directors attribute the decrease in occupancy rate and average room rate to the intensified competition as a result of the increased hotel room supply in Singapore. In FY2013, 14 new hotels commenced operations in Singapore, supplying approximately 3,000 additional rooms to the market.

Other revenue increased from HK\$1.6 million in FY2012 to HK\$2.2 million in FY2013. The increase was primarily attributable to the increase in revenue generated from car parking services of HK\$0.3 million.

F&B revenue and rental income from Hotel Tenants during the year remained relatively stable.

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Cost of sales

Cost of sales decreased by HK\$2.0 million, or 7.5%, from HK\$26.8 million in FY2012 to HK\$24.8 million in FY2013. The decrease was primarily due to the combined effect of (i) the decrease in staff costs by HK\$0.9 million; (ii) the decrease in energy and utilities costs in the amount of HK\$0.5 million; and (iii) the decrease in commissions in the amount of HK\$0.4 million.

The decrease in staff costs was primarily attributable to the decrease in headcount as the number of full-time staff in hotel operations decreased from 62 as at 31 December 2012 to 54 as at 31 December 2013.

The decrease in energy and utilities costs was primarily attributable to the decrease in electricity costs mainly due to the decrease of electricity tariff starting from the second half of FY2012.

The decrease in commissions was primarily due to decrease in customers making reservation through Internet Intermediaries.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by HK\$6.8 million, or 11.3%, from HK\$60.4 million in FY2012 to HK\$53.6 million in FY2013. Our gross profit margin decreased by 0.9 percentage points from 69.3% in FY2012 to 68.4% in FY2013 primarily because the Room Revenue decreased as a result of the decrease in occupancy rate and average room rate while the cost of sales decreased to a lesser extent.

Other income

Other income decreased by HK\$3.3 million, or 32.7%, from HK\$10.1 million in FY2012 to HK\$6.8 million in FY2013 primarily as a result of the decrease of HK\$3.4 million in the interest income from Hang Huo Macau as a result of repayment from Hang Huo Macau. For further details in relation to the interest income, please refer to the sub-section headed “Related party transactions — Interest income from Hang Huo Macau” in this section below.

Selling expenses

Selling expenses remained relatively stable at HK\$2.9 million for FY2012 and FY2013.

Administrative expenses

Administrative expenses increased by HK\$0.6 million, or 2.8% from HK\$21.8 million in FY2012 to HK\$22.4 million in FY2013. Such increase was primarily attributable to the increase in legal and professional fees in relation to the Listing.

Finance costs

Finance costs remained relatively stable at HK\$6.6 million and HK\$6.5 million for FY2012 and FY2013, respectively.

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Fair value loss on derivative financial instruments

We recognised a fair value loss on derivative financial instruments of HK\$0.6 million in FY2013 as compared to a fair value loss on derivative financial instruments of HK\$4.2 million in FY2012. For further details in relation to the fair value loss on derivative instruments, please refer to the sub-section headed “Analysis of financial position — Derivative financial instruments” in this section below.

Profit before income tax expense

As a result of the foregoing, profit before income tax expense decreased by HK\$7.0 million, or 20.0%, from HK\$35.0 million in FY2012 to HK\$28.0 million in FY2013.

Income tax expense

Our income tax expense decreased by HK\$1.9 million, or 29.2%, from HK\$6.5 million in FY2012 to HK\$4.6 million in FY2013 primarily due to the decrease in our taxable income.

Profit for the year and net profit margin

As a result of the foregoing, profit for the year decreased by HK\$5.1 million, or 17.9%, from HK\$28.5 million in FY2012 to HK\$23.4 million in FY2013 and net profit margin decreased by 2.9 percentage points from 32.7% in FY2012 to 29.8% in FY2013.

ANALYSIS OF FINANCIAL POSITION

The following table sets out our combined statements of financial position for the periods indicated as extracted from the Accountants’ Report included in Appendix I to this prospectus:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Non-current assets		
Property, plant and equipment	100,701,779	92,964,866
Prepaid lease payments	88,598,714	83,928,172
Deposits for acquisition of land and buildings	—	64,922,184
	<hr/>	<hr/>
Total non-current assets	189,300,493	241,815,222
	<hr/>	<hr/>
Current assets		
Inventories	332,051	431,209
Trade and other receivables	9,359,832	9,845,777
Amounts due from related companies	178,786,344	80,783,347
Cash and cash equivalents	27,101,562	56,390,284
	<hr/>	<hr/>
Total current assets	215,579,789	147,450,617
	<hr/>	<hr/>

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	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current liabilities		
Trade and other payables	11,418,216	11,118,055
Obligations under finance leases	144,027	59,940
Amount due to a related company	11,868	—
Interest-bearing bank borrowings	93,726,981	75,337,642
Provision for taxation	6,145,198	6,780,885
Derivative financial instruments	3,866,529	3,483,662
	<u>115,312,819</u>	<u>96,780,184</u>
Net current assets	<u>100,266,970</u>	<u>50,670,433</u>
Total assets less current liabilities	<u>289,567,463</u>	<u>292,485,655</u>
Non-current liabilities		
Obligations under finance leases	62,104	—
Interest-bearing bank borrowing	187,933,068	170,024,700
Deferred tax liabilities	237,616	229,337
Derivative financial instruments	6,651,798	3,104,509
	<u>194,884,586</u>	<u>173,358,546</u>
Net assets	<u>94,682,877</u>	<u>119,127,109</u>
Equity		
Share capital	9	15
Reserves	94,682,868	114,419,930
	<u>94,682,877</u>	<u>114,419,945</u>
Non-controlling interests	<u>—</u>	<u>4,707,164</u>
Total equity	<u>94,682,877</u>	<u>119,127,109</u>

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Property, plant and equipment

Property, plant and equipment consist of buildings, leasehold improvements, computer equipment, furniture, fixtures and equipment and motor vehicles.

As at 31 December 2012 and 31 December 2013, Link Hotel's buildings had a carrying value of HK\$70.7 million and HK\$67.0 million, respectively. The value of Link Hotel's buildings decreased from HK\$70.7 million as at 31 December 2012 to HK\$67.0 million as at 31 December 2013 primarily as a result of the combined effect of (i) net exchange loss of HK\$2.4 million due to depreciation of SGD; and (ii) depreciation charge of HK\$1.3 million.

Leasehold improvements primarily consist of air-conditioning, electrical works, plumbing and sanitary works, and refitting-out works. As at 31 December 2012 and 31 December 2013, leasehold improvements had a carrying value of HK\$24.4 million and HK\$21.4 million, respectively. Leasehold improvements decreased from HK\$24.4 million as at 31 December 2012 to HK\$21.4 million as at 31 December 2013 primarily due to the combined effect of (i) net exchange loss of HK\$0.7 million due to depreciation of SGD; and (ii) depreciation charge of HK\$2.4 million.

Furniture, fixture and equipment primarily comprise built-in furnitures, light fixtures and fittings, and sanitary wares. As at 31 December 2012 and 31 December 2013, furniture, fixtures and equipment had a carrying value of HK\$4.8 million and HK\$4.1 million, respectively. Furniture, fixtures and equipment decreased from HK\$4.8 million as at 31 December 2012 to HK\$4.1 million as at 31 December 2013 primarily due to the combined effect of (i) net exchange loss of HK\$0.2 million and (ii) depreciation charge of HK\$0.6 million.

Prepaid lease payments

Prepaid lease payments represent prepaid operating lease payments for interest in land use and airspace rights granted by STB in relation to the land situated by Link Hotel and the airspace occupied by Link Bridge. Prepaid lease payments decreased from HK\$88.6 million as at 31 December 2012 to HK\$83.9 million as at 31 December 2013 primarily as a result of (i) amortisation charge of HK\$1.6 million; and (ii) the net exchange loss of HK\$3.1 million due to depreciation of SGD.

Deposits for acquisition of land and buildings

Deposits for acquisition of land and building represents the deposit paid for acquisition of the Bintan Assets. Our Group, through our 80%-owned subsidiary, PT Hang Huo, entered into the Bintan Acquisition Agreement in August 2013 for the acquisition of the Bintan Assets. As at 31 December 2013, our deposit for the acquisition of the Bintan Assets amounted to HK\$64.9 million. For further details, please refer to the sub-section headed "Bintan Acquisition" in this section below.

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Inventories

Inventories consist primarily of food and beverage and other consumables. As at 31 December 2012 and 31 December 2013, our inventories amounted to HK\$0.3 million and HK\$0.4 million, respectively. Inventory as a percentage of our total assets amounted to 0.1% and 0.1% as at 31 December 2012 and 31 December 2013, respectively.

	At 31 December	
	2012	2013
	<i>Days</i>	<i>Days</i>
Inventory turnover period	<u>4</u>	<u>6</u>

Our inventory turnover days ranged from four to six days during the Track Record Period. We calculated our inventory turnover days by averaging the inventory as of the beginning and as of the end of a particular year, dividing such average by the cost of sales during the year and multiplying by 366 days for FY2012 or 365 days for FY2013. The inventory turnover days were relatively constant during the Track Record Period.

Trade receivables

Our trade receivables outstanding were primarily attributable to unsettled Room Revenue from our Room Customers whom we have granted credit periods for settlement of invoiced amount. As at 31 December 2012 and 31 December 2013, trade receivables (net) amounted to HK\$7.7 million and HK\$7.2 million, respectively. Our trade receivables remained relatively stable during the Track Record Period.

As at 31 December 2012 and 31 December 2013, trade receivables as a percentage of our total assets amounted to 1.9% and 1.9%, respectively. The table below sets out the aging analysis of our trade receivables as at the dates indicated:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current to 30 days	4,251,966	3,518,300
31 to 60 days	1,519,705	2,307,295
61 to 90 days	935,422	705,055
Over 90 days	<u>1,048,071</u>	<u>736,507</u>
	7,755,164	7,267,157
Less: Allowance for impairment loss	<u>(79,566)</u>	<u>(25,382)</u>
	<u>7,675,598</u>	<u>7,241,775</u>

For certain of our Room Customers, we allow for a credit period of up to 30 days.

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Before offering any credit to a customer, we typically assess the prospective customer's credit history and reputation and determine the credit limit we grant to such customer accordingly. Each of our customers' credit limit is reviewed periodically. In determining impairment losses, we conduct regular reviews of aging analysis and evaluate collectibles on an individual basis. Our allowance for impairment loss amounted to 1.0% and 0.3% of the trade receivables as at 31 December 2012 and 31 December 2013, respectively. Trade receivables that were past due but not impaired relate to a number of diversified independent customers that have a good track record with no history of default within our Group and our Directors are of the opinion that no provision for impairment is necessary.

As at the Latest Practicable Date, we had received subsequent settlement of HK\$6.9 million, or 94.8% of our outstanding trade receivables as at 31 December 2013.

	At 31 December	
	2012	2013
	<i>Days</i>	<i>Days</i>
Debtors turnover period	<u>31</u>	<u>35</u>

Our debtor turnover days ranged from 31 to 35 days during the Track Record Period. We calculated our trade receivables turnover days by averaging the trade receivables as of the beginning and as of the end of a particular year, dividing such average by the revenue during the year, and multiplying by 366 days for FY2012 or 365 days for FY2013). Our debtor turnover days during the Track Record Period were generally in line with the credit terms offered to our customers.

Other receivables

Our other receivables consist of (i) prepayments; (ii) prepayments for listing costs; (iii) deposits; and (iv) other receivables. The following table sets out our other receivables as at the dates indicated:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Prepayments	366,606	525,625
Prepayments for listing costs	495,000	1,295,410
Deposits	663,448	638,674
Other receivables	<u>159,180</u>	<u>144,293</u>
	<u>1,684,234</u>	<u>2,604,002</u>

As at 31 December 2012 and 31 December 2013, we had other receivables of HK\$1.7 million and HK\$2.6 million, respectively.

Prepayments primarily consist of prepaid insurance premiums, marketing expenses and maintenance fees.

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We commenced preparation for our Listing in FY2012 and had prepaid listing expenses of HK\$0.5 million and HK\$1.3 million as at 31 December 2012 and 31 December 2013, respectively.

Deposits primarily consisted of security deposit for the supply of electricity during the Track Record Period.

Amounts due from/to related companies

As at 31 December 2012 and 31 December 2013, our amounts due from related companies were HK\$178.8 million and HK\$80.8 million, respectively and our amount due to a related company was HK\$11,868 and nil, respectively.

As at 31 December 2012, our amounts due from related companies mainly comprised (i) the net amount due from Hang Huo Macau in the amount of HK\$178.5 million; and (ii) amount due from Hang Huo Timber Company Limited in the amount of HK\$0.3 million. As at 31 December 2012, our amount due to a related company represented the amount of HK\$11,868 due to Hang Huo Energy Pte. Ltd.

As at 31 December 2013, our amount due from related companies represented the amount due from Hang Huo Macau in the amount of HK\$80.8 million. Such amount was fully settled as at the Latest Practicable Date. For further details, please refer to the sub-sections headed “Net current assets/liabilities” and “Related party transactions — Amounts due from and to Hang Huo Macau and other related companies” in this section below.

Trade payables

Our trade payables primarily represent outstanding balances due to (i) suppliers of contract services and supplies for hotel operations; and (ii) commissions due to Shipping Customers which are agencies and Internet Intermediaries. As at 31 December 2012 and 31 December 2013, trade payables amounted to HK\$2.5 million and HK\$2.6 million, respectively.

The table below sets out the aging analysis of our trade payables as at the dates indicated:

	At 31 December	
	2012	2013
	HK\$	HK\$
Current to 30 days	1,899,122	1,407,898
31 to 60 days	448,947	934,372
61 to 90 days	3,104	104,909
Over 90 days	<u>144,307</u>	<u>115,735</u>
	<u>2,495,480</u>	<u>2,562,914</u>

We receive credit terms of up to 30 days from our suppliers.

As at the Latest Practicable Date, we had subsequently settled HK\$2.5 million, or 99.1% of our outstanding trade payables as at 31 December 2013.

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The table below sets out the creditor turnover period of our trade payables as at the dates indicated:

	At 31 December	
	2012	2013
	<i>Days</i>	<i>Days</i>
Creditors turnover period	<u>31</u>	<u>37</u>

We calculate our creditor turnover days by averaging the trade payables as of the beginning and as of the end of a particular year, dividing such average by our cost of sales for the year, and multiplying by 366 days for FY2012 or 365 days for FY2013. Our creditor turnover days ranged from 31 to 37 days during the Track Record Period.

Our Directors confirmed we had not materially defaulted or delayed in payment of our trade payables during the Track Record Period and up to the Latest Practicable Date.

Other payables

Other payables as at 31 December 2012 and 31 December 2013 consisted of (i) receipt in advance; and (ii) accruals and other payables. The following table sets out our other payables as at the dates indicated:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Receipt in advance	457,396	442,054
Accrual and other payables	<u>8,465,340</u>	<u>8,113,087</u>
	<u>8,922,736</u>	<u>8,555,141</u>

Our receipt in advance primarily included room deposits paid by Room Customers.

Our accruals and other payables primarily consisted of accrual of GST payable, rental deposits from Hotel Tenants, provision for payroll and related staff benefits and office overhead expenses. Our accruals and other payables remained relatively stable at HK\$8.5 million and HK\$8.1 million as at 31 December 2012 and 31 December 2013, respectively.

Our Directors confirmed we had not materially defaulted or delayed in payment of our other payables during the Track Record Period and up to the Latest Practicable Date.

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Interest-bearing bank borrowings

As at 31 December 2012 and 31 December 2013, we had total interest-bearing bank borrowings of HK\$281.7 million and HK\$245.4 million, respectively. Interest-bearing bank borrowings primarily represent bank borrowings and bank overdraft. The decrease from HK\$281.7 million as at 31 December 2012 to HK\$245.4 million as at 31 December 2013 was mainly due to repayments of term loans.

Derivative financial instruments

As at 31 December 2012 and 31 December 2013, our derivative financial instruments amounted to HK\$10.5 million and HK\$6.6 million, respectively.

The liability of our derivative instruments decreased from HK\$10.5 million as at 31 December 2012 to HK\$6.6 million as at 31 December 2013 due to the net effect of (i) fair value loss on derivative financial instruments of HK\$0.6 million; (ii) settlement of HK\$4.2 million; and (iii) exchange differences of HK\$0.3 million.

The derivative financial instruments represented three interest rate swap contracts entered into by us with contracts period ranging from five to seven years. We entered into these interest rate swap contracts to reduce our exposure to fluctuations in interest rates on a major portion of our term loans during the Track Record Period. Two interest rate swap contracts will mature on 14 March 2016 and the remaining one will mature on 7 September 2015. As at 31 December 2012 and 31 December 2013, notional amounts of our interest rate swap contracts were S\$32.5 million (equivalent to HK\$205.7 million) and S\$29.9 million (equivalent to HK\$182.7 million), respectively. The sum of such notional amounts of our interest rate swap contracts was equivalent to the outstanding balance of the said term loans. The remaining balance of the interest-bearing bank borrowings not covered by the interest rate swap contracts represented (i) a term loan which amounted to nil and HK\$7.6 million as at 31 December 2012 and 31 December 2013, respectively; and (ii) banking facilities which amounted to HK\$76.1 million and HK\$55.0 million as at 31 December 2012 and 31 December 2013, respectively. Given that such term loan is relatively small in amount and the revolving nature of the banking facilities, our Directors considered that no hedging is required.

The following table sets out the fair values of our interest rate swaps as at the dates indicated:

	As at 31 December		Maturity date
	2012 HK\$	2013 HK\$	
Swap 1	2,787,750	1,766,898	14 March 2016
Swap 2	4,109,405	2,604,590	14 March 2016
Swap 3	3,621,172	2,216,683	7 September 2015
Total	<u>10,518,327</u>	<u>6,588,171</u>	
Current portion	3,866,529	3,483,662	
Non-current portion	<u>6,651,798</u>	<u>3,104,509</u>	
Total	<u>10,518,327</u>	<u>6,588,171</u>	

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The interest rate swap contracts were carried at their fair values as at the end of each reporting period. The fair value loss was recorded in our combined statements of comprehensive income in the respective periods.

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

Our Group's exposure to interest rate risk arises from interest-bearing bank borrowings and finance lease from financial institutions. Our Group's policy is to maintain an efficient and optimum cost structure using a combination of fixed and variable rate debts and short and long term borrowings. To minimize our Group's exposure to interest rate risks, management of our Group monitors our interest rate exposure and will consider hedging significant interest rate exposure should the need arise. It is our Group's policy that no trading in financial instruments shall be undertaken.

NET CURRENT ASSETS/LIABILITIES

The following table sets out our current assets, current liabilities, and net current assets/liabilities as at the dates indicated.

	At 31 December		As at
	2012	2013	30 April
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			(unaudited)
Current assets			
Inventories	332,051	431,209	367,317
Trade and other receivables	9,359,832	9,845,777	10,255,482
Amount due from related companies	178,786,344	80,783,347	—
Cash and cash equivalent	<u>27,101,562</u>	<u>56,390,284</u>	<u>22,596,584</u>
	<u>215,579,789</u>	<u>147,450,617</u>	<u>33,219,383</u>
Current liabilities			
Trade and other payables	11,418,216	11,118,055	14,013,722
Obligations under finance leases	144,027	59,940	12,158
Amount due to a related company	11,868	—	—
Interest-bearing bank borrowings	93,726,981	75,337,642	76,517,142
Provision for taxation	6,145,198	6,780,885	6,937,410
Derivative financial instruments	<u>3,866,529</u>	<u>3,483,662</u>	<u>3,519,563</u>
	<u>115,312,819</u>	<u>96,780,184</u>	<u>100,999,995</u>
Net current assets/(liabilities)	<u>100,266,970</u>	<u>50,670,433</u>	<u>(67,780,612)</u>

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We recorded net current assets of HK\$100.3 million, HK\$50.7 million and net current liabilities of HK\$67.8 million as at 31 December 2012, 31 December 2013 and 30 April 2014, respectively.

The decrease in net current assets from HK\$50.7 million as at 31 December 2013 to net current liabilities of HK\$67.8 million as at 30 April 2014 was primarily due to (i) the settlement of the amount due from Hang Huo Macau after 31 December 2013 (which amounted to HK\$80.8 million) as described below; and (ii) the decrease in cash and cash equivalent of HK\$33.8 million mainly as a result of payment in cash of S\$9.0 million (equivalent to HK\$55.8 million at a rate of S\$1 to HK\$6.2035) to Mr. Thamrin as part of the purchase consideration in relation to the Bintan Acquisition, which was partly offset by the increase in cash of HK\$21.0 million as a result of repayment by Hang Huo Macau in relation to settlement of the amount due from Hang Huo Macau as described below. As at 30 April 2014, our current liabilities amounted to HK\$101.0 million and a major portion of such current liabilities was attributable to bank borrowings due for repayment which contain a repayment on demand clause, which sum amounted to HK\$55.5 million.

The decrease in net current assets from HK\$100.3 million as at 31 December 2012 to HK\$50.7 million as at 31 December 2013 was primarily due to the net effect of (i) the decrease in amount due from related companies of HK\$98.0 million mainly due to the repayment by Hang Huo Macau; (ii) the increase in cash and cash equivalent of HK\$29.3 million due to cash generated from our Group's operations and the repayment by Hang Huo Macau; and (iii) the decrease in the current portion of our interest-bearing bank borrowings of HK\$18.4 million mainly due to repayments.

As at 31 December 2013, the amount due from related companies was HK\$80.8 million. All such amount was due from Hang Huo Macau. As at the Latest Practicable Date, Hang Huo Macau had settled the entire amount owing by it to us by (i) repayment in cash of HK\$21.0 million; (ii) making payments on behalf of our Group in the amount of HK\$1.2 million; and (iii) making direction to settle HK\$58.6 million against the final dividends declared by us subsequent to 31 December 2013. For further details, please refer to the sub-section headed "Related party transactions — Amounts due from and to Hang Huo Macau and other related companies" in this section below.

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INDEBTEDNESS

The following table sets out our outstanding bank borrowings and obligations under finance lease as at the dates indicated:

	At 31 December		As at
	2012	2013	30 April
	HK\$	HK\$	2014
			HK\$
			(unaudited)
Current			
Obligations under finance lease	144,027	59,940	12,158
Interest-bearing bank borrowings - Secured	93,726,981	75,337,642	76,517,142
	<u>93,871,008</u>	<u>75,397,582</u>	<u>76,529,300</u>
Non-current			
Obligations under finance lease	62,104	—	—
Interest-bearing bank borrowings - Secured	187,933,068	170,024,700	164,098,879
	<u>187,995,172</u>	<u>170,024,700</u>	<u>164,098,879</u>
	<u>281,866,180</u>	<u>245,422,282</u>	<u>240,628,179</u>

Obligations under finance lease

As at 31 December 2013, one motor vehicle of our Group was under finance lease arrangements with an outstanding principal amount of HK\$59,940. The table below set out our obligations under finance leases as at the dates indicated:

	At 31 December		As at
	2012	2013	30 April
	HK\$	HK\$	2014
			HK\$
			(unaudited)
Not later than one year	144,027	59,940	12,158
Later than one year and not later than five years	<u>62,104</u>	<u>—</u>	<u>—</u>
	<u>206,131</u>	<u>59,940</u>	<u>12,158</u>

Our obligations under finance lease were denominated in SGD and the effective interest rate as at 31 December 2012 and 31 December 2013 was 5.19% per annum.

The obligations under finance leases were secured by the relevant motor vehicle.

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Interest-bearing bank borrowings

The table below set out our interest-bearing bank borrowings as at the dates indicated:

	At 31 December		As at
	2012	2013	30 April
	HK\$	HK\$	2014
			HK\$
			(unaudited)
Current			
Secured			
— bank overdraft	19,092,104	—	506,041
— bank borrowings due for repayment within one year	17,629,777	20,318,842	20,528,239
— bank borrowings due for repayment which contain a repayment on demand clause	<u>57,005,100</u>	<u>55,018,800</u>	<u>55,482,862</u>
	<u>93,726,981</u>	<u>75,337,642</u>	<u>76,517,142</u>
Non-current			
Secured			
— bank loans due for repayment after one year	<u>187,933,068</u>	<u>170,024,700</u>	<u>164,098,879</u>
	<u>281,660,049</u>	<u>245,362,342</u>	<u>240,616,021</u>

As at 31 December 2012 and 31 December 2013, our total outstanding interest-bearing bank borrowings amounted to HK\$281.7 million and HK\$245.4 million, respectively. Our interest-bearing bank borrowings were denominated in SGD and bear interest at 1.25% per annum above the bank's Singapore SWAP Offer Rate, fixed for each year. The effective interest rate ranged from 2.0% to 2.2% per annum. Our bank borrowings during the Track Record Period were primarily used for our general working capital and for fund on-lent to Hang Huo Macau, which was advanced prior to the commencement of the Track Record Period.

The following table sets out the maturity profiles of our bank borrowings as at the dates indicated:

	At 31 December		As at
	2012	2013	30 April
	HK\$	HK\$	2014
			HK\$
			(unaudited)
On demand or within one year	93,726,981	75,337,642	76,517,142
More than one year, but not exceeding two years	17,629,777	86,378,905	84,350,834
More than two years, but not exceeding five years	108,491,473	34,070,086	33,906,010
After five years	<u>61,811,818</u>	<u>49,575,709</u>	<u>45,842,035</u>
	<u>281,660,049</u>	<u>245,362,342</u>	<u>240,616,021</u>

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As at 31 December 2012 and 31 December 2013, interest-bearing bank borrowings of HK\$57.0 million and HK\$55.0 million contained a repayment on demand clause. These amounts were classified as current liabilities despite that they were not scheduled to be repaid within one year.

Our bank borrowings contain certain covenants that are commonly found in lending arrangements with commercial banks. Furthermore, certain of the bank borrowings are subject to the fulfilment of covenants relating to the aggregate market value of our Group's properties, which are to maintain the outstanding balances of interest-bearing bank borrowings in accordance with a specific loan-to-value ratio. Our Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as our Group continues to meet these requirements. Our Directors confirmed that we had not defaulted or delayed in any payment or breached any of the material covenants pertaining to our bank borrowings during the Track Record Period and up to the Latest Practicable Date.

As at 30 April 2014, being the latest practicable date for the indebtedness statement, we had (i) outstanding indebtedness of HK\$240.6 million, comprising interest-bearing bank borrowings of HK\$240.6 million and obligations under finance leases of HK\$12,158; and (ii) unutilised banking facilities of S\$2,918,000 (equivalent to HK\$18.1 million at a rate of S\$1 to HK\$6.2035). Such unutilised banking facilities were overdraft facilities. The effective interest rate of our interest-bearing bank borrowings ranged from 2.0% to 2.2% per annum. As at 30 April 2014, our obligations under finance leases were secured by the relevant motor vehicle and our interest-bearing bank borrowings were secured by (i) Link Hotel's buildings and leasehold improvements; (ii) joint and several guarantees by the shareholders of Hang Huo Macau; (iii) corporate guarantees from Link Hotels International; (iv) charge over Link Hotels International's operating account maintained with the bank; and (v) a fixed and floating charge on HHI's assets and undertakings. All personal guarantees provided by the shareholders of Hang Huo Macau will be fully released upon Listing and will be replaced with a corporate guarantee of our Company.

Save as disclosed above, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, and authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, contingent liabilities or guarantees. In addition, we currently do not have any external financing plans.

We confirm that, other than as disclosed in this prospectus, there had been no material change in our indebtedness since 30 April 2014 up to the Latest Practicable Date.

LIQUIDITY AND CAPITAL MANAGEMENT

We have historically met our working capital and other liquidity requirements through a combination of cash flow from operations and bank loans. We were able to discharge our repayment obligations under bank loans when they became due during the Track Record Period. Our Directors are not aware of, nor do they expect, any extraordinary items that will have a material adverse effect on the sources and use of cash by our Group subsequent to 31 December 2013 and up to the date of this prospectus. The management of our Group is responsible for handling the liquidity risk management. Our Group is able to manage liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. In the event that additional working capital is required for business expansion,

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our Group may approach banks to obtain additional banking facilities and/or negotiate with its existing bank for an increase in banking facilities. Our principal uses of cash have been, and are expected to continue to be, operational costs and capital investments for Link Hotel's renovation and refurbishments.

Working capital

As at 31 December 2012 and 31 December 2013, our gearing ratio was 297.7% and 206.0%, respectively. Our Group's high gearing ratios during the Track Record Period was primarily attributable to (i) the utilisation of interest-bearing bank borrowings for our general working capital and for fund advanced to Hang Huo Macau; and (ii) the fact our Company was not a listed company and thus our share capital base was relatively smaller. However, it is noted that our gearing ratio has been on a decreasing trend during the Track Record Period.

As at 31 December 2013, our total interest-bearing bank borrowings amounted to HK\$245.4 million, of which HK\$75.4 million was current and HK\$170.0 million was non-current. Of the HK\$75.4 million current interest-bearing bank borrowings as at 31 December 2013, (i) HK\$55.0 million was classified as current due to a repayment on demand clause contained in the relevant facility letter; and (ii) HK\$20.4 million represented bank borrowings due for repayment within one year. Even though high gearing ratios were recorded during the Track Record Period, our Group generated net current assets and positive net cash from operating activities.

Taking into account the financial resources available to us, including cash flow from operations, banking facilities, cash and cash equivalents and estimated net proceeds of the Placing, our Directors are of the opinion that we have sufficient working capital for our present requirements, for at least the next 12 months from the date of this prospectus.

Our Sole Sponsor, based on the above analysis, concurs with our Directors' view.

We intend to enhance the performance and upgrade the quality of Link Hotel by undergoing overall renovation. It is expected that the renovation process will commence in the third quarter of 2014. It is estimated that the whole renovation process will take around 12 to 15 months. The proposed capital expenditure is expected to be HK\$64.0 million of which HK\$60.0 million is planned to be financed by the net proceeds from the Placing and the remaining by our Group's internal resources. As such, the renovations will not have an adverse impact on our working capital sufficiency. For further details, please refer to the sub-section headed "Business — Business strategies" in this prospectus.

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Cash flows

As at 31 December 2012 and 31 December 2013, our Group had cash and cash equivalents of HK\$8.0 million and HK\$56.4 million, respectively. The following table presents selected cash flow data from our combined statements of cash flow for the periods indicated.

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Net cash from operating activities	33,952,461	30,704,324
Net cash (used in)/from investing activities	(23,647,614)	29,501,948
Net cash used in financing activities	<u>(8,465,136)</u>	<u>(10,156,178)</u>
Net increase in cash and cash equivalents	1,839,711	50,050,094
Cash and cash equivalents at the beginning of the year	5,790,914	8,009,458
Effect of exchange rate changes on cash and cash equivalents	<u>378,833</u>	<u>(1,669,268)</u>
Cash and cash equivalents at the end of the year	8,009,458	56,390,284
Analysis of the balances of cash and cash equivalents		
Cash on hand and bank balances	27,101,562	56,390,284
Bank overdraft	<u>(19,092,104)</u>	<u>—</u>
	<u>8,009,458</u>	<u>56,390,284</u>

Cash flows generated from operating activities

For FY2013, our net cash generated from operating activities amounted to HK\$30.7 million. This amount primarily reflected our profit before income tax expense of HK\$28.0 million, as positively adjusted primarily for (i) finance cost of HK\$6.5 million; (ii) depreciation of property, plant and equipment of HK\$4.5 million; and (iii) amortisation of prepaid lease payments of HK\$1.6 million, and offset by a negative adjustment of interest income of HK\$6.3 million in respect of amount due from Hang Huo Macau. These adjustments were made for non-cash items that do not impact the cash flow of our Group. The negative difference of HK\$0.5 million between the operating cash flows before changes in working capital and cash flow generated from operating activities was primarily attributable to the decrease in trade and other payables of HK\$0.4 million. Net cash flow from operating activities is arrived at after negatively adjusted for income taxes paid in the amount of HK\$3.8 million from cash flow generated from operating activities.

For FY2012, our net cash generated from operating activities amounted to HK\$34.0 million. This amount primarily reflected our profit before income tax expense of HK\$35.0 million, as positively adjusted primarily for (i) finance cost of HK\$6.6 million; (ii) depreciation of property, plant and equipment of HK\$4.5 million; (iii) fair value loss on derivative financial instruments of HK\$4.2 million; and (iv) amortisation of prepaid lease payments of HK\$1.6 million, and offset by a

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negative adjustment of interest income of HK\$9.7 million in respect of amount due from Hang Huo Macau. These adjustments were made for non-cash items that do not impact the cash flow of our Group. The negative difference of HK\$1.6 million between the operating cash flows before changes in working capital and cash flow generated from operating activities was primarily attributable to the combined effect of a decrease in trade and other payables of HK\$1.3 million mainly due to the net effect of the decrease in renovation expense payable as at the relevant end of the reporting period, which was offset by the increase in provision for interest expense. Net cash flow from operating activities is arrived at after negatively adjusted for income taxes paid in the amount of HK\$6.8 million from cash flow generated from operating activities.

Net cash used in investing activities

For FY2013, our net cash from investing activities amounted to HK\$29.5 million, primarily reflecting our cash inflow as a result of the repayment by Hang Huo Macau to us of HK\$99.8 million, which is offset against our cash outflow of (i) HK\$65.9 million in relation to the deposit paid for the acquisition of the Bintan Assets; and (ii) HK\$4.2 million for settlement of derivative financial instruments.

For FY2012, our net cash used in investing activities amounted to HK\$23.6 million, primarily reflecting (i) cash outflows at HK\$17.3 million in fund advance to Hang Huo Macau; (ii) HK\$4.7 million for settlement of derivative financial instruments; and (iii) our cash outflows of HK\$1.6 million for the addition of property, plant and equipment which mainly consist of floor corridor carpets and computer equipment.

Net cash used in financing activities

For FY2013, our net cash used in financing activities amounted to HK\$10.2 million, primarily reflecting cash outflow of (i) HK\$17.5 million in repayment of interest-bearing bank borrowings; and (ii) HK\$6.5 million in payment of interest, and offset by (i) HK\$9.3 million from interest-bearing bank borrowings; and (ii) proceeds of HK\$4.7 million from paying up of PT Hang Huo's share capital by Mr. Thamrin of his shares in PT Hang Huo.

For FY2012, our net cash used in financing activities amounted to HK\$8.5 million, primarily reflecting cash outflows of (i) HK\$17.3 million in repayment of interest-bearing bank borrowings; and (ii) HK\$6.6 million in payment of interest, and offset by proceeds of HK\$15.5 million from interest-bearing bank borrowings.

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COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

The following table sets out a summary of our capital commitments at the dates indicated:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Contracted, but not provided for, in respect of acquisition of		
Property, plant and equipment	92,439	—
Land and buildings	<u>—</u>	<u>78,738,016</u>

Our capital commitments as at 31 December 2013 primarily relate to the acquisition of the Bintan Assets. For further details, please refer to the sub-section headed “Bintan Acquisition” in this section below.

Operating lease arrangement

As lessee

Our Group had one leased property as the principal place of business of our Company in Hong Kong.

As at the dates indicated, our Group had total future minimum lease payments under non-cancellable operating leases of office rental which are payable as follows:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Within one year	—	645,120
In the second to fifth years inclusive	<u>—</u>	<u>376,320</u>
	<u>—</u>	<u>1,021,440</u>

As lessor

During the Track Record Period, our Group leased out certain retail space and areas of Link Hotel’s properties under operating lease arrangements to Hotel Tenants, with leases negotiated for terms ranging from one to two years. The terms of leases generally also require the tenants to pay security deposits and, in certain cases, provide for periodic rent adjustments according to the terms under the leases.

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Our Group had the following total future minimum lease receivable under non-cancellable operating leases with its tenants at the dates indicated.

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Within one year	3,831,577	2,540,862
In the second to fifth years inclusive	<u>1,142,049</u>	<u>167,215</u>
	<u>4,973,626</u>	<u>2,708,077</u>

Off-balance sheet commitments and arrangements

As at the Latest Practicable Date, we had no material off-balance sheet arrangements.

Contingent liabilities

As at the Latest Practicable Date, we were not aware of any pending or potential material legal proceedings involving our Group, or to our Directors' knowledge, threatened against us which could have a material adverse effect on our business or operations. Our Directors confirm that as at the Latest Practicable Date, other than as disclosed in the sub-section headed "Indebtedness" in this section, we did not have any material contingent liabilities.

MAJOR FINANCIAL RATIOS

	Year ended 31 December	
	2012	2013
Current ratio ⁽¹⁾	1.9	1.5
Quick ratio ⁽²⁾	1.9	1.5
Gearing ratio ⁽³⁾	297.7%	206.0%
Debt to equity ratio ⁽⁴⁾	269.1%	158.7%
Interest coverage ⁽⁵⁾	6.3	5.3
Return on total assets ⁽⁶⁾	7.0%	6.0%
Return on equity ⁽⁷⁾	30.1%	20.4%
Net profit margin ⁽⁸⁾	32.7%	29.8%

Notes:

1. Current ratio is calculated based on our total current assets divided by our total current liabilities as at the end of each reporting period.
2. Quick ratio is calculated based on our total current assets less inventories divided by our total current liabilities as at the end of each reporting period.

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3. Gearing ratio is calculated based on our total debts (being interest-bearing bank borrowings and payable incurred not in the ordinary course of business) divided by our total equity as at the end of each reporting period and multiplied by 100%.
4. Debt to equity ratio is calculated based on our net debt (total debt net of cash and cash equivalents) divided by our total equity as at the end of each reporting period and multiplied by 100%.
5. Interest coverage is calculated based on our profit before interest and tax divided by our interest expense as at the end of each reporting period.
6. Return on total assets is calculated by our profit for the year divided by the total assets as at the end of each reporting period and multiplied by 100%.
7. Return on equity is calculated based on our profit for the year divided by our shareholders' equity as at the end of each reporting period and multiplied by 100%.
8. Net profit margin is calculated based on our profit for the year divided by our revenue for the end of each reporting period and multiplied by 100%.

Current ratio

Our current ratio decreased from 1.9 as at 31 December 2012 to 1.5 as at 31 December 2013 primarily due to utilisation of the amount repaid from Hang Huo Macau for the payment of deposit in relation to the acquisition of Bintan Assets.

Quick ratio

Our quick ratio decreased from 1.9 as at 31 December 2012 to 1.5 as at 31 December 2013 primarily due to utilisation of the amount repaid from Hang Huo Macau for the payment of deposit in relation to the acquisition of Bintan Assets.

Gearing ratio

Our gearing ratio was 297.7% and 206.0% as at 31 December 2012 and 31 December 2013, respectively. Our gearing ratio decreased from 297.7% as at 31 December 2012 to 206.0% as at 31 December 2013 primarily due to (i) the decrease in interest-bearing bank borrowings as a result of repayment; and (ii) the increase in total equity as a result of profits generated from our operations.

Debt to equity ratio

Our debt to equity ratio was 269.1% and 158.7% as at 31 December 2012 and 31 December 2013, respectively. Our debt to equity decreased from 269.1% as at 31 December 2012 to 158.7% as at 31 December 2013 primarily due to (i) the decrease in interest-bearing bank borrowings as a result of repayment; and (ii) the increase in total equity as a result of profits generated from our operations.

Interest coverage

Our interest coverage was 6.3 times and 5.3 times for FY2012 and FY2013, respectively. Our interest coverage decreased from 6.3 times for FY2012 to 5.3 times for FY2013 primarily due to decrease in profit before interest and tax as a result of the decrease in revenue which can be attributed to intensified competition arising from increased hotel supply in Singapore.

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Return on total assets

Our return on total assets was 7.0% and 6.0% as at 31 December 2012 and 31 December 2013, respectively. Our return on total assets decreased from 7.0% as at 31 December 2012 to 6.0% as at 31 December 2013 primarily due to the decrease in profit for the year which can be attributed to intensified competition arising from increased hotel supply in Singapore.

Return on equity

Our return on equity was 30.1% and 20.4% as at 31 December 2012 and 31 December 2013, respectively. Our return on equity decreased from 30.1% as at 31 December 2012 to 20.4% as at 31 December 2013 primarily due to (i) an increase in total equity as a result of profits generated from operation during the Track Record Period; and (ii) the decrease in profit for the year in FY2013.

Net profit margin

Our net profit margin was 32.7% and 29.8% for FY2012 and FY2013 respectively. Our net profit margin decreased from 32.7% for FY2012 to 29.8% for FY2013 primarily due to an increase in administrative expenses due to expenses incurred in preparation for the Listing and the decrease in interest income as a result of a decrease in amount due from Hang Huo Macau.

PROPERTY INTERESTS AND PROPERTY VALUATION

Particulars of our property interests are set out in Appendix III to this prospectus. Colliers International (Hong Kong) Limited has valued the property interests of our Group as at 31 March 2014. A summary of values and valuation certificates issued by Colliers International (Hong Kong) Limited are included in Appendix III to this prospectus.

A reconciliation of the net book value of our Group's property interests as at 31 December 2013 to their fair value as at 31 March 2014 as required under Rule 8.30 of the GEM Listing Rules is set out below:

	<i>HK\$'000</i>
Net book value of our Group's property interests as at 31 December 2013	172,316
Depreciation for the period	<u>(1,842)</u>
Unaudited net book value of our Group's property interests as at 31 March 2014	170,474
Valuation surplus	<u>673,202</u>
Valuation of our Group's property interests at 31 March 2014 (translated at the rate of S\$1 to HK\$6.2035)	<u><u>843,676</u></u>

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on an arm's length basis and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

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For more information on our related party transactions, see notes 18 and 27 to our combined financial statements included in “Appendix I — Accountants’ Report” of this prospectus.

Amounts due from and to Hang Huo Macau and other related companies

The table below sets out a break down of the amounts due from and to Hang Huo Macau and other related companies as at the dates indicated:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Amount due from Hang Huo Macau		
— Interest bearing	167,987,216	43,873,422
— Non-interest bearing	<u>37,958,978</u>	<u>36,909,925</u>
	205,946,194	80,783,347
Amount due to Hang Huo Macau	(27,406,754)	—
Net amount due from Hang Huo Macau	178,539,440	80,783,347
Amount due from Hang Huo Timber Company Limited	246,904	—
Amount due to Hang Huo Energy Pte. Ltd.	<u>(11,868)</u>	<u>—</u>
Total	<u>178,774,476</u>	<u>80,783,347</u>

The amount due from Hang Huo Macau primarily represented (i) our loans advanced to Hang Huo Macau; (ii) an amount we charged back to Hang Huo Macau which was equivalent to the sum of the interest expenses and bank charges incurred by us in respect of obtaining such loan from the bank; (iii) payments made by our Group on behalf of Hang Huo Macau; and (iv) as regards the interest bearing portion, our interest charged to Hang Huo Macau (which was charged at a rate of 3.5% on such amount as at the relevant year end date). Such amount due amounted to HK\$205.9 million and HK\$80.8 million as at 31 December 2012 and 31 December 2013, respectively. All amounts due to us by Hang Huo Macau was non-trade in nature, unsecured and was repayable on demand.

The amount due to Hang Huo Macau represented a shareholder loan advanced from Hang Huo Macau in the amount of HK\$27.4 million and nil as at 31 December 2012 and 31 December 2013, respectively. The loan was unsecured, interest-free and was repayable on demand.

We also had (i) an amount due from Hang Huo Timber Company Limited (which represented payments made by our Group on behalf of Hang Huo Timber Company Limited) of HK\$0.2 million and nil as at 31 December 2012 and 31 December 2013, respectively; and (ii) an amount due to Hang Huo Energy Pte. Ltd. of HK\$11,868 and nil as at 31 December 2012 and 31 December 2013, respectively. These balances were non-trade in nature, unsecured, interest-free and are repayable on demand.

As at 31 December 2013, the amount due from Hang Huo Macau amounted to HK\$80.8 million. On 3 April 2014, our Group declared a final dividend in the aggregate amount of HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific, and Taurine has also declared a final

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dividend in the same amount (“**Taurine Final Dividend**”) to Hang Huo Macau, being the sole shareholder of Taurine. Instead of receiving the Taurine Final Dividend from Taurine, Hang Huo Macau has directed Taurine to pay such dividend to us to partially set off against the amount that Hang Huo Macau owed us prior to the declaration of such dividend.

As at the Latest Practicable Date, the remaining amount due from Hang Huo Macau of HK\$22.2 million had been settled by (i) Hang Huo Macau making payments on our behalf in the amount of HK\$1.2 million; and (ii) repayment in cash of HK\$21.0 million. Accordingly, Hang Huo Macau had settled all amount due from it to our Group.

As advised by the directors of Hang Huo Macau, the amounts advanced to Hang Huo Macau were primarily used to finance the refurbishment and renovation of the PRC hotels held by entities controlled by Mr. Ngan Iek, one of the shareholders of Hang Huo Macau and a Controlling Shareholder. Such loan has been fully repaid by Hang Huo Macau as described above.

Interest income from Hang Huo Macau

For FY2012 and FY2013, we received interest income from Hang Huo Macau in the amount of HK\$9.7 million and HK\$6.3 million, respectively.

For FY2012 and FY2013, such interest income represented (i) interest expenses and bank charges incurred by us in respect of obtaining the loans advanced to Hang Huo Macau from bank and charged back to Hang Huo Macau (collectively, the “interest recharge”); and (ii) interest charged to Hang Huo Macau at a rate of 3.5% on the amount owing by Hang Huo Macau to us as at the year end date.

We ceased to charge the 3.5% interest and the interest recharge to Hang Huo Macau as described above after 31 December 2013.

Guarantees from our Shareholders and Directors

As at 31 December 2012 and 31 December 2013, an aggregate of HK\$281.7 million and HK\$245.4 million of our interest-bearing bank borrowings was guaranteed by shareholders of Hang Huo Macau which include two of our Directors, Mr. Ngan Iek and Ms Ngan Iek Peng. The bank has agreed, upon our Company’s successful listing on the Stock Exchange, to release such guarantee and replace such guarantees with a corporate guarantee from our Company.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

Our Group’s subsidiaries primarily operate in Singapore with substantially all transactions carried out in SGD, which is the functional currency of our Group. Therefore, the risk on foreign currency is minimal. To minimize our Group’s exposure to foreign currency risks, management of our Group monitors our foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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Interest rate risk

Our Group's exposure to interest rate risk arises from interest-bearing bank borrowings and finance lease from financial institutions. Our Group's policy is to maintain an efficient and optimum cost structure using a combination of fixed and variable rate debts and short and long term borrowings. Our Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is our Group's policy to obtain quotes from the financial institutions to ensure that the most favourable rates are made available to our Group.

The following table set out our sensitivity analysis of the interest-bearing bank borrowings at the end of the reporting period if there was a 1% change in interest rates, with all other variables held constant, of our Group's profit after income tax:

	At 31 December	
	2012	2013
	HK\$	HK\$
Increase in 1%	<u>760,972</u>	<u>550,188</u>
Decrease in 1%	<u>(760,972)</u>	<u>(550,188)</u>

Credit risk

Our Group's credit risk is primarily attributable to its trade receivables, other receivables, amount due from Hang Huo Macau, amounts due from related companies and cash and cash equivalents. There was no history of default for the amounts due from Hang Huo Macau and related parties, other receivables and the bank deposits are placed in the banks with high credit-ratings.

In respect of trade and other receivables, our Group trades only with recognised and credit worthy customers and the receivable balances are monitored on an individual basis and on an ongoing basis. Our Group did not have a significant degree of concentration of credit risk on trade receivables. Given the credit worthiness and reputation of our major debtors, management believes the risk arising from concentration is manageable and not significant.

Liquidity risk

Our liquidity requirement for operation and compliance with lending covenants is monitored closely by the management team of our respective companies to ensure that each company maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Sensitivity analysis

Prospective investors should note that the below analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect. Such information by no means reflects our Group's historical experience, financial results and normal course of conducting business. Prospective investors should not place undue reliance on such information.

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Average room rate and occupancy rate

Prospective investors should also note that each sensitivity analysis highlighted below only has one variable factor and assumes holding all other financial factors constant. The average room rate and occupancy rate information are all for illustration purposes only as our Group has numerous customer segments and therefore, any average room rate information would not be meaningful in terms of assessing our Group's financial performance. Moreover, the sensitivity analysis below does not reflect the way our Group conducts business normally. For example, our Group would not sell our rooms at a very low price when fixed overhead costs of operating Link Hotel remains unchanged. Prospective investors should not place undue reliance on the sensitivity analysis set out below.

For FY2012 and FY2013, holding all factors constant, if the occupancy rate increases or decreases by 5%, our Group's revenue will be increased or reduced by HK\$5.5 million and HK\$5.2 million, respectively.

For FY2012 and FY2013, holding all factors constant, if the occupancy rate increases or decreases by 10%, our Group's revenue will be increased or reduced by HK\$11.0 million and HK\$10.4 million, respectively.

For FY2012 and FY2013, holding all factors constant, if the average room rate increases or decreases by 10%, our Group's revenue will be increased or reduced by HK\$7.2 million and HK\$6.5 million, respectively.

For FY2012 and FY2013, holding all factors constant, if the average room rate increases or decreases by 20%, our Group's revenue will be increased or reduced by HK\$14.4 million and HK\$13.1 million, respectively.

Assuming our cost of sales during the relevant periods remained unchanged in the event in drop in occupancy rate and drop in average room rate, our gross profit for the corresponding periods will be affected adversely.

Staff cost

For FY2012 and FY2013, holding all factors constant, if the staff costs increase or decrease by 5%, our Group's profit before income tax will be increased or reduced by HK\$976,000 and HK\$925,000, respectively.

TAX

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

The corporate income tax rate of Singapore during the Track Record Period was 17% on the estimated assessable profit arising in Singapore.

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During the Track Record Period, our subsidiaries in Singapore had incidents of non-compliance in relation to certain tax obligations under the Income Tax Act (Chapter 134 of the Singapore Statutes) and the Stamp Duty Act (Chapter 132 of the Singapore Statutes). All such non-compliance incidents have been rectified. For further details of such non-compliance incidents, please refer to the sub-section headed “Business — Legal and regulatory compliance — Major non-compliance matters of our Group occurred and/or subsisted during the Track Record Period and up to the Latest Practicable Date” in this prospectus.

As at the Latest Practicable Date, our Group had paid all relevant taxes that were due.

DIVIDEND POLICY

During the Track Record Period, we had not declared any dividends. On 3 April 2014, our Group declared a final dividend in the aggregate amount of HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific. Such final dividend has been applied towards off-setting, in part, the amount owing by Hang Huo Macau (as directed by Taurine) to us prior to the declaration of such dividend and therefore the declaration and payment of such dividend has no cash flow effect on us. Save for such final dividend, we had not declared any dividends since 31 December 2013 and up to the Latest Practicable Date.

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency but no dividend shall be declared in excess of the amount recommended by our Board. The Articles of Association provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve set aside from profits that our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account that can be authorised for this purpose in accordance with the Companies Law and our Articles of Association.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to us on account of calls or otherwise.

In addition, the declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;

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- interests of our shareholders; and
- any other factors that our Board may deem relevant.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval.

As at 31 December 2013, our Company had no reserve available for distribution to the equity holders of our Company.

We currently have no intention to declare any dividend in respect of the year ending 31 December 2014.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Our unaudited pro forma adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of our Group had the Placing been completed as of 31 December 2013 or any future date. They are prepared based on our consolidated net assets as of 31 December 2013 as set out in the Accountants' Report and adjusted as described below. Our unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Unadjusted audited combined net tangible assets of our Group attributable to equity holders of our Company as at 31 December 2013 HK\$'000 (Note 1)	Net adjustment to the net tangible assets as at 31 December 2013 HK\$'000 (Note 2)	Unaudited pro forma adjusted net tangible assets as at 31 December 2013 HK\$'000	Unaudited pro forma adjusted net tangible assets per Share HK\$ (Note 3)
Based on the Placing Price of HK\$1.75 per Share	<u>114,420</u>	<u>100,947</u>	<u>215,367</u>	<u>0.77</u>

Notes:

1. Our unadjusted audited combined net tangible assets attributable to the equity holders of our Company as at 31 December 2013 is derived from the combined net assets attributable to the equity holders of our Company as at 31 December 2013 as set out in Appendix I to this prospectus.
2. The net adjustment represents the estimated net proceeds from the Placing are based on the Placing Price of HK\$1.75 per Placing Share, assuming no exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and no Shares allotted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate, after deduction of underwriting fees and other listing expenses incurred by our Company in connection with the Placing.

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3. Our unaudited pro forma adjusted net tangible assets per Share is calculated based on 280,000,000 Shares in issue and assuming (i) the Placing and the Capitalisation Issue had been completed on 31 December 2013; and (ii) no exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and no Shares allotted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate. Our unaudited pro forma adjusted net tangible asset value per Share has not taken into account the dividend declared on 3 April 2014 of approximately HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific.

DISCLOSURE REQUIRED UNDER RULE 17.15 TO RULE 17.21 OF THE GEM LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 17.15 to Rule 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, competition in the hotel industry in Singapore continued to be intense. Our Directors believe that the continued competition in the hotel industry in Singapore may exert pressure on our occupancy rate and room rates.

As a result of the settlement of the entire sum owing by Hang Huo Macau subsequent to Track Record Period, starting from the financial year ending 31 December 2014, we will cease to receive interest income from Hang Huo Macau as we previously did during the Track Record Period.

Our Directors confirm that, save as disclosed above and in the sub-section headed “Summary — Recent developments” in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2013, being the date to which the latest audited financial statements of our Group were made up, and up to the date of this prospectus.

FOREIGN EXCHANGE LIABILITY

As at the Latest Practicable Date, our Group had no exposure to foreign exchange liabilities.

LISTING EXPENSES

The total amount of listing expenses, commissions together with SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Placing (assuming the Over-allotment Option is not exercised) is estimated to be HK\$25.4 million, of which HK\$11.4 million is expected to be capitalised after the Listing. The remaining amount of HK\$14.0 million was or is expected to be charged to our profit and loss accounts, of which HK\$1.5 million and HK\$2.4 million were charged for the year ended 31 December 2012 and the year ended 31 December 2013, respectively, and HK\$10.1 million is expected to be charged for the year ending 31 December 2014.

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BINTAN ACQUISITION

For the purpose of illustration only, the translation of Singapore dollar into Hong Kong dollars has been made at the rate of S\$1 to HK\$6.2035, prevailing on the Latest Practicable Date, in this sub-section.

Our Group entered into the Bintan Acquisition Agreement, whereby our Group agreed to through our 80%-owned subsidiary, PT Hang Huo, acquire the Bintan Assets from the Bintan Vendors at the consideration of S\$23,500,000 (equivalent to HK\$145.8 million). As at 31 December 2013, HK\$64.9 million had been paid by our Group as part of the purchase consideration and was presented as deposits for acquisition of land and buildings as set out in our combined financial statements included in the Accountants' Report. As at the Latest Practicable Date, the consideration of S\$23,500,000 (equivalent to HK\$145.8 million) was fully settled by PT Hang Huo, of which S\$18,800,000 (equivalent to HK\$116.6 million) was paid in cash and the remaining balance of S\$4,700,000 (equivalent to HK\$29.2 million) was set off against an equivalent total amount due from Mr. Thamrin to PT Hang Huo and Duchess Global, arising from (i) an unpaid amount of funding of S\$3,930,000 (equivalent to HK\$24.4 million) to PT Hang Huo by way of shareholder's loan; and (ii) the capital contribution of S\$770,000 (equivalent to HK\$4.8 million) paid by Duchess Global on behalf of Mr. Thamrin.

After completion of the Bintan Acquisition which took place in June 2014, the Bintan Assets is classified as investment property in our combined financial statements and PT Hang Huo has leased the Bintan Leased Properties to Mr. Thamrin at a monthly rental of S\$50,000 (equivalent to HK\$310,000). For further details of the lease arrangement, please refer to the sub-section headed "Business — Bintan Development Plan" and the section headed "Continuing connected transactions" in this prospectus.

Given that (i) the completion of the Bintan Acquisition took place after the Track Record Period and (ii) we have yet to devise a master plan for the development of the Bintan Assets, the long-term development of the Bintan Assets may have significant financial and operational impact on our Group in the future. Therefore, our Group's financial performance during the Track Record Period may not reflect our future performance.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Placing and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme), Vertic, which is owned as to 50%, 25% and 25% by Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng respectively, will be beneficially interested in 75% of the total issued share capital of our Company. Each of Vertic, Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng will be regarded as our Controlling Shareholder under the GEM Listing Rules.

So far as our Directors are aware and save for the persons disclosed above, there are no other entities/persons who will, immediately following completion of the Placing and the Capitalisation Issue, have interests and/or short positions in the Shares or underlying Shares of our Company which will be directly interested in 10% or more of the voting rights at general meetings of our Company.

INTERESTS OF OUR CONTROLLING SHAREHOLDER IN OTHER BUSINESSES

Hotel related business

Apart from our Group, as at the Latest Practicable Date, Mr. Ngan Iek was beneficially interested in 100% equity interests of a group of companies which are principally engaged in the hotel business in the PRC (“**Other Companies**”), of which two hotels are currently in operation in Guilin City and Jinjiang City and another one is currently under construction in Shihezi City (collectively, “**Ngan Hotels**”).

Other businesses

As at the Latest Practicable Date, our Controlling Shareholders, individually and/or collectively, also held interests in other companies in the PRC and Macau which were not related to hotel business, including the businesses of travel agency, property development, trading, port, warehousing, manufacturing and processing of agricultural and aquatic products and processing of jewellery.

Delineation of business and competition with the Other Companies

Our Directors are of the view that there is and will not be any direct and/or indirect competition between the business of our Group and the business of the Other Companies on the basis that our Group and the Other Companies have different geographical presence and market focus. With a focus on the PRC hotel market, all of the Ngan Hotels are located in the PRC while, during the Track Record Period, our Group generated all of our revenue from Link Hotel which is located in Singapore.

Our Group has no current intention or plan to expand our business outside the Southeast Asia and our Group has no option or intention to acquire the Ngan Hotels in near term.

Each of Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng confirms that he/she has no current intention to expand the hotel business of the Other Companies in area outside the PRC. Each of Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng also confirms that he/she has no current intention to inject the Other Companies into our Group in the foreseeable future.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKING

Non-competition

Each of our Controlling Shareholders has confirmed that neither he/she/it nor any of his/her/its associates (excluding our Group) is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business, which competes or is likely to compete, directly or indirectly with the business of our Group and would require disclosure under Rule 11.04 of the GEM Listing Rules.

Nevertheless, to maintain a clear delineation between the businesses of our Group and the Other Companies as they continue to grow and to avoid any future competition between our Group on the one hand, and our Controlling Shareholders on the other hand, each of our Controlling Shareholders as covenantors (collectively, “**Covenantors**”) entered into the Deed of Non-Competition in favour of our Company (for ourselves and as trustee of our subsidiaries from time to time), pursuant to which each of the Covenantors has, jointly and severally, irrevocably and unconditionally, undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries from time to time) that during the continuation of the Deed of Non-Competition, he/she/it shall, and shall procure each of his/her/its associates (excluding our Group) and/or companies controlled by him/her/it (excluding our Group), whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, not to, (i) carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, consultant, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete, directly or indirectly, with the business currently and from time to time engaged by our Group (including but not limited to the hotel operation, hotel investment, hotel management, hotel franchising business and other related businesses) in Southeast Asia (“**Restricted Business**”); and (ii) solicit, interfere with or endeavour to entice away from any member of our Group any person, firm, company or organisation who to his/her/its knowledge is now or has been a customer, supplier and employee of any member of our Group from time to time.

Each of the Covenantors has represented and warranted to our Company that neither he/she/it nor any of his/her/its associates (excluding our Group) is as at the date of the Deed of Non-Competition interested, involved or engaging, directly or indirectly, (whether as a shareholder, partner, principal, agent, consultant, director, employee or otherwise and whether for profit, reward or otherwise) in the Restricted Business otherwise than through our Group.

Options for New Business Opportunity

Pursuant to the Deed of Non-Competition, each of the Covenantors has also, jointly and severally, irrevocably and unconditionally, undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries from time to time) that, during the continuation of the Deed of Non-Competition, if any of them and/or any of his/her/its associates (excluding our Group) is offered or becomes aware of any project or new business opportunity that relates to the Restricted Business (“**New Business Opportunity**”), the Convenators shall (i) first offer such New Business Opportunity to our Company promptly within 10 Business Days in writing and provide such information as is reasonably required by our Company in order to enable our Company to come to an

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

informed assessment of such New Business Opportunity; and (ii) use his/her/its best endeavours to procure that such New Business Opportunity is offered to our Company on terms no less favourable than the terms on which such New Business Opportunity is offered to him/her/it and/or his/her/its associates.

If our Group has not given written notice of our desire to invest in such New Business Opportunity or has given written notice declining the New Business Opportunity within 10 Business Days (or a further 10 Business Days if so requested by our Company) (“**Offering Period**”) of receipt of notice from the relevant Covenantor(s), the relevant Covenantor(s) and/or his/her/its associate(s) shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord, provided that:

- (i) the terms on which that relevant Covenantor(s) or the relevant associate(s) of the Covenantor(s) invests, participates or engages in such New Business Opportunity shall be substantially the same as or no more favourable than those offered and disclosed to our Company and shall be subject to any conditions that may be imposed by the independent non-executive Directors); and
- (ii) the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The decision to decline shall only be made after review and approval by our independent non-executive Directors (without the attendance by any Director and his/her associates with beneficial interest in such New Business Opportunity), and such decision shall be disclosed, with basis, in the annual report of our Company for the relevant financial year in the manner consistent with the principles of making voluntary disclosures in the section headed “corporate governance report” of the annual report of our Company prepared in accordance with the requirements of the GEM Listing Rules from time to time.

With respect to the Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity.

Further undertaking

In addition, each of the Covenantors has further undertaken:

- (i) to provide our Company and our Directors (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors with regard to compliance of the terms of the Deed of Non-Competition and the enforcement of the non-competition undertakings in the Deed of Non-Competition;
- (ii) to provide to our Company, (if necessary) within 30 days after the end of each financial year of our Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-Competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

annual report of our Company for the relevant financial year and such annual declaration shall be consistent with the principles of making voluntary disclosures in the section headed “corporate governance report” of the annual report of our Company prepared in accordance with the requirements of the GEM Listing Rules from time to time; and

- (iii) to allow our Directors (including the independent non-executive Directors), their respective representatives and the auditors of our Company to have sufficient access to his/her/its records and the records of his/her/its associates to ensure his/her/its compliance with the terms and conditions under the Deed of Non-Competition.

Exceptions

The Deed of Non-Competition does not apply to:

- (i) any investment, participation and/or engagement in any New Business Opportunity which has been offered or made available to our Group and declined by our Group in compliance with the terms of the Deed of Non-Competition;
- (ii) any interests in the shares of our Company and our subsidiaries from time to time; or
- (iii) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:
 - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; and
 - (b) the total number of the shares held by the Covenantors and/or their respective associates (excluding our Group) in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Convenantors and/or their respective associates (excluding our Group) are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Covenantors and their respective associates in aggregate.

Indemnity

Pursuant to the terms of the Deed of Non-Competition, each of the Covenantors has, jointly and severally, covenanted with and undertaken to indemnify and keep our Company (for itself and for the benefit of our Group) fully indemnified against any loss or liability suffered by our Company or any of our subsidiaries from time to time arising out of or in connection with any breach of any of the obligations of the Covenantors including any costs and expenses (including legal expenses) incurred as a result of any breach of the terms of the Deed of Non-Competition provided that the indemnity shall be without prejudice to any other rights and remedies of our Company or any of our subsidiaries from time to time (as relevant) in relation to any such breach and all such other rights and remedies are expressly reserved by our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Restricted period

The Deed of Non-Competition and the rights and obligations thereunder are conditional and will take effect on the Listing Date.

The obligations of the Covenantors under the Deed of Non-Competition will expire on the earlier of:

- (i) the day on which the Shares cease to be listed on GEM; or
- (ii) the day on which the Covenantors and his/her/its associates (excluding our Group), individually and/or collectively, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as the Controlling Shareholders and do not have power to control our Board.

Nothing in the Deed of Non-Competition shall prevent our Controlling Shareholders or any of their associates from carrying on any business whatsoever other than the Restricted Business.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Deed of Non-Competition upon Listing:

- (i) our independent non-executive Directors shall review, at least on an annual basis, to ensure the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- (ii) our Controlling Shareholders shall promptly provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition and make an annual declaration on compliance with the Deed of Non-Competition in the annual report of our Company;
- (iii) our Company shall disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the arrangement of the New Business Opportunity in the section headed “corporate governance report” of the annual report of our Company based on the following factors:
 - (a) whether the New Business Opportunity is in line with the business development strategy of our Group;
 - (b) whether the plan and development of the New Business Opportunity are compatible within the business focus of our Group; and
 - (c) whether the terms offered are fair and reasonable by reference to the market conditions at the relevant time;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iv) our Board will ensure reporting any event relating to potential conflict of interests to the independent non-executive Directors as soon as reasonably practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (v) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert our Board, including the independent non-executive Directors, to take any precautions actions;
- (vi) in the event that there is any potential conflict of interests relating to our business between our Group and our Controlling Shareholders(s), the interested Director(s), or as the case may be, our Controlling Shareholder(s) would, according to the Articles of Association and the GEM Listing Rules, be required to declare his/her/its interests and abstain from voting on any resolution of our Board approving any contract or arrangement or other proposal in which the interested Director(s) or his/her associates or (as the context may require) close associates is materially interested unless a majority of our independent non-executive Directors expressly requested the Interested Director(s) to attend but in no circumstances shall the interested Director(s) counted towards the quorum or allowed to vote on such resolution; and
- (vii) the compliance adviser of our Company shall provide our Company with professional advice on compliance of continuing obligations under the GEM Listing Rules in accordance with the provisions of the compliance adviser agreement and the requirements of the GEM Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, our Directors consider that our Group is capable of carrying on our business independently of our Controlling Shareholders and their associates following the Listing.

Management independence

Our Directors consider the following control mechanism will enable our Directors to discharge their duties properly and minimise or, if possible, avoid potential conflicts of interest so as to protect the interests of our Shareholders as a whole:

(i) *Board composition*

Our Board comprises a total of eight Directors, of whom three are executive Directors, two are non-executive Directors and three are independent non-executive Directors. Mr. Ngan Iek and Ms. Ngan Iek Peng, each a Controlling Shareholder, are our non-executive Directors (both are also the directors of Vertic, being our corporate Controlling Shareholder) and Datuk Siew Pek Tho (an associate of one of our Controlling Shareholders) is an executive Director. Given Vertic has no business operation other than its shareholding interests in our Company, our Directors do not consider that there is any issue in relation to the management independence arising from the overlapping of directors between our Company and Vertic. Save as disclosed, no other Controlling Shareholder holds any directorship in our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Despite the fact that our executive Directors, Datuk Siew Pek Tho, Mr. Chen Changzheng and Mr. Wong Ip, respectively held a position in Hang Huo Macau (being an associate of Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng) as at the Latest Practicable Date, each of Datuk Siew Pek Tho, Mr. Chen Changzheng and Mr. Wong Ip will resign from Hang Huo Macau before Listing.

To ensure that our Group can operate independently from our Controlling Shareholders, certain corporate governance measures as described above will be adopted. Furthermore, our independent non-executive Directors, representing more than one-third of our Board, are experienced professionals in different areas and are appointed pursuant to the requirements of the GEM Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions.

Therefore, our Directors are of the view that the interests of the Shareholders can be safeguarded. For details of our Directors, please refer to the section headed “Directors, senior management and employees” in this prospectus.

(ii) *Management team*

The day-to-day operation of our Group is managed by our senior management team which is independent from our Controlling Shareholders. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently of our Controlling Shareholders and their associates.

(iii) *Decision-making at our Board meetings and general meetings*

The decision-making mechanism of our Company set out in the Articles of Association includes provision to avoid conflicts of interests by providing, among others, that:

- (a) where our Company has knowledge that any Shareholder is, under the rules of the GEM Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted; and
- (b) if there is a conflicting interest for any transaction to be entered into by our Group, the interested Director(s) shall, as required by the GEM Listing Rules and the Articles of Association, abstain from voting and shall not be counted in the quorum on any resolution of our Board approving any contract or arrangement or other proposal in which the interested Director(s) or his/her associates or (as the context may require) close associates is materially interested.

If there is any transaction falling under Chapter 19 and Chapter 20 of the GEM Listing Rules, our Company will ensure the relevant compliance (including requiring our Controlling Shareholders and their respective associates or (as the context may require) close associates to abstain from voting at the relevant resolution(s), where applicable) in order to protect the best interests of our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(iv) *Fiduciary duties*

Each of our Directors is aware of his/her fiduciary duties as a Director, namely, among others, that he/she has to act for the benefit and in the best interests of our Company and will not allow any conflict between his/her duties as a Director and his/her personal interest.

In view of the above, our Directors are satisfied that our Group is capable of managing our business independently of our Controlling Shareholders after the Listing.

Operational independence

Our Company has established individual departments, each with designated responsibilities, and various internal control procedures to facilitate the effective operation of our Group's business. We have obtained all relevant licences that are material in relation to carry on our business operations. Our Group has our own registered trademarks for which we are able to utilise in marketing our services. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. Save as certain financial assistance provided by or to our Controlling Shareholders and/or their associates before Listing, there is no business transaction between our Group and our Controlling Shareholders and their respective associates. For further details of the financial assistance, please refer to the sub-section headed "Financial Information — Related Party Transactions — Amounts due from and to Hang Huo Macau and other related companies". Our Directors currently do not expect that following Listing, there will be any connected transactions between our Group and our Controlling Shareholders and their respective associates. Our Company confirms that we will fully comply with Chapter 20 of the GEM Listing Rules if there is any such connected transaction arises in the future. Although our Controlling Shareholders will retain a controlling interest in our Company after Listing, our Board (of which with more than one-third are independent non-executive Directors) has full rights to make all decision on, and to carry out, our own business operations independently.

Financial independence

Our Group has an independent financial management system and accounting team under the supervision of the financial controller of our Group so as to make financial decisions according to our Group's own business needs. Our Directors confirm that (i) all financial assistance, including amounts due to or from, and loans provided by or to our Controlling Shareholders and/or their respective associates, had been settled or otherwise repaid in full as at the Latest Practicable Date; and (ii) all personal guarantees provided by the shareholders of Hang Huo Macau (including our Controlling Shareholders) will be fully released upon Listing and will be replaced with a corporate guarantee of our Company. Therefore, our Directors believe that there is no financial dependence by our Group on our Controlling Shareholders or any of their associates after Listing.

CONTINUING CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

PT Hang Huo (as lessor) and Mr. Thamrin (as lessee) entered into the Bintan Lease Agreement on 17 June 2014 in respect of the Bintan Leased Properties which is situated and located at the Bintan Land. Since Mr. Thamrin is interested in 20% of the paid-up capital of PT Hang Huo, Mr. Thamrin is considered as a connected person of our Company under Chapter 20 of the GEM Listing Rules upon Listing.

The Bintan Leased Properties was leased for a term commencing from 17 June 2014 and ending on 31 December 2015 (both days inclusive), subject to the early termination by PT Hang Huo by giving not less than 30 days' prior written notice. Pursuant to the Bintan Lease Agreement, Mr. Thamrin shall pay PT Hang Huo a monthly rent of S\$50,000 (equivalent to approximately HK\$310,000) and payable in advance commencing from 1 July 2014 until 31 December 2015 (both days inclusive). The annual caps for the transactions contemplated under the Bintan Lease Agreement for the period of six months ending 31 December 2014 and the financial year ending 31 December 2015 are HK\$2,035,000 and HK\$4,100,000 respectively. The annual caps are arrived at based on the total rent of S\$300,000 (equivalent to approximately HK\$1.86 million) and S\$600,000 (equivalent to approximately HK\$3.72 million) for the period of six months ending 31 December 2014 and the financial year ending 31 December 2015 respectively and a mark up of approximately 10% to cater for any exchange rate fluctuation on Hong Kong dollars against Singapore dollars.

Our Directors are optimistic about the future development of the Bintan Assets. However, our Group has not yet formulated any long-term development plan. As such, our Directors decided to lease the Bintan Leased Properties to Mr. Thamrin, the operator of Bintan Cabana Beach Resort (which has been located at the Bintan Leased Properties), until a detailed future development plan has been formulated. Our Directors consider that the entering into of the Bintan Lease Agreement is in the best interest of our Group for the reason that Mr. Thamrin has been the operator of the Bintan Cabana Beach Resort located at the Bintan Leased Properties and our Group can enjoy a stable stream of rental income to be generated pursuant to the Bintan Lease Agreement.

The rent under the Bintan Lease Agreement was determined by the parties thereto after arm's length negotiation having regard to the market rate of similar properties in Indonesia. Colliers International (Hong Kong) Limited, an independent property valuer, has confirmed that the terms and conditions of the Bintan Lease Agreement (including but not limited to the rent) are of normal commercial terms and are not less favourable than those available from any independent third parties. Our Directors consider that the terms of the Bintan Lease Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

While the transactions contemplated under the Bintan Lease Agreement are of continuing nature and constitute continuing connected transactions of our Company upon Listing, as the relevant applicable percentage ratios, on an annual basis, is less than 25% and the annual consideration is less than HK\$10,000,000, it is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Rule 20.74 of the revised Chapter 20 of the GEM Listing Rules (which will become effective on 1 July 2014).

CONTINUING CONNECTED TRANSACTIONS

WAIVER FROM COMPLIANCE WITH THE GEM LISTING RULES

Given their recurring nature, our Directors consider that compliance with the announcement requirements in respect of the Bintan Lease Agreement would be unduly burdensome, impractical and add unnecessary administrative costs to our Company. Accordingly, the Sole Sponsor, on behalf of our Company, has applied for, and the Stock Exchange has granted to our Company, a waiver with respect to the continuing connected transactions contemplated under the Bintan Lease Agreement from strict compliance with the announcement requirements under Rule 20.103 of the revised Chapter 20 of the GEM Listing Rules (which will become effective on 1 July 2014) subject to the following conditions:

- (i) the annual aggregate value of the transactions contemplated under the Bintan Lease Agreement for the period of six months ending 31 December 2014 and the financial year ending 31 December 2015 will not exceed the respective annual cap as stated above; and
- (ii) our Company shall fully comply with the relevant requirements under Chapter 20 of the GEM Listing Rules, including in the event that the terms of the Bintan Lease Agreement are altered or our Group enters into any new agreements with any of its connected persons in the future.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) confirm that the continuing connected transactions under the Bintan Lease Agreement have been and shall be entered into in the ordinary and usual course of business of our Group on normal commercial terms and the terms of the above-mentioned transactions, including the annual caps, are fair and reasonable and it is in the interest of our Shareholders and our Group as a whole to continue with these transactions after Listing. In the event that any terms of the Bintan Lease Agreement are altered or our Group enters into any new agreements with any connected persons in the future, our Company will comply with the relevant provisions of the Chapter 20 of the GEM Listing Rules.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the continuing connected transactions under the Bintan Lease Agreement have been and shall be entered into in the ordinary and usual course of business of our Group on normal commercial terms, and are fair and reasonable and in the interest of our Shareholders as a whole. Having considered the terms of the Bintan Lease Agreement (including the annual caps, and the basis and assumptions in arriving the annual caps), the Sole Sponsor is also of the view that the annual caps for such continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

SHARE CAPITAL

SHARE CAPITAL

The following table is prepared on the basis that the Placing and the Capitalisation Issue have become unconditional. This table below, however, does not take into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate as referred to below.

HK\$

Authorised share capital:

5,000,000,000	Shares	50,000,000
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Shares in issue or to be issued, fully paid or credited as fully paid upon completion of the Placing and the Capitalisation Issue:

100	Shares in issue as at the date of this prospectus	1
209,999,900	Shares to be issued under the Capitalisation Issue ^(Note)	2,099,999
<u>70,000,000</u>	Shares to be issued under the Placing	<u>700,000</u>

Total:

<u>280,000,000</u>	Shares	<u>2,800,000</u>
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Assuming the Over-allotment Option is exercised in full and without taking account into (i) any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate as referred to below, the issued share capital of our Company immediately after completion of the Placing and the Capitalisation Issue will be HK\$2,905,000 divided into 290,500,000 Shares.

Note: Pursuant to the written resolutions of our Shareholder dated 20 June 2014, conditional upon the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise the amount of HK\$2,099,999 from the amount standing to the credit of the share premium account of our Company and to appropriate such amount as to pay up in full at par 209,999,900 Shares for allotment and issue to the persons whose names appeared on the register of members of our Company at the close of business on 20 June 2014, in proportion (or as nearly as possible without involving fractions) to their respective shareholdings in our Company.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after the Listing under the GEM Listing Rules is 25% of its share capital in issue from time to time.

RANKING

The Placing Shares will rank *pari passu* in all respects with all the Shares in issue or to be allotted and issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of the Listing other than participation in the Capitalisation Issue.

SHARE CAPITAL

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholder dated 20 June 2014, subject to the share premium account of our Company being credited as a result of the issue of Placing Shares pursuant to the Placing, our Directors are authorised to allot and issue a total of 209,999,900 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on 20 June 2014 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$2,099,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

ISSUE MANDATE

Subject to the conditions as stated in the section headed “Structure and conditions of the Placing” in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Placing and the Capitalisation Issue but excluding any Shares which may be issued under the Over-allotment Option; and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the sub-section headed “Repurchase Mandate” in this section below.

This mandate does not cover Shares to be allotted, issued or dealt with under a rights issue or upon the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws or the Articles of Association; or
- (c) it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting,

whichever is the earliest.

For further details of the Issue Mandate, please refer to the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus.

SHARE CAPITAL

REPURCHASE MANDATE

Subject to the conditions as stated in the section headed “Information about this prospectus and the Placing” in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Placing and the Capitalisation Issue (excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and/or the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 6. Repurchase by our Company of its own securities” in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

- (i) the conclusion of our Company’s next annual general meeting; or
 - (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws or the Articles of Association; or
 - (iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,
- whichever is the earliest.

For further details of the Repurchase Mandate, please refer to the sub-section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder dated 20 June 2014” in Appendix V to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the sub-section headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus.

Our Company did not have any outstanding share options, warrants, convertible instruments or similar rights convertible into the Shares as at the Latest Practicable Date.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by Shareholders passing a special resolution. For details, see the sub-section headed “Summary of the Constitution of our Company and Cayman Islands Companies Law — 2. Articles of Association — (c) Alteration of capital” in Appendix IV to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see the sub-section headed “Summary of the Constitution of our Company and Cayman Islands Companies Law — 2. Articles of Association — (d) Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately after completion of the Placing and the Capitalisation Issue without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate, the following persons will have interests or short positions in the Shares or underlying shares which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be 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 our Company or any of our Company's subsidiaries:

(a) *Long position in the Shares*

Name of Substantial Shareholders	Capacity/ nature of interest	Number of Shares directly or indirectly held immediately following completion of the Placing and the Capitalisation Issue	Approximate percentage of the issued share capital of our Company immediately following completion of the Placing and the Capitalisation Issue
Vertic	Beneficial owner	210,000,000	75%
Mr. Ngan Iek	Interest in controlled corporation ^(Note 1)	210,000,000	75%
Ms. Cheng Wing Shan	Interest of spouse ^(Note 2)	210,000,000	75%

Notes:

- Vertic is a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in the Shares held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic.
- 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.

SUBSTANTIAL SHAREHOLDERS

- (b) *Person interested in 10% or more of the nominal value of the share capital of other members of our Group*

Name	Name of member of our Group	Number of shares held	Approximate percentage of shareholding
Mr. Thamrin	PT Hang Huo	600,000	20%

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Placing and the Capitalisation Issue, not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate, have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be 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 our Company or any of our Company's subsidiaries.

NON-DISPOSAL UNDERTAKING

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that he/she/it shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date ("**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is or they are shown by this prospectus to be the beneficial owner(s); or
- (b) in the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it, individually or together with each other as a group would cease to be a Controlling Shareholder.

SUBSTANTIAL SHAREHOLDERS

Each of our Controlling Shareholders also has undertaken to our Company and the Stock Exchange that:

- (i) in the event that he/she/it pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods specified in Rule 13.16A of the GEM Listing Rules, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in the Shares under sub-paragraph (i) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall inform the Stock Exchange as soon as we have been informed of matters referred to in (i) and (ii) above by a Controlling Shareholder and disclose such matters by way of an announcement in accordance with the GEM Listing Rules as soon as practicable.

Further details of undertaking given by our Controlling Shareholders are set out in the section headed “Underwriting” in this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board consists of eight Directors, of whom three are executive Directors, two are non-executive Directors and three are independent non-executive Directors.

The following table set forth certain information concerning our Directors.

Name	Age	Present position	Principal responsibilities	Date of joining our Group	Date of appointment as Director
Mr. Ngan Iek (顏奕先生) (Note 1)	42	Chairman and non-executive Director	Formulating development strategies and overseeing the overall business of our Group but not participating in the day-to-day management of our Group's business operation	18 April 2005	15 May 2012
Datuk Siew Pek Tho (拿督蕭柏濤) (Note 2)	41	Executive Director	Overseeing financial management and managing investment projects of our Group	1 March 2006	24 February 2014
Mr. Chen Changzheng (陳長征先生)	45	Executive Director	Overseeing overall administration, strategic planning and business development of our Group and supervising the day-to-day management of our Group's business operations	21 May 2007	24 February 2014
Mr. Wong Ip (黃曄先生)	42	Executive Director	Overseeing overall administration of our Group	24 February 2014	24 February 2014

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Present position	Principal responsibilities	Date of joining our Group	Date of appointment as Director
Ms. Ngan Iek Peng (顏奕萍女士) (Note 3)	37	Non-executive Director	Providing consultation to our Group in respect of our management and business development	18 April 2005	24 February 2014
Mr. Thng Bock Cheng John (湯木清先生)	62	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	20 June 2014	20 June 2014
Mr. Wu Chi Keung (胡志強先生)	57	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	20 June 2014	20 June 2014
Mr. Yen Yuen Ho, Tony (嚴元浩先生)	66	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	20 June 2014	20 June 2014

Notes:

- Mr. Ngan Iek is one of the founders of our Group. He is the elder brother of Ms. Ngan Iek Peng and the brother-in-law of Datuk Siew Pek Tho.
- Datuk Siew Pek Tho is the spouse of Ms. Ngan Iek Chan, who is (i) one of the founders of our Group; (ii) the younger sister of Mr. Ngan Iek; and (iii) the elder sister of Ms. Ngan Iek Peng. Datuk Siew Pek Tho is the brother-in-law of Mr. Ngan Iek and Ms. Ngan Iek Peng.
- Ms. Ngan Iek Peng is one of the founders of our Group. She is the younger sister of Mr. Ngan Iek and the sister-in-law of Datuk Siew Pek Tho.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Datuk Siew Pek Tho (拿督蕭柏濤) (“**Datuk Siew**”), aged 41, is our executive Director. Datuk Siew is also the compliance officer and one of the authorised representatives of our Company. He is responsible for overseeing financial management and managing investment projects of our Group. Datuk Siew obtained a Bachelor of Business and a Master of Business in Accounting from the University of Technology, Sydney in Australia in September 1995 and May 1998 respectively. He obtained the certificate of membership from The Institute of Chartered Accountants in Australia in January 1998. He was granted the Darjah Pangkuan Seri Melaka (D.P.S.M.), which carries the title of “Datuk” by the government of Malaysia in October 2012. Datuk Siew worked at KPMG Australian Services Pty Ltd. (“**KPMG Australia**”) in Australia from July 1996 to May 1998 and at KPMG Tax Services Sdn Bhd (“**KPMG Malaysia**”) in Malaysia from June 1998 to June 2000. His last position with each of KPMG Australia and KPMG Malaysia was tax consultant. Datuk Siew had joined Hang Huo Macau since July 2000 as its chief financial officer and he has tendered his resignation to Hang Huo Macau with effect from 6 July 2014. Since the establishment of HHI, the then indirect wholly-owned subsidiary of Hang Huo Macau and the owner of Link Hotel, in May 2004, Datuk Siew has been responsible for the financial management and administration of Link Hotel.

Datuk Siew has been the chairman and non-executive director of Petrol One Resources Berhad (Stock Code: 7027), a company listed in the Main Market of Bursa Malaysia Berhad, since 31 December 2013.

Immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and Repurchase Mandate), Vertic will hold 210,000,000 Shares. 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 and is our Controlling Shareholder. Datuk Siew is the spouse of Ms. Ngan Iek Chan. As such, Datuk Siew is deemed to be interested in the shares of Vertic in which Ms. Ngan Iek Chan is interested in pursuant to Part XV of the SFO. Ms. Ngan Iek Chan is (i) the younger sister of Mr. Ngan Iek, our non-executive Director; and (ii) the elder sister of Ms. Ngan Iek Peng, our non-executive Directors. Datuk Siew Pek Tho is the brother-in-law of Mr. Ngan Iek and Ms. Ngan Iek Peng.

Save as disclosed above, as at the Latest Practicable Date, Datuk Siew (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, there was no other information relating to Datuk Siew which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an executive Director.

Mr. Chen Changzheng (陳長征先生) (“**Mr. Chen**”), aged 45, is our executive Director. He is responsible for overseeing overall administration, strategic planning and business development of our Group and supervising in the day-to-day management of our Group’s business operations. He has been fully in charge of the operation of Link Hotel since 2006. Mr. Chen graduated from Tourism Faculty

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

of Beijing Union University (北京聯合大學), with major in culinary and dining management in July 1991. He won the Promising SME 500 Award in 2013 and the award of the Top 3 HAPA General Manager of the Year (Singapore Series) issued by Hospitality Asia Platinum Awards for the years 2009 to 2011. Mr. Chen is the spouse of Ms. Dong Han Kun, one of our senior management. Mr. Chen has been appointed as the vice president of Hang Huo Macau since August 2004 and he has tendered his resignation to Hang Huo Macau with effect from 6 July 2014. Mr. Chen had been responsible for preparation work for the establishment of Link Hotel shortly after the establishment of HHI, the then indirect wholly-owned subsidiary of Hang Huo Macau and the owner of Link Hotel, in May 2004. Since 2006, Mr. Chen has been fully in charge of the management and operation of Link Hotel.

Mr. Chen's past working experience in relation to the hotel industry includes the following:

Name of employment institution	Last position held	Period
Kempinski Hotel Beijing Lufthansa Center (北京燕莎中心凱賓斯基飯店) ^(Note 1)	Senior supervisor	June 1991 to April 1994
Hilton Beijing Hotel ^(Note 2)	Assistant F&B manager	April 1994 to May 1999
Waikiki Sunrise Company, Inc. ^(Note 3)	Vice president	May 1999 to October 2002
Bao Shing (Group) Co., Ltd. ^(Note 4)	General manager	March 2002 to June 2004

Notes:

1. Mr. Chen was responsible for supervising the daily operations of F&B department during his employment with Kempinski Hotel Beijing Lufthansa Center.
2. Mr. Chen was mainly in charge of banquet department and was responsible for assisting the director of F&B department during his employment with Hilton Beijing Hotel.
3. Mr. Chen was also a shareholder and a director of Waikiki Sunrise Company, Inc. ("Waikiki") from May 1999 to June 2006. During his time acting as the vice president of Waikiki, Mr. Chen was responsible for the management and daily operation of Continental Surf Hotel, a hotel in Hawaii which was managed by Waikiki for the period from May 1999 to October 2002. Since October 2002, Waikiki had not carried on any business. Waikiki was dissolved on 2 June 2006 due to failure to file annual report for a period of two years or to remit fees as required by law of United States. Waikiki was solvent at the time of its dissolution and Waikiki was principally engaged in hotel management.
4. Mr. Chen was responsible for the operation and management of Ramada Hotel at South Disney Land in California, which was then owned by Bao Shing (Group) Co., Limited.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chen (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Save as disclosed above, there was no other information relating to Mr. Chen which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an executive Director.

Mr. Wong Ip (黃曄先生) (“**Mr. Wong**”), aged 42, is our executive Director. He is responsible for overseeing the overall administration of our Group. Mr. Wong has joined Hang Huo Macau since September 2003 as an assistant to the president of Hang Huo Macau, namely Mr. Ngan Iek. Mr. Wong has tendered his resignation to Hang Huo Macau with effect from 6 July 2014. Being an assistant to the president of Hang Huo Macau, Mr. Wong mainly assisted Mr. Ngan Iek in management of his personal business. Mr. Wong’s past working experience includes the following:

Name of employment institution	Last position held	Period
Yau Seng Petrochemical (Macau) Limited ^(Note 1)	Senior clerk in marketing department	January 1996 to March 1997
Nittobo Macau Glass Weaving Co., Ltd. ^(Note 2)	Personnel manager	February 1998 to September 2002
Hotel Nam Yue (now known as Casa Real Hotel) ^(Note 3)	Administrative director	September 2002 to September 2003

Notes:

1. Yau Seng Petrochemical (Macau) Limited is principally engaged in sales of chemical solvents and paints.
2. Nittobo Macau Glass Weaving Co., Ltd. is principally engaged in manufacture of glass fiber cloth.
3. Mr. Wong was responsible for the management of human resources and administration of Hotel Nam Yue (now known as Casa Real Hotel), which was then owned by Hang Huo Hotel Company Limited, during his employment with Hang Huo Hotel Company Limited.

As at the Latest Practicable Date, Mr. Wong (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, there was no other information relating to Mr. Wong which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an executive Director.

Non-executive Directors

Mr. Ngan Iek (顏奕先生), aged 42, is our non-executive Director and the chairman of our Company. He is one of the founders of our Group. He is responsible for formulating development strategies and overseeing the overall business of our Group but not participating in the day-to-day management of our Group’s business operation. Mr. Ngan Iek obtained a Bachelor of Business degree

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

from University of New England in Australia in March 1997. He then obtained a Master of Business in Accounting and Finance from the University of Technology, Sydney in Australia in May 1998 and a Doctor of Business Administration from the Macau University of Science and Technology in October 2010. Mr. Ngan Iek obtained a registered accountant licence from the Financial Services Bureau of the Government of Macau in June 2000. Mr. Ngan Iek became a member of the ninth session of the committee of All-China Youth Federation* (中華全國青年聯合會) in January 2004. Mr. Ngan Iek is a member of the eleventh Fujian Province Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十一屆福建省委員會).

Mr. Ngan Iek served as the president of Bao Shing (Group) Co. Ltd. from September 1997 to present. Bao Shing (Group) Co. Ltd. is primarily engaged in import and export trading, investment, construction and real estate. During his employment with Bao Shing (Group) Co. Ltd., Mr. Ngan Iek is responsible for formulating the development strategies and overseeing the overall business of Bao Shing (Group) Co. Ltd. In March 1999, Mr. Ngan Iek, together with Mr. Ngan In Leng, Ms. Chan Wai Ian and Ms. Ngan Iek Chan founded Hang Huo Macau. He has been acted as a director of Hang Huo Macau, which was principally engaged in investment holding, since its incorporation in March 1999 and up to present. As a director of Hang Huo Macau, he has been responsible for the overall strategic planning and corporate and business development of Hang Huo Macau and its group of companies.

Leveraging upon his experience and business connection, Mr. Ngan Iek established his own hotel business in the PRC. He is beneficially interested in 100% equity interests of a group of companies which are engaged in the operation of hotels in the PRC, of which two hotels are currently in operation in Guilin City and Jinjiang City and another one is currently under construction in Shihezi City.

Mr. Ngan Iek was a director of Beijing Mingku Information Technology Co., Ltd.* (北京銘庫信息技術有限公司) (“**Beijing Mingku**”), which was a company established in the PRC with an operation term of 30 years commencing from 26 November 2003. Beijing City Administration for Industry and Commerce Chaoyang Branch (北京市工商行政管理局朝陽分局) issued a notice of administrative penalty (行政處罰決定書) (“**Notice**”). The Notice stated that Beijing Mingku had failed to participate in the annual inspection for the year of 2007 within the prescribed time. As a result, the business licence of Beijing Mingku was revoked (吊銷) in December 2008. Mr. Ngan Iek confirmed that Beijing Mingku had not commenced business since its establishment and as far as he is aware, no claim has been made against him as a result of such revocation.

Mr. Ngan Iek was a legal representative, an executive director and a shareholder of Zhuhai Henghe Enterprise Management Co., Ltd.* (珠海市恆和企業管理有限公司) (“**Zhuhui Henghe**”), which was a company established in the PRC with an operation term of 30 years commencing from 17 June 2010. Zhuhui Henghe was dissolved (注銷) in December 2011. Mr. Ngan Iek confirmed that Zhuhui Henghe had not commenced business since its establishment and as far as he is aware, no claim has been made against him as a result of such dissolution.

Mr. Ngan Iek was a director of Zhuhui Jiaye Investment Co., Ltd.* (珠海市嘉業投資有限公司) (“**Zhuhui Jiaye**”), which was a company established in the PRC with an operation term of 10 years commencing from 15 March 2007. Zhuhui Jiaye was dissolved (注銷) in December 2011. Mr. Ngan Iek confirmed that Zhuhai Jiaye had not commenced business since its establishment and as far as he is aware, no claim has been made against him as a result of such dissolution.

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Mr. Ngan Iek was a director of Sino Channel Investments Limited (“**Sino Channel**”), which was incorporated in Hong Kong and was dissolved by being struck off from the register of companies of Hong Kong pursuant to section 291 of the Predecessor Companies Ordinance on 6 May 2005. Mr. Ngan Iek confirmed that Sino Channel was solvent at the time of its dissolution for not filing annual return to the Companies Registry in Hong Kong within the prescribed time and as far as Mr. Ngan Iek was aware, no claim has been made against him as a result of such dissolution.

Mr. Ngan Iek is involved in certain litigations in Hong Kong, details of which are set out in the sub-sections headed “Personal civil litigation of Mr. Ngan Iek and Ms. Ngan Iek Peng” and “Possible implications for Mr. Ngan Iek and Ms. Ngan Iek Peng and our Group” in this section below.

Immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and Repurchase Mandate), Vertic will hold 210,000,000 Shares. 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 and is our Controlling Shareholder. Mr. Ngan Iek is deemed to be interested in the Shares in which Vertic is interested in pursuant to Part XV of the SFO.

Save as disclosed in above, as at the Latest Practicable Date, Mr. Ngan Iek (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders and; (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Ngan Iek is (i) the elder brother of Ms. Ngan Iek Peng, our non-executive Director, and Ms. Ngan Iek Chan, the spouse of Datuk Siew Pek Tho, our executive Director; and (ii) the brother-in-law of Datuk Siew Pek Tho.

Save as disclosed above, there was no other information relating to Mr. Ngan Iek which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as a non-executive Director.

Ms. Ngan Iek Peng (顏奕萍女士), aged 37, is our non-executive Director. She is one of the founders of our Group. She is responsible for providing consultation to our Group in respect of our management and business development. Ms. Ngan Iek Peng obtained a Bachelor of Business from University of Technology, Sydney in Australia in September 2001. She then obtained a Master of Business Administration from the Macau University of Science and Technology in August 2009. She is a member of Shanghai Chinese People’s Political Consultative Conference Committee* (中國人民政治協商會議上海市委員會). Ms. Ngan Iek Peng has been a director of Hang Huo Macau since June 2002 and has been responsible for the development of the hotel branding and management of Link Hotel, which is owned by HHI, the then direct wholly-owned subsidiary of Hang Huo Macau.

Ms. Ngan Iek Peng is involved in certain litigations in Hong Kong, details of which are set out in the sub-sections headed “Personal civil litigation of Mr. Ngan Iek and Ms. Ngan Iek Peng” and “Possible implications for Mr. Ngan Iek and Ms. Ngan Iek Peng and our Group” in this section below.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and Repurchase Mandate), Vertic will hold 210,000,000 Shares. 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 and is our Controlling Shareholder. Ms. Ngan Iek Peng is (i) the younger sister of Mr. Ngan Iek, our non-executive Director, and Ms. Ngan Iek Chan, the spouse of Datuk Siew Pek Tho, our executive Director; and (ii) the sister-in-law of Datuk Siew Pek Tho.

Save as disclosed above, as at the Latest Practicable Date, Ms. Ngan Iek Peng (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, there was no other information relating to Ms. Ngan Iek Peng which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with her appointment as a non-executive Director.

Independent Non-executive Directors

Mr. Thng Bock Cheng John (湯木清先生) (“**Mr. Thng**”), aged 62, is our independent non-executive Director.

Mr. Thng worked for Hotel New Otani in Singapore from March 1984 to September 2004. His last position with Hotel New Otani was a general manager where he was responsible for (i) formulating, communicating and administering effective standards of internal control procedures to ensure best practices within the hotel; (ii) implementing policies for an effective operational overview of the hotel; and (iii) implementing divisional performance measurements as an effective management tool in the allocation of the resources of the hotel. From October 2004 to November 2010, he was employed by Rendezvous Hospitality Group Pte. Ltd., a subsidiary of Straits Trading Company in Singapore as the director development Southeast Asia. From August 2011 to present, Mr. Thng was employed by Singa Hospitality Pte. Ltd. as a hotel opening consultant.

As at the Latest Practicable Date, Mr. Thng (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

There was no other information relating to Mr. Thng which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an independent non-executive Director.

Mr. Wu Chi Keung (胡志強先生) (“**Mr. Wu**”), aged 57, is our independent non-executive Director.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wu obtained a high diploma in accountancy from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1980. Mr. Wu is an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and a fellow of The Chartered Association of Certified Accountants (now known as The Association of Chartered Certified Accountants) in the United Kingdom. Mr. Wu has more than 30 years of experience in financial audit and specialises in providing auditing and assurance services, financial due diligence reviews, support services for merger and acquisitions, corporate restructuring and fund raising engagements.

Mr. Wu worked in Touche Ross & Co. from October 1980 to September 1982 and his last position with Touche Ross & Co. was audit senior. He then worked as an accountant in Bylamson & Associates (Enterprises) Limited from September 1982 to July 1983. From August 1983 to July 1997, Mr. Wu was employed by Kwan Wong Tan & Fong, which was later merged with Deloitte Touche Tohmatsu (“**Deloitte**”) in August 1997. Since then, Mr. Wu continued to work at Deloitte until December 2008 and his last position with Deloitte was a partner. Mr. Wu has been a director of Born Best Company Limited (“**Born Best**”) from 15 November 1986 to present and has been responsible for managing the investment of properties and providing consultancy services. Born Best is principally engaged in property investment and provision of consultancy services.

Mr. Wu currently holds directorship in several companies listed on the Stock Exchange, the details of which are as follows:

Name of the Companies	Position	Period
China Medical System Holdings Limited (Stock Code: 867)	Independent non-executive director	June 2010 to Present
Jinchuan Group International Resources Co., Ltd. (Stock Code: 2362)	Independent non-executive director	January 2011 to Present
GreaterChina Professional Services Limited (Stock Code: 8193)	Independent non-executive director	May 2011 to Present
Zhong Fa Zhan Holdings Limited (Stock Code: 475)	Independent non-executive director	November 2011 to Present
China Renji Medical Group Limited (Stock Code: 648)	Independent non-executive director	January 2012 to Present
Huabao International Holdings Limited (Stock Code: 336)	Independent non-executive director	August 2013 to Present
YuenShengTai Dairy Farm Limited (Stock Code: 1431)	Independent non-executive director	November 2013 to Present

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

From August 2011 to October 2012, Mr. Wu was an independent non-executive director of JF Household Furnishings Limited (Stock Code: 776) (“**JF Household**”), the shares of which are listed on the Main Board of the Stock Exchange. JF Household is principally engaged in manufacture and sale of furnishings, home products and accessories primarily used in kitchens and bathrooms with stainless steel as raw materials.

As at the Latest Practicable Date, Mr. Wu (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

There was no other information relating to Mr. Wu which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2) (h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an independent non-executive Director.

Mr. Yen Yuen Ho, Tony (嚴元浩先生) (“**Mr. Yen**”), aged 66, is our independent non-executive Director.

Mr. Yen was admitted as a solicitor of Hong Kong in August 1983 and the United Kingdom in April 1990. He was also admitted as a barrister and solicitor of Australia in October 1990. In July 2000, Mr. Yen was awarded the Silver Bauhinia Star medal by the Government of Hong Kong.

Mr. Yen worked at the Government of Hong Kong from 1967 to March 2007, during of which he had served in the Judiciary, the then Legal Department, the Legal Aid Department and the Department of Justice. He had been the Law Draftman in the Department of Justice of the Government of Hong Kong from 1995 to March 2007. Mr. Yen was a member of the Law Reform Commission, and of the Committee on Bilingual Legal System.

Mr. Yen was appointed as the vice chairman of the Lump Sum Grant Independent Complaints Handling Committee in April 2013. In January 2013, he was appointed as a member of the Panel of Review Board on School Complaints of the Education Bureau of the Government of Hong Kong. Currently, Mr. Yen is an adjunct professor at the City University of Hong Kong and the Hong Kong Shue Yan University. He is also a director of the Hong Kong Institute for Public Administration. Additionally, Mr. Yen serves as a member of the executive committee of Heep Hong Society. Mr. Yen was appointed as a director of Creative Secondary School in January 2007 and Kiangsu-Chekiang College in May 1998. Mr. Yen is currently also an honorary adviser to the Pok Oi Hospital and the honorary consultant of the Provisional Hong Kong Academy of Nursing Limited. Mr. Yen is a committee member of the Greater China Legal Affairs Committee of The Law Society of Hong Kong.

Mr. Yen is currently an independent non-executive director of Jinchuan Group International Resources Co. Ltd, a company listed on Main Board of the Stock Exchange (Stock Code: 2362), and United Photovoltaics Group Limited (formerly known as Goldpoly New Energy Holdings Limited), a company listed on Main Board of the Stock Exchange (Stock Code: 686).

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

As at the Latest Practicable Date, Mr. Yen (i) had no interests in the Shares within the meaning of Part XV of the SFO; (ii) did not have any relationship with any Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

There was no other information relating to Mr. Yen which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as an independent non-executive Director.

Personal civil litigation of Mr. Ngan Iek and Ms. Ngan Iek Peng

(i) *High Court Action No. 2194 of 2005*

Members of Ngan Family are the defendants in High Court Action No. 2194 of 2005 (“**Action I**”) against Next Champion Limited (“**NCL**”), the plaintiff.

The background to the Action I relates to the sale by the Ngan Family to NCL of shares in companies that ultimately owned the Casa Real Hotel in Macau (“**Disposal of Casa Real Hotel**”) for HK\$1.25 billion in 2005. Before the Disposal of Casa Real Hotel, Mr. Ngan Iek, Mr. Ngan In Leng, Ms. Chan Wai Ian and Ms. Ngan Iek Peng together owned 99% of Hang Huo (BVI) Limited, which in turn owned 99% of Hang Huo Hotel Company Limited (now known as GR Casa Real Company Limited) (“**HHH Company**”), which owned the Casa Real Hotel in Macau; and Ms. Ngan Iek Chan owned 1% of HHH Company. The Ngan Family and NCL entered into the sale and purchase agreement (“**Agreement**”) on 19 February 2005 in relation to the Disposal of Casa Real Hotel. Pursuant to the Agreement, the completion date of the Disposal of Casa Real Hotel was 6 April 2005. It was a term of the Agreement that the lease in respect of the sauna premises at the Casa Real Hotel (“**Lease of Sauna**”) should be terminated and replaced by a new lease on or before the completion date of the Disposal of Casa Real Hotel. Subsequently, such completion date was postponed by mutual agreement to 31 May 2005. The Disposal of Casa Real Hotel was completed on 31 May 2005, but the Lease of Sauna had not yet been terminated by them. The Ngan Family executed a deed of undertaking (“**Deed**”) whereby the Ngan Family undertook to procure the termination of, inter alia, the Lease of Sauna and to deliver vacant possession on or before 31 August 2005.

The Lease of Sauna was not terminated according to the Agreement because, among other things, the Lease of Sauna had a fix term of 10 years expired on 25 August 2013 and it did not have any provision entitling the parties thereto to early terminate the Lease of Sauna. According to the laws of Macau, tenancy agreement, which did not have early termination provision, cannot be early terminated by the landlord unless with the consent of the tenant. The tenant did not agree to cooperate with the Ngan Family to facilitate the early termination of the Lease of Sauna.

In or around December 2005, NCL filed a claim against the Ngan Family for:

- (i) relief in respect of the alleged breach by the Ngan Family of the Deed;
- (ii) damages for breach of certain warranties in the Agreement in relation to the condition of the Casa Real Hotel buildings, plants and other assets; and

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(iii) interest and costs.

In June 2007, pursuant to an application for summary judgment made by NCL, the court master adjudged that NCL was entitled to recover damages from the Ngan Family (“**Master Order**”) in respect of their breach of the Deed by reason of their failure to procure the termination of the Lease of Sauna and to procure the tenant to vacate the sauna premises on or before 31 August 2005; and ordered damages to be assessed. The Ngan Family filed a notice of appeal against the Master Order. In February 2008, the Court of First Instance dismissed the Ngan Family’s appeal against the Master Order. The Ngan Family filed a notice of appeal against the judgment of the Court of First Instance. In October 2008, the Court of Appeal dismissed the Ngan Family’s further appeal and affirmed the judgment of the Court of First Instance.

In May 2009, the court master made various directions in preparation for the hearing for the assessment of damages. In June 2009, NCL filed a statement of damages whereby NCL’s primary damages claim was the alleged market value of the sauna premises of HK\$580,000 per month from 31 August 2005 to the expiry of the Lease of Sauna on 25 August 2013. In July 2009, the Ngan Family then filed their answer to NCL’s statement of damages, in which, inter alia, they deny that NCL has suffered any loss or damage covered by the indemnity in the Deed. In this regard, the Ngan Family contend, amongst other things, that (i) any loss of rents is suffered by HHH Company (which is not a party to the Deed) and the amount of any such loss does not equate to NCL’s loss; and (ii) there has been no diminution in the total value of the assets of HHH Company to trigger the indemnity in the Deed.

As at the Latest Practicable Date, the parties have not exchanged witness statements on quantum and no hearing for the assessment of damages has been fixed yet.

(ii) *High Court Action No. 388 of 2006*

Pursuant to the Agreement for the Disposal of Casa Real Hotel, the total consideration of HK\$1.25 billion should be satisfied by (i) cash in the amount of HK\$750 million; and (ii) the allotment and issue of 1,100,000,000 new ordinary shares of Medtech Group Company Limited (“**Medtech**”) (now known as Kingston Financial Group Limited) (“**Medtech Shares**”), a company listed on the Main Board of the Stock Exchange, at a value of HK\$0.4545 each, being equivalent to approximately HK\$500 million.

In the course of negotiation for the Disposal of Casa Real Hotel, Mrs. Chu Yuet Wah (“**Mrs. Chu**”), made an oral agreement (“**Oral Agreement**”) pursuant to which Mrs. Chu agreed to buy back the Medtech Shares held by the Ngan Family at HK\$0.4545 per share if the share price of Medtech fell below the same. The Disposal of Casa Real Hotel was completed on 31 May 2005 and the Medtech Shares were issued to the Ngan Family.

Members of the Ngan Family, the plaintiff, commenced High Court Action No. 388 of 2006 (“**Action II**”) against Mrs. Chu for seeking a specific performance of the Oral Agreement made by Mrs. Chu.

In or around March 2006, Mrs. Chu filed a defence under the Action II.

As of the Latest Practicable Date, there was no trial date set for the case yet.

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Possible implications for Mr. Ngan Iek and Ms. Ngan Iek Peng and our Group

The involvements of each of Mr. Ngan Iek and Ms. Ngan Iek Peng in the Action I and the Action II are strictly in their personal capacity. Our Company is not a party to the Action I and the Action II.

On the basis that Action I was arising from a commercial dispute and does not involve any fraudulent or dishonest intent of the relevant Directors, who confirmed that they were acting honestly and in good faith in relation to the Disposal of Casa Real Hotel, the Sole Sponsor is of the view that the Action I does not affect the suitability of Mr. Ngan Iek or Ms. Ngan Iek Peng to act as our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules.

SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our business. The following table sets forth certain information concerning our senior management personnel:

Name	Age	Present Position	Principal responsibilities	Date of joining our Group
Ms. Dong Han Kun (董寒坤女士) ^(Note)	45	General manager	Managing the operation of Link Hotel and ensuring its service and product quality	May 2009
Mr. Ng Chi Wai (伍志偉先生)	30	Financial controller and company secretary of our Group	Fully in charge of our Group's overall financial accounting and reporting, corporate finance and company secretarial matters	February 2014

Note: Ms. Dong Han Kun is the spouse of Mr. Chen Changzheng, an executive Director.

Ms. Dong Han Kun (董寒坤女士) (“**Ms. Dong**”), aged 45, has joined our Group since May 2009. She is the spouse of Mr. Chen Changzheng, an executive Director. She has been the general manager of Link Hotel since May 2009 and is responsible for managing the operation of Link Hotel and ensuring its service and product quality. She is also responsible for planning and implementation of the sales and marketing plans of Link Hotel.

Ms. Dong obtained a bachelor's degree with major in science education from Beijing Normal University* (北京師範學院) (now known as Capital Normal University* (首都師範大學)) in Beijing in July 1991. Ms. Dong received the Top 100 Singapore Excellence Award from Singapore Enrich Group Pte. Ltd. for the year 2012/2013 in August 2012.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Dong's previous work experience includes the following:

Name of employment institution	Last position held	Period
Asia Pacific Hotel ^(Note 1)	Manager of sales and marketing	September 1991 to January 1997
Beijing Chongyu (New World) Property Development Ltd. Co.* (北京崇裕(新世界)房地產開發有限公司) (“ Beijing Chongyu ”) ^(Note 2)	Sales and marketing manager	February 1997 to December 1999
Waikiki Sunrise Company, Inc. ^(Note 3)	Accounting officer	May 2000 to May 2002
Beijing Firstels Hotel Management Company Limited* (北京福斯特酒店管理有限公司) ^(Note 4)	Director of sales and marketing	November 2004 to December 2006
Holiday Inn Civic Center of New Civic Company Limited ^(Note 5)	Assistant to the general manager	January 2007 to January 2009

Notes:

- Ms. Dong was responsible for achieving the hotel's budget on both hotel rooms' sales and service apartment rental during her employment with Asia Pacific Hotel.
- Ms. Dong worked in Beijing Chongyu from February 1997 until April 1997 and then in April 1997, when she was transferred to Beijing Xinglong Property Ltd. Co.* (北京興隆置業有限公司) (“**Beijing Xinglong**”), the holding company of Beijing Chongyu, working as a sales and marketing manager until December 1999. During her employment with Beijing Xinglong, she was responsible for sales and marketing. Beijing Xinglong is principally engaged in property development and sales.
- Ms. Dong was responsible for preparing accounts and assisting in budget and business planning during her employment with Waikiki Sunrise Company, Inc.
- Ms. Dong was responsible for sales and marketing during her employment with Beijing Firstels Hotel Management Company Limited.
- Ms. Dong was responsible for management of the departments of human resources, house keeping, and food and beverages during her employment with Holiday Inn Civic Center of New Civic Company Limited.

Ms. Dong did not hold any directorship in any public listed company in the last three years.

Mr. Ng Chi Wai (伍志偉先生) (“**Mr. Ng**”), aged 30, is the financial controller of our Group and was appointed as the company secretary of our Company on 24 February 2014. He is responsible for our Group's overall financial accounting and reporting, corporate finance and company secretarial matters. Mr. Ng obtained a Bachelor of Arts with a major in Accountancy from The Hong Kong Polytechnic University in December 2005. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in February 2009. From August 2005 to April 2011, Mr. Ng worked

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

at Deloitte and his last position with Deloitte was as a manager. Mr. Ng had been the finance manager of Hang Huo Macau since June 2011 and he has tendered his resignation to Hang Huo Macau with effect from 6 July 2014. He possesses a solid background of over eight years of experience in auditing, financial accounting and reporting, and corporate finance.

Mr. Ng did not hold any directorship in any public listed company in the last three years.

COMPANY SECRETARY

Mr. Ng Chi Wai (伍志偉先生), aged 30, is the financial controller of our Group and company secretary of our Company. Please refer to the sub-section headed “Senior management” for further details about him in this section above.

AUDIT COMMITTEE

An audit committee was established by our Board on 20 June 2014 with written terms of reference in compliance with Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The members of the audit committee are Mr. Wu, Mr. Thng and Mr. Yen. Mr. Wu is the chairman of the audit committee. The primary duties of the audit committee are, among other things, to make recommendation to our Board on the appointment and removal of the external auditor, to review and approve our financial statements and provide advice in respect of the financial reporting process, and to oversee the internal control procedures of our Group.

REMUNERATION COMMITTEE

A remuneration committee was established by our Board on 20 June 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The members of the remuneration committee are Mr. Yen, Mr. Ngan Iek, Datuk Siew, Mr. Thng and Mr. Wu. Mr. Yen is the chairman of the remuneration committee. The primary duties of the remuneration committee are mainly to make recommendations to our Board on the overall remuneration policy and structure relating to our Directors and senior management of our Group, to review and evaluate their performance in order to make recommendations on the remuneration package of each of our Directors and senior management personnel as well as other employee benefit arrangements.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

We established the nomination and corporate governance committee pursuant to a resolution of our Directors passed on 20 June 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The members of the nomination and corporate governance committee consists of 5 members, namely Mr. Ngan Iek, Datuk Siew, Mr. Thng, Mr. Wu and Mr. Yen. The chairman of the nomination and corporate governance committee is Mr. Ngan Iek. The primary duties of the nomination and corporate governance committee including but are not limited to: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board on a regular basis and making recommendations to our Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of, individuals nominated for directorships; (iii) making recommendations to

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of our Board and the chief executive officer of our Company; and (iv) keeping the effectiveness of the corporate governance and system of internal controls of our Group.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Remuneration packages of our Directors are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and discretionary bonuses are paid on annual basis based on our results, individual performance and other relevant factors.

Mr. Chen Changzheng in the position of Managing Director of HHI received the total emolument of approximately HK\$1.9 million (mainly comprising the basic salary of approximately HK\$1.2 million and cash bonus) and HK\$1.8 million (mainly comprising the basic salary of approximately HK\$1.1 million and cash bonus) for the year ended 31 December 2012 and 31 December 2013 respectively.

Save as disclosed above, no emoluments and benefits was paid by us to our Directors during each of the Track Record Period.

The aggregate amount of remuneration (including any fees, salaries, allowances and benefits in kind and contributions to pension scheme) which were paid by us to our five highest paid individuals for each of the Track Record Period were approximately HK\$4.9 million and HK\$5.1 million respectively.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period by us or any of our subsidiaries to our Directors and senior management.

Going forward, our remuneration committee will review and determine the remuneration and compensation of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to provide us with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to potential participants comprising of employees, Directors or independent non-executive Directors of any member of our Group. For further details of the Share Option Scheme, please see the sub-section headed "Statutory and general information — D. Share Option Scheme" in Appendix V to this prospectus.

EMPLOYEES

For the two years ended 31 December 2013, our total staff costs (excluding Directors' remuneration) of the full-time and part-time employees of the Group were approximately HK\$20.8 million and HK\$19.8 million respectively. The relationship and cooperation between our management and employees has been good and is expected to remain amicable in the future. There has not been any incidence of work stoppages or labour disputes, which adversely affected our operations.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our employees are entitled to participate in our Share Option Scheme, details of which are more fully set out in the sub-section headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser upon Listing in compliance with Rule 6A.19 of the GEM Listing Rules.

We have entered into a compliance adviser’s agreement with the compliance adviser, the material terms of which we expect to be as follows:

- (a) we have appointed the compliance adviser for the purpose of Rule 6A.19 of the GEM Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of publication of our financial results for the second full financial year after the Listing Date, unless terminated earlier in accordance with the terms of the compliance adviser’s agreement;
- (b) the compliance adviser shall provide us with such advisory services as are required to be provided by a compliance adviser pursuant to Chapter 6A of the GEM Listing Rules and advise us in the following circumstances:
 - (i) before the publication of any regulatory announcement, circular or financial report;
 - (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including but not limited to share issues and share repurchases;
 - (iii) where our Company proposes to use the proceeds of the Placing in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
 - (iv) where the Stock Exchange makes an inquiry with us regarding unusual movements in the price or trading volume of the Shares.
- (c) we may terminate the appointment of the compliance adviser if the compliance adviser’s work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to the compliance adviser as permitted by Rule 6A.26 of the GEM Listing Rules. The compliance adviser will have the right to terminate its appointment by giving not less than one month’s notice to us or if we commit a material breach of the agreement.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the sub-section headed “Business — Business strategies” in this prospectus for our Group’s business objectives and strategies.

IMPLEMENTATION PLAN

Our Group will utilise the net proceeds from the Placing to implement part of the business strategies of our Group and the implementation plans are set out below for each of the six-month periods until 31 December 2016. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the sub-section headed “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk factors” in this prospectus. Our Group’s actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all. Based on our Group’s business objective, our Directors intend to carry out the following implementation plans:

From the Latest Practicable Date to 31 December 2014

Business strategies	Use of proceeds	Implementation plan
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	HK\$30.0 million	— Planning the renovation and refurbishment of Link Hotel and commencement of renovation
Devising a master plan for the future development of the Bintan Assets	HK\$3.0 million	— Engaging professional parties to prepare the master plan for the future development of the Bintan Assets
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	HK\$2.0 million	— Setting up business development department
		— Brand promotion
		— Seeking opportunities to consult, manage or lease other hotels in Southeast Asia

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2015

Business strategies	Use of proceeds	Implementation plan
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	HK\$30.0 million	— Completion of renovation and refurbishment of Link Hotel
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	HK\$2.0 million	— Continue to seeking opportunities to consult, manage or lease other hotels in Southeast Asia — Continue to promote branding

For the six months ending 31 December 2015

Business strategies	Use of proceeds	Implementation plan
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	HK\$1.0 million	— Continue to seeking opportunities to consult, manage or lease other hotels in Southeast Asia — Continue to promote branding

For the six months ending 30 June 2016

Business strategies	Use of proceeds	Implementation plan
Devising a master plan for the future development of the Bintan Assets	HK\$8.0 million	— Finalising and commencing the Bintan Development Plan and the net proceeds will be used as initial outlay for such purpose
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	HK\$1.0 million	— Entering into one hotel management, consultancy or lease agreement

For the six months ending 31 December 2016

Business strategies	Use of proceeds	Implementation plan
Devising a master plan for the future development of the Bintan Assets	HK\$15.1 million	— Continue to implement the Bintan Development Plan

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our Group’s future plans relate;
- there will be no change in the funding requirement for each of our Group’s future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in Singapore and Indonesia;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the Placing will be completed in accordance with and as described in the section headed “Structure and conditions of the Placing” in this prospectus;
- our Group is able to maintain its customers;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed “Risk factors” in this prospectus.

REASONS FOR THE PLACING

The Placing will enhance our Group’s reputation and capital base and provide our Group with additional working capital to implement the future plans set out in the sub-section headed “Implementation plan” above.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

We estimate the net proceeds of the Placing which we will receive, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Placing and assuming no exercise of the Over-allotment Option, will be approximately HK\$97.1 million. Our Directors presently intend that the net proceeds will be applied as follows:

	From the Latest Practicable Date to 31 December 2014	For the six months ending 30 June 2015	For the six months ending 31 December 2015	For the six months ending 30 June 2016	For the six months ending 31 December 2016	Total HK\$ (million)
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>(million)</i>
1. Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	30.0	30.0	—	—	—	60.0
2. Devising a master plan for the future development of the Bintan Assets	3.0	—	—	8.0	15.1	26.1
3. Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	2.0	2.0	1.0	1.0	—	6.0

The remaining HK\$5.0 million will be used as our Group's working capital and other general corporate purpose.

In the event the Over-allotment Option is exercised in full, we will receive net proceeds of approximately HK\$114.5 million. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Over-allotment Option is exercised.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

UNDERWRITING

UNDERWRITERS

Sole Bookrunner

Guotai Junan Securities (Hong Kong) Limited

Joint Lead Managers

Guotai Junan Securities (Hong Kong) Limited
Great Roc Capital Securities Limited

Co-Managers

Ever-Long Securities Company Limited
SBI China Capital Financial Services Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is offering the Placing Shares for subscription by way of Placing, on and subject to the terms and conditions in the Underwriting Agreement and this prospectus at the Placing Price.

Subject to, among other conditions, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement being satisfied or waived, the Underwriters have severally agreed to subscribe for or procure subscribers for the Placing Shares on the terms and conditions of the Placing.

Grounds for termination

The Sole Bookrunner (for itself and on behalf of the Underwriters) may by notice in writing given to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date to terminate the Underwriting Agreement if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be Monday, 7 July 2014):

- (a) there comes to the notice of the Sole Bookrunner:
 - (i) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material aspect when given or repeated or there has been a breach of any of the obligations and provisions, representations and warranties or any other provision of the Underwriting Agreement by any party to the Underwriting Agreement other than the Sole Bookrunner and/or the Underwriters which, in any such case, is considered, in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters), to be material in the context of the Placing; or
 - (ii) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters) in the context of the Placing; or

UNDERWRITING

- (iii) any statement contained in this prospectus reasonably considered to be material by the Sole Bookrunner which is discovered to be or becomes untrue, incorrect or misleading in any respect considered in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters) to be material; or
 - (iv) any event, act or omission which gives rise or is likely to give rise to any material liability of any of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Underwriting Agreement; or
 - (v) any breach by any party to the Underwriting Agreement other than the Underwriters of any provision of this Agreement which is considered in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters) to be material; or
 - (vi) any material adverse change or a prospective material adverse change in the business, results of operation, financial or trading position, or prospects of our Group as a whole the effect of which is, in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters), so material and adverse as to make it impracticable or inadvisable to proceed with the Placing; or
- (b) if there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group, including but not limited to Hong Kong, the Cayman Islands, BVI, Singapore and Indonesia; or
 - (ii) any material adverse change (whether or not permanent) in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of such markets) including, for the avoidance of doubt, any significant adverse change in the index level or value of turnover of any such markets; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on GEM due to exceptional financial circumstances or otherwise; or
 - (iv) any material adverse change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, BVI, Singapore, Indonesia or elsewhere; or
 - (v) any material adverse change in the business or in the financial or trading position of our Group or otherwise; or

UNDERWRITING

- (vi) any material adverse change or development (whether or not permanent), or any event or series of events resulting in any material adverse change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the Cayman Islands, BVI, Singapore, Indonesia or elsewhere; or
- (vii) a general moratorium on commercial banking business activities is declared by Hong Kong, Singapore, Indonesia or elsewhere; or
- (viii) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

which in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Underwriters):

- (a) is or will be or is likely to be materially adverse to the business, financial condition or prospects of our Group taken as a whole or, in the case of sub-paragraph (iv) above, to any present or prospective shareholder in his/its capacity as shareholder of our Company; or
- (b) as or will have or is likely to have a material adverse effect on the success of the Placing as a whole or the level of the Placing Shares being demanded, applied for or accepted or the distribution of the Placing Shares; or
- (c) for any reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Placing as a whole.

For the above purposes:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or any change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and
- (ii) any market fluctuations, whether or not within the normal range therefor, may be considered as a change of market conditions referred to above.

Undertakings

Each of our Controlling Shareholders undertakes to and covenants with our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters that he/she/it shall not and shall procure that the relevant registered holders shall not (unless otherwise in compliance with the applicable requirements of the GEM Listing Rules):

- (a) at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (“**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (“**Relevant Shares**”);

UNDERWRITING

- (b) at any time during the period of six months commencing on the date immediately following the date on which the First Six-month Period expires (“**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders undertakes to and covenants with our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters that:

- (a) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Relevant Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any approval given by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the First Six-Month Period and the Second Six-Month Period, he/she/it must inform our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) immediately thereafter, disclosing the details as specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any of his/her/its interests in the Relevant Shares under sub-paragraph (a) above, he/she/it must inform our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Relevant Shares so affected.

Our Company undertakes to and covenants with the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters that, and each of our Controlling Shareholders and the executive Directors undertakes and covenants with the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters to procure that, save with the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed) and subject always to the requirements of the Stock Exchange or save pursuant to the Placing, the Capitalisation Issue, the exercise of the Over-allotment Option or the grant of option under the Share Option Scheme, our Company will not:

- (a) within the period of six months from the Listing Date, save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws, offer, allot or issue or agree to allot or issue any Shares or any other securities of our Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any Shares or any other securities of our Company;
- (b) at any time during the Second Six-Month Period, unless permitted by the GEM Listing Rules, issue any Share or securities in our Company or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise convert into or exchange for shares or securities in our Company or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such shares or securities so as to result in our Controlling Shareholders either individually or taken together with the other of them ceasing to be a

UNDERWRITING

controlling shareholder (as defined under the GEM Listing Rules) of our Company or our Company ceasing to hold a controlling interest of 30% or more in any major subsidiary (which shall have the same meaning as in Rule 17.27(2) of the GEM Listing Rules) of our Group;

- (c) during the First Six-Month Period purchase any Shares or any other securities of our Company; and
- (d) offer to or agree to do any of the foregoing or announce any intention to do so.

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange that they shall not and shall procure that the relevant registered holders shall not:

- (a) during the First Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; or
- (b) during the Second Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to sub-paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/she/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Our Controlling Shareholders have also undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (a) in the event that he/she/it pledges or charges any direct or indirect interest in the relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date on which the Second Six-Month Period expires, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in Shares under sub-paragraph (a) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

UNDERWRITING

Commission and expenses

The Underwriters will receive a commission of 5% on the aggregate Placing Price of all the Placing Shares now being offered, out of which they will pay any sub-underwriting commissions and/or selling concession. The underwriting commission, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with printing and other expense relating to the Placing are estimated to be approximately HK\$25.4 million in aggregate (assuming the Over-allotment Option is not exercised), which will be payable by our Company.

Underwriter's interests in our Company

Save for its interests and obligation under the Underwriting Agreement and save as disclosed in this prospectus, none of the Underwriters or any of their respective associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of our Group.

Compliance adviser's agreement

Under a compliance adviser's agreement dated 7 April 2014 and made between Guotai Junan Capital Limited and our Company ("**Compliance Adviser's Agreement**"), our Company appoints Guotai Junan Capital Limited and Guotai Junan Capital Limited agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, i.e. 31 December 2016, or until the Compliance Adviser's Agreement is terminated, whichever is earlier.

Sole Sponsor's interest in our Company

Guotai Junan Capital Limited, being the Sole Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save for the sponsor's fee paid and to be paid to Guotai Junan Capital Limited as the Sole Sponsor to the Placing, its obligations under the Underwriting Agreement and the Compliance Adviser's Agreement and any interests in securities that may be subscribed by it and/or its associates pursuant to the Placing, neither Guotai Junan Capital Limited nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of Guotai Junan Capital Limited who is involved in providing advice to our Company has or may, as a result of the Placing, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Guotai Junan Capital Limited has a directorship in our Company or any other company in our Group.

STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.003% SFC transaction levy make up total price payable on subscription. The Shares will be traded in board lots of 2,000 Shares each.

Subscribers, must pay on application, the Placing Price of HK\$1.75 per Placing Share plus 1.0% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$3,535.29 for one board lot of 2,000 Placing Shares.

The level of indication of interest in the Placing and the basis of allocations of the Placing Shares will be announced on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.linkholdingslimited.com** on or before Friday, 4 July 2014.

THE PLACING

Placing

The Placing comprises 70,000,000 Placing Shares conditionally offered by our Company for subscription by way of private placements to professional, institutional or other investors, representing 25% of our Company's enlarged issued share capital immediately after completion of the Placing and the Capitalisation Issue. In addition, our Company has granted the Sole Bookrunner the Over-allotment Option, exercisable by the Sole Bookrunner on or before Wednesday, 6 August 2014, being the 30th day after the Listing Date, to require our Company to allot and issue up to 10,500,000 additional new Shares, representing 15% of the Shares initially available for subscription under the Placing, on the same terms as those applicable to the Placing. The Placing is fully underwritten by the Underwriters.

Pursuant to the Placing, it is expected that the Underwriters or selling agents nominated by them, on behalf of our Company will conditionally place the Placing Shares at the Placing Price (plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.003% SFC transaction levy) with selected professional, institutional and other investors in Hong Kong. Professional, institutional and other investors generally include brokers, dealers, high net worth individuals and companies (including fund managers) whose ordinary business involves dealing and investing in shares and other securities.

Basis of allocation

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of our Company and the Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that no more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public shareholder. No allocations of the Placing Shares will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed. There will not be any preferential treatment in the allocation of the Placing Shares to any persons.

STRUCTURE AND CONDITIONS OF THE PLACING

The Placing is subject to the conditions as stated in the sub-section headed “Conditions of the Placing” in this section below.

OVER-ALLOTMENT OPTION

Pursuant to the Underwriting Agreement, our Company has granted the Sole Bookrunner a right (but not an obligation) to exercise the Over-allotment Option up to the 30th day after the Listing Date, to require our Company to issue up to an aggregate of 10,500,000 additional new Shares, representing 15% of the number of the Placing Shares initially available under the Placing. These Shares will be issued at the Placing Price for the purpose of covering over-allocations in the Placing, if any. Any election in respect of the Over-allotment Option may be exercised in whole or in part and from time to time.

If the Over-allotment Option is exercised in full, our Company will be required to issue 10,500,000 additional new Shares, representing approximately 3.6% of our Company’s total enlarged number of Shares in issue immediately following completion of the Placing, the Capitalisation Issue and the exercise of the Over-allotment Option but without taking into account any Shares which may fall to be issued upon the exercise of any option that may be granted under the Share Option Scheme.

In the event that the Over-allotment Option is exercised, an announcement will be made on the website of the Stock Exchange at **www.hkexnews.hk** our Company’s website at **www.linkholdingslimited.com**.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial offer prices of the securities. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Placing, the Sole Bookrunner, as stabilising manager, or its authorised agents, may, but is not obliged to, over-allocate Shares and/or effect any other transactions with a view to stabilising or supporting the market price of our Shares at a level higher than which might otherwise prevail in the open market, for a limited period. Such stabilising activity may include stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases, as well as exercising the Over-allotment Option. Any such stabilising activity will be effected in compliance with all applicable laws, rules and regulatory requirements in Hong Kong on stabilisation including the Securities and Futures (Price Stabilising) Rules made under the SFO. However, there is no obligation on the stabilising manager or its authorised agents to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the stabilising manager or its authorised agents and may be discontinued at any time. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 10,500,000 Shares, which is 15% of the number of Shares initially available under the Placing.

STRUCTURE AND CONDITIONS OF THE PLACING

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the stabilising manager or its authorised agents may maintain a long position in our Shares. The size of the long position, and the period for which the stabilising manager or its authorised agents will maintain the long position is at the discretion of the stabilising manager or its authorised agents and is uncertain. In the event that the stabilising manager or its authorised agents liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilising activity by the stabilising manager or its authorised agents is not permitted to support the price of our Shares for longer than the stabilising period, which begins on the day on which trading of our Shares commences on the Stock Exchange and ends on the 30th day after the Listing Date. The stabilising period is expected to end on Wednesday, 6 August 2014.

Any stabilising activity taken by the stabilising manager or its authorised agents may not necessarily result in the market price of our Shares staying at or above the Placing Price either during or after the stabilising period. Bids for or market purchases of our Shares by the stabilising manager or its authorised agents may be made at a price at or below the Placing Price and therefore at or below the price paid for our Shares by investors.

In order to facilitate the settlement of over-allocations, the stabilising manager or its authorised agents may, among other means, purchase Shares in the secondary market, enter into stock borrowing arrangements with holders of Shares, exercise the Over-allotment Option, engage in a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

The stabilising manager or its authorised agents may borrow up to 10,500,000 Shares from Vertic, equivalent to the maximum number of additional Shares to be offered upon full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The Stock Borrowing Agreement is not subject to the restrictions of Rule 13.16A of the GEM Listing Rules which restricts the disposal of Shares by controlling shareholders following a new listing, provided the following requirements in accordance with the provisions of Rule 13.16A of the GEM Listing Rules are complied with:

- (a) the Stock Borrowing Agreement will only be effected by the stabilising manager or its authorised agents for covering any short position prior to the exercise of the Over-allotment Option;
- (b) the maximum number of Shares to be borrowed from Vertic will be limited to the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed must be returned to Vertic on or before the third business day, a day that is not a Saturday, Sunday or public holiday in Hong Kong, following the earlier of (i) the last day on which the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full;
- (d) borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable GEM Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to Vertic in relation to the Stock Borrowing Agreement.

STRUCTURE AND CONDITIONS OF THE PLACING

CONDITIONS OF THE PLACING

Acceptance of your applications is conditional upon, among other things:

(a) **Listing**

the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued pursuant to the Capitalisation Issue and upon exercise of the Over-allotment Option and exercise of the options that may be granted under the Share Option Scheme; and

(b) **Underwriting Agreement**

the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Sponsor (on behalf of the Sole Bookrunner and the Underwriters) and the Underwriting Agreement not being terminated in accordance with its terms or otherwise prior to 8:00 a.m. (Hong Kong time) on the Listing Date). Details of the Underwriting Agreement, the conditions and grounds for termination, are set out in the section headed “Underwriting” in this prospectus,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by our Company at the website of the Stock Exchange at **www.hkexnews.hk** and our Company’s website at **www.linkholdingslimited.com** on the next Business Day following such lapse.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Monday, 7 July 2014. Shares will be traded in board lots of 2,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of, and permission to deal, in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

STRUCTURE AND CONDITIONS OF THE PLACING

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.



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30 June 2014

The Board of Directors
Link Holdings Limited

Guotai Junan Capital Limited

Dear Sirs,

We set out below our report on the financial information regarding Link Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), including the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2012 and 2013 (the “Relevant Periods”) and the combined statements of financial position of the Group as at 31 December 2012 and 2013 and the Company’s statement of financial position as at 31 December 2012 and 2013, together with the notes thereto (collectively the “Financial Information”), prepared on the basis of presentation and preparation set forth in notes 1 and 2.1 of Section II in this report below, for inclusion in the prospectus of the Company dated 30 June 2014 (the “Prospectus”) in connection with the proposed listing of the shares of the Company on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands on 15 May 2012 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. Pursuant to a group reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Development and Corporate Structure” in the Prospectus (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group.

As at the date of this report, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of the Section II below. The Group is principally engaged in hotel operation in the Republic of Singapore. The Company and its subsidiaries have adopted 31 December as their financial year end date. The Company has not carried out any business since the date of its incorporation, except for the aforementioned reorganisation. Details of the companies comprising the Group that are subject to statutory audit during the relevant periods and the names of the respective auditors are set out in note 1 of the Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the combined financial statements of the Group for each of the years ended 31 December, 2012 and 2013 (the “Underlying Financial Statements”) in accordance with the basis of presentation and preparation in notes 1 and 2.1 of Section II below and the accounting policies set out in note 2.3 of Section II below which conform with International Financial Reporting Standards (“IFRSs”), issued by the International Accounting Standards Board (“IASB”).

The Financial Information have been prepared by the Directors based on the Underlying Financial Statements of the Group, on the basis of presentation and preparation set out in notes 1 and 2.1 of Section II below. No statement of adjustments as defined under Rule 7.19 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) is considered necessary.

Respective responsibilities of directors and reporting accountants in respect of Financial Information

The Directors are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with the basis of presentation and preparation in notes 1 and 2.1 of Section II below, in accordance with the accounting policies in note 2.3 of Section II below, the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for the Financial Information presented in this report and the contents of the circular in which this report is included.

Our responsibility is to form an independent opinion on the Financial Information based on our procedures performed on the Financial Information and to report our opinion thereon to you.

Procedures performed in respect of the Underlying Financial Statements and the Financial Information

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis of presentation and preparation set out in notes 1 and 2.1 of Section II below and in accordance with the significant accounting policies in note 2.3 of section II below, gives a true and fair view of the state of affairs of the Company as at 31 December 2012 and 2013 and the state of affairs of the Group as at 31 December 2012 and 2013, and of the results and cash flows of the Group for the Relevant Periods.

I. FINANCIAL INFORMATION

Combined statements of comprehensive income

		Year ended 31 December	
	Notes	2012	2013
		HK\$	HK\$
Revenue	5	87,174,172	78,433,094
Cost of sales		(26,757,432)	(24,807,845)
Gross profit		60,416,740	53,625,249
Other income	6	10,103,637	6,802,161
Selling expenses		(2,933,442)	(2,924,492)
Administrative expenses		(21,801,067)	(22,379,692)
Finance costs	7	(6,571,618)	(6,549,639)
Fair value loss on derivative financial instruments	8	(4,220,398)	(554,290)
Profit before income tax expense	8	34,993,852	28,019,297
Income tax expense	10	(6,497,366)	(4,640,649)
Profit for the year		28,496,486	23,378,648
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		4,318,749	(3,641,586)
Total comprehensive income for the year		<u>32,815,235</u>	<u>19,737,062</u>

APPENDIX I**ACCOUNTANTS' REPORT****Combined statements of financial position**

		At 31 December	
	<i>Notes</i>	2012	2013
		<i>HK\$</i>	<i>HK\$</i>
Non-current assets			
Property, plant and equipment	13	100,701,779	92,964,866
Prepaid lease payments	14	88,598,714	83,928,172
Deposits for acquisition of land and buildings	15	—	64,922,184
Total non-current assets		189,300,493	241,815,222
Current assets			
Hotel inventories	16	332,051	431,209
Trade and other receivables	17	9,359,832	9,845,777
Amounts due from related companies	18	178,786,344	80,783,347
Cash and cash equivalents	19	27,101,562	56,390,284
Total current assets		215,579,789	147,450,617
Current liabilities			
Trade and other payables	20	11,418,216	11,118,055
Obligations under finance leases	21	144,027	59,940
Amount due to a related company	18	11,868	—
Interest-bearing bank borrowings	22	93,726,981	75,337,642
Provision for taxation		6,145,198	6,780,885
Derivative financial instruments	23	3,866,529	3,483,662
Total current liabilities		115,312,819	96,780,184
Net current assets		100,266,970	50,670,433
Total assets less current liabilities		289,567,463	292,485,655
Non-current liabilities			
Obligations under finance leases	21	62,104	—
Interest-bearing bank borrowing	22	187,933,068	170,024,700
Deferred tax liabilities	24	237,616	229,337
Derivative financial instruments	23	6,651,798	3,104,509
Total non-current liabilities		194,884,586	173,358,546
Net assets		94,682,877	119,127,109
Equity			
Share capital	25	9	15
Reserves	26	94,682,868	114,419,930
		94,682,877	114,419,945
Non-controlling interests		—	4,707,164
Total equity		94,682,877	119,127,109

Combined statements of changes in equity

	Attributable to ordinary equity holders of the Company				Non- controlling interests	Total equity
	Share capital	Translation reserve	Retained earnings	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2012	8	23,699	61,843,934	61,867,641	—	61,867,641
Profit for the year	—	—	28,496,486	28,496,486	—	28,496,486
Other comprehensive income - Exchange differences arising on translation of foreign operations	—	4,318,749	—	4,318,749	—	4,318,749
Total comprehensive income for the year	—	4,318,749	28,496,486	32,815,235	—	32,815,235
Share issued	1	—	—	1	—	1
At 31 December 2012 and 1 January 2013	9	4,342,448	90,340,420	94,682,877	—	94,682,877
Profit for the period	—	—	23,378,648	23,378,648	—	23,378,648
Other comprehensive income - Exchange differences arising on translation of foreign operations	—	(3,641,586)	—	(3,641,586)	—	(3,641,586)
Total comprehensive income for the year	—	(3,641,586)	23,378,648	19,737,062	—	19,737,062
Shares issued	6	—	—	6	—	6
Shares issued to non-controlling interests in a subsidiary	—	—	—	—	4,707,164	4,707,164
At 31 December 2013	15	700,862	113,719,068	114,419,945	4,707,164	119,127,109

Combined statements of cash flows

		Year ended 31 December	
	Notes	2012	2013
		HK\$	HK\$
Cash flows from operating activities			
Profit before income tax expense		34,993,852	28,019,297
Adjustments for:			
Finance cost	7	6,571,618	6,549,639
Interest income	6	(9,670,447)	(6,257,757)
Depreciation of property, plant and equipment	8	4,546,270	4,542,282
Fair value loss on derivative financial instruments	8	4,220,398	554,290
Impairment loss on trade receivables	8	25,784	—
Impairment loss on other receivables		13,708	—
Amortisation of prepaid lease payments	8	1,608,042	1,606,021
		42,309,225	35,013,772
Decrease /(increase) in inventories		8,673	(112,312)
(Increase)/decrease in trade and other receivables		(268,962)	5,648
(Decrease) in trade and other payables		(1,338,514)	(424,101)
Increase in amount due to a related company		47,172	—
Cash generated from operations		40,757,594	34,483,007
Income taxes paid		(6,805,133)	(3,778,683)
Net cash flows from operating activities		33,952,461	30,704,324
Cash flows from investing activities			
(Increase)/decrease in amount due from a related company		(17,310,225)	99,775,016
Settlement of derivative financial instruments		(4,743,565)	(4,168,893)
Deposit paid for the acquisition of land		—	(65,850,372)
Purchase of property, plant and equipment	13	(1,593,824)	(253,803)
Net cash (used in)/from investing activities		(23,647,614)	29,501,948

		Year ended 31 December	
	<i>Notes</i>	2012	2013
		<i>HK\$</i>	<i>HK\$</i>
Cash flows from financing activities			
Proceeds from issue of ordinary shares non-controlling interests in a subsidiary		—	4,707,164
Repayment of finance lease obligation		(134,046)	(140,995)
Proceeds from borrowings		15,521,100	9,300,000
Repayment of borrowings		(17,280,572)	(17,472,708)
Interest paid		<u>(6,571,618)</u>	<u>(6,549,639)</u>
Net cash used in financing activities		(8,465,136)	(10,156,178)
Net increase in cash and cash equivalents		<u>1,839,711</u>	<u>50,050,094</u>
Cash and cash equivalents at beginning of year		5,790,914	8,009,458
Effect of exchange rate changes on cash and cash equivalents		<u>378,833</u>	<u>(1,669,268)</u>
Cash and cash equivalents at end of year		<u><u>8,009,458</u></u>	<u><u>56,390,284</u></u>
Analysis of the balances of cash and cash equivalents			
Cash on hand and bank balances	19	27,101,562	56,390,284
Bank overdraft	22	<u>(19,092,104)</u>	<u>—</u>
		<u><u>8,009,458</u></u>	<u><u>56,390,284</u></u>

Statements of financial position of the Company

		At 31 December	
	Notes	2012	2013
		HK\$	HK\$
Current assets			
Prepayment		495,000	1,295,410
Cash at bank		—	9,850
Total current assets		495,000	1,305,260
Current liabilities			
Amount due to a related company		1,979,999	—
Amount due to a subsidiary		—	5,233,377
Total current liabilities		1,979,999	5,233,377
Net liabilities		<u>(1,484,999)</u>	<u>(3,928,117)</u>
Equity			
Share capital	25	1	1
Accumulated losses		(1,485,000)	(3,928,118)
Total equity		<u>(1,484,999)</u>	<u>(3,928,117)</u>

II. NOTES TO THE FINANCIAL INFORMATION**1. CORPORATE INFORMATION AND BASIS OF PRESENTATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Chapter 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-111, Cayman Islands. The Company has been registered in Hong Kong under Part XI of the then prevailing Companies Ordinance as an overseas company on 5 August 2013.

Particulars of the companies now comprising the Group have been set out in our report. The Company has not carried on any business since the date of incorporation, saved for the transactions relating to the Reorganisation.

Pursuant to a group reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Development and Corporate Structure" in the Prospectus (the "Reorganisation"), the companies now comprising the Group underwent the Reorganisation to rationalise the existing group structure for the purpose of the Company's proposed listing of its shares on the GEM of the Stock Exchange. The Reorganisation was completed on 20 June 2014.

For the purpose of this report, the Financial Information has been prepared to reflect the reorganisation of the entities under common control. The Company and its subsidiaries are ultimately controlled by Mr. Ngan Iek, Madam Ngan Iek Chan and Madam Ngan Iek Peng ("Controlling Shareholders"), beneficial shareholders of the Company, before and after the completion of the Reorganisation. For the purpose of management control, an agreement was reached among the Controlling Shareholders to act together as a single group of shareholders to manage and control the business and operations of the Group and the Controlling Shareholders make collective decisions in respect of the financial and operating policies of the Group.

Accordingly, the Financial Information and Comparative Financial Information have been prepared using the merger basis of accounting.

For the purpose of this report, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of acquisition or incorporation/establishment, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2012 and 2013 have been prepared to present the state of affairs of the Group as if the current structure had been in existence at these dates or since their respective dates of acquisition or incorporation/establishment, whichever is the shorter period.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out below:

Company name	Place and date of incorporation/ establishment	Particulars of issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Subsidiaries					
Duchess Global Limited ¹	British Virgin Islands ("BVI"), 3 April 2013	1 share of United States dollar ("US\$") 1 per share	100	—	Investment holding
Sliverine Pacific Ltd ¹	British Virgin Islands, 18 April 2005	1 share of US\$1 per share	100	—	Investment holding
Hang Huo Investment Pte. Ltd. ²	Republic of Singapore, 4 May 2004	3,000,000 shares of Singapore dollar ("SG\$") 1 per share	—	100	Hotel ownership
Link Hotels International Pte. Ltd. ²	Republic of Singapore, 21 May 2007	1,000,000 shares of SG\$1 per share	—	100	Operation of hotel services
PT. Hang Huo Investment ³	Indonesia, 27 July 2013	3,000,000 shares of US\$1 per share	—	80	Accommodation (hotel and cottage) and real estate

As at the date of this report, no statutory audited financial statements have been prepared for the Company since the date of its incorporation as the Company has not been involved in any significant business transactions other than the Reorganisation described in the section headed "History, Development and Corporate Structure" in the Prospectus.

Notes:

1. No statutory audited financial statements have been prepared for this subsidiary since the date of its incorporation as there is no statutory requirements and the subsidiary has not yet been involved in any significant business transactions.
2. The statutory financial statements for the years ended 31 December 2012 and 2013 were audited by BDO LLP, a certified public accountants registered in Singapore.
3. No statutory audited financial statements have been prepared as the subsidiary just incorporated on 27 July 2013.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared on the basis set out in note 1 and in accordance with the accounting policies set out below which comply with IFRSs issued by IASB. In addition, the Financial Information included applicable disclosures requirements of the Hong Kong Companies Ordinance and the applicable Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “Listing Rules”).

For the purpose of preparing and presenting the Financial Information, the Group has applied all the new and revised IFRSs that are effective for accounting period beginning on or after 1 January 2013 consistently throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention except for derivative financial instruments, which are stated at fair values as explained in the accounting policies set out below. Item included in the Financial Information of each of the Group's companies are measured using the currency of the primary economic environment in which the entities operates. The functional currency of the Group is Singapore dollars (“SG\$”), while the Financial Information is presented in Hong Kong dollars (“HK\$”), which the Directors considered is more beneficial to the users of the Financial Information.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early adopted the following potentially relevant new/revised IFRSs, which have been issued but are not yet effective, in preparing the Financial Information.

IFRSs (Amendments)	Annual Improvements 2010 — 2012 Cycle ²
IFRSs (Amendments)	Annual Improvements 2011 — 2013 Cycle ²
Amendments to IAS 19	Employee Benefits — Defined Benefit Plans: Employee Contributions ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to IAS 36	Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
IFRIC 21	Levies ¹
Amendments to IFRS 7 and IFRS 9 and IAS 39	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 ³
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ¹
IFRS 9	Financial instruments ³

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective date to be determined

Amendments to IAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement.

IFRS 9 — Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Amendments to IAS 36 — Impairment of assets — recoverable amount disclosure of non-financial assets

The amendments to IAS 36 result in the following key changes to the disclosures relating to the impairment of non-financial assets.

- To require the disclosure of the recoverable amount of an asset (or cash generating unit (“CGU”)) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU).
- To expand and clarify the disclosure requirements when an assets (or CGUs) recoverable amount has been determined on the basis of fair value less disposal.
- To require disclosure of the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique.

The amendments also align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use.

Other than as described above, the directors anticipated that the application of other new and revised IFRSs will have no material impact on the Group’s financial performance and positions and/or the disclosures set out in this report.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information comprises the financial statements of the Company and its subsidiaries for the Relevant Periods. As explained in note 1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition of all other subsidiaries during the Relevant Period is accounted for using the acquisition method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment (i.e. gain on bargain purchase) at the time of common control combination. The combined statements of income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or businesses first came under common control or since their respective dates of incorporation/establishment, where this is a shorter period, regardless of the date of the common control combination.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination.

Business combination and basis of consolidation

Except for the business combination under common control, which is accounted for using the merger accounting described above, the acquisition method of accounting is used for all other acquisition of subsidiaries or businesses.

Under the acquisition method, the consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and liabilities assumed are principally measured at acquisition-date fair value. For each business combination, the acquirer either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expenses as incurred.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the combined income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	60 years
Leasehold improvements	10 - 20 years
Computer equipment	5 years
Furniture, fixtures and equipment	5 - 15 years
Motor vehicles	6 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Prepaid land lease payments

Paid land lease payments represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straightline basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of income in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of income in the period in which it arises.

Financial Instruments

(i) *Financial assets*

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) *Financial liabilities*

Financial liabilities at amortised cost including trade payables, accruals, other payables and interest-bearing bank borrowings are subsequently measured at amortised costs, using the effective interest method. The related interest expense is recognised in profit or loss.

Gain or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities classified as fair value through profit or loss include the derivative financial instruments that are not designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are initially measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expenses over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, on the following bases:

Hotel room income and food and beverage income are recognised upon the provision of the services and the utilisation by guests of the hotel facilities;

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on time basis on the principal outstanding at the applicable interest rate.

Income tax expense

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it operates (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the relevant period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined statement of cash flows.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. In particular the Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reversed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives for the property, plant and equipment of the Group. The estimate is based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which would affect the related amortisation and depreciation charges included in the consolidated statements of comprehensive income.

(b) Estimate of income and deferred tax provisions

Significant judgement is required in determining the amount of provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income and deferred tax provisions in the period in which such determination were made.

(c) Provision for impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

(d) Fair value of financial instruments

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices and rates.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

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

(b) Geographical information

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

	Specified non-current assets	
	At 31 December	
	2012	2013
Republic of Singapore	189,300,493	176,893,038
Indonesia	—	64,922,184
	<u>189,300,493</u>	<u>241,815,222</u>

(c) Information about major customers

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

5. REVENUE

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

	Year ended 31 December	
	2012	2013
	HK\$	HK\$
Hotel room	73,592,541	64,056,992
Food and beverage	8,223,013	8,290,223
Rental income from hotel properties	3,719,563	3,838,984
Others (note 1)	<u>1,639,055</u>	<u>2,246,895</u>
	<u>87,174,172</u>	<u>78,433,094</u>

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

6. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Interest income (note 1)	9,670,447	6,257,757
Government grant (note 2)	115,973	200,120
Others	317,217	344,284
	<u>10,103,637</u>	<u>6,802,161</u>

Note 1: The amount represents interest income from related company.

Note 2: The government grant represents Special Employment Credit received from Singapore Government during the year. There are no unfulfilled conditions or contingencies attached to these grants.

7. FINANCE COSTS

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank borrowings		
- Wholly repayable within five years	2,899,092	3,185,452
- Not wholly repayable within five years	2,562,410	2,341,764
Bank overdraft interest	1,095,830	1,015,274
Finance leases interest	14,286	7,149
	<u>6,571,618</u>	<u>6,549,639</u>

The analysis shows the finance costs of bank borrowings, including term loans which contain the agreed scheduled repayment dates and a repayment on demand clause. For the years ended 31 December 2012 and 2013, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$1,954,625 and HK\$1,916,649 respectively.

8. PROFIT BEFORE INCOME TAX EXPENSE

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

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Staff costs (excluding directors' remuneration (note 9))		
Wages and salaries	17,427,633	16,133,584
Short-term non-monetary benefits	1,306,706	1,284,759
Contributions to defined contribution plans	<u>2,092,877</u>	<u>2,365,007</u>
	20,827,216	19,783,350
Depreciation of property, plant and equipment		
-Owned	4,410,718	4,406,898
-Held under finance leases	<u>135,552</u>	<u>135,384</u>
	<u>4,546,270</u>	<u>4,542,282</u>
Fair value loss on derivative financial instruments	4,220,398	554,290
Auditor's remuneration	202,209	223,222
Amortisation of prepaid lease payments	1,608,042	1,606,021
Impairment loss on trade receivables	25,784	—
Listing expenses	1,485,000	2,401,232
Singapore property taxes	<u>3,284,886</u>	<u>3,280,737</u>

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES**(a) Directors' remuneration**

None of directors received any fees or emoluments in respect of their services to the Group during the Relevant Periods.

(b) Five highest paid employees

The five highest individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2012 and 2013 included nil and nil directors of the Company respectively and their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 5 and 5 individuals for each of the years ended 31 December 2012 and 2013 respectively are as follows:

	Year ended 31 December	
	2012	2013
	HK\$	HK\$
Salaries, allowances and benefits in kind	4,494,377	4,709,258
Pension scheme contributions	<u>351,515</u>	<u>366,195</u>
	<u>4,845,892</u>	<u>5,075,453</u>

The number of non-directors, highest paid employees whose remuneration fell within the bands is as follows:

	Year ended 31 December	
	2012	2013
Nil to HK\$1,000,000	3	3
HK\$1,500,001 to HK\$2,000,000	<u>2</u>	<u>2</u>
	<u>5</u>	<u>5</u>

During the Relevant Periods, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the persons, who were directors, waived or agreed to waive any emoluments during the Relevant Periods.

The remuneration paid or payable to members of senior management was within the following bands:

	Year ended 31 December	
	2012	2013
Nil to HK\$1,000,000	1	1
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

10. 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 Relevant 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 major components of the income tax expense for the Relevant Periods are as follows:

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current — Singapore Corporate Income Tax		
- Tax for the year	5,935,269	4,640,649
- Under provision in respect of prior years	484,336	—
	<u>6,419,605</u>	<u>4,640,649</u>
Deferred tax (note 24)		
- Current year	77,761	—
Total income tax expense for the year	<u>6,497,366</u>	<u>4,640,649</u>

The income tax expense during the Relevant Periods can be reconciled to the Group's profit before income tax expense per the combined statement of comprehensive income as follows:

	Year ended 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Profit before income tax expense	<u>34,993,852</u>	<u>28,019,297</u>
Tax at Singapore Corporate Income Tax rate of 17%	5,948,955	4,763,280
Tax effect of expense not deductible for tax purpose	1,076,841	1,369,756
Tax effect of income not taxable for tax purpose	(88,936)	(620,407)
Effect of tax exemptions	(926,473)	(874,495)
Under provision in prior years	484,334	—
Others	2,645	2,515
Income tax expense for the year	<u>6,497,366</u>	<u>4,640,649</u>

11. DIVIDENDS

No dividends have been paid or declared by the Company since its incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on a combined basis as disclosed in note 1 above.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Buildings HK\$	Leasehold improvements HK\$	Computer equipment HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost						
At 1 January 2012	73,175,893	33,836,447	2,265,096	13,884,043	997,462	124,158,941
Additions	—	1,042,335	366,844	184,645	—	1,593,824
Exchange differences	4,317,311	2,080,168	141,052	822,877	58,849	7,420,257
At 31 December 2012	77,493,204	36,958,950	2,772,992	14,891,565	1,056,311	133,173,022
Additions	—	57,201	81,978	114,624	—	253,803
Exchange differences	(2,700,192)	(1,217,281)	(97,778)	(591,837)	(36,807)	(4,643,895)
At 31 December 2013	74,793,012	35,798,870	2,757,192	14,414,352	1,019,504	128,782,930
Accumulated depreciation						
At 1 January 2012	5,173,812	9,578,409	2,222,498	8,827,623	480,115	26,282,457
Depreciation charge for the year	1,265,969	2,343,853	47,850	708,631	179,967	4,546,270
Exchange differences	330,833	612,483	132,093	535,143	31,964	1,642,516
At 31 December 2012	6,770,614	12,534,745	2,402,441	10,071,397	692,046	32,471,243
Depreciation charge for the year	1,264,372	2,357,752	147,465	592,953	179,740	4,542,282
Exchange differences	(253,738)	(469,997)	(85,790)	(359,288)	(26,648)	(1,195,461)
At 31 December 2013	7,781,248	14,422,500	2,464,116	10,305,062	845,138	35,818,064
Net book value						
At 31 December 2012	70,722,590	24,424,205	370,551	4,820,168	364,265	100,701,779
At 31 December 2013	67,011,764	21,376,370	293,076	4,109,290	174,366	92,964,866

The net carrying amount of a motor vehicle at 31 December 2012 and 2013 includes amounts of HK\$288,744 and HK\$412,158 in respect of assets acquired under finance leases arrangement. Lease asset is pledged as security for the related finance lease liability.

The Group's buildings are located in the Republic of Singapore under long term lease.

As at 31 December 2012 and 2013, certain property, plant and equipment with net carrying amount of approximately HK\$95,146,795 and HK\$88,388,134 respectively were pledged to the bank for banking facilities granted to the Group (Note 22).

14. PREPAID LEASE PAYMENTS

The Group's interests in land use rights represented prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
At 1 January	85,211,866	88,598,714
Amortisation (note 8)	(1,608,042)	(1,606,021)
Exchange differences	<u>4,994,890</u>	<u>(3,064,521)</u>
At 31 December	<u><u>88,598,714</u></u>	<u><u>83,928,172</u></u>

The prepaid lease payments represent (i) up-front payments to Singapore Tourism Board for acquiring rights to develop and operate a budget hotel located in the Republic of Singapore; and (ii) up-front payments to Singapore Tourism Board for the lease of an airspace occupied by a bridge of the Group's buildings. Both of the rights are subject to the expiry of the government lease on 31 December 2066.

15. DEPOSITS FOR ACQUISITION OF LAND AND BUILDINGS

The amount represents down payment for the acquisition of land and buildings located in Bintan, Indonesia, which was subsequently completed and legal title of the land and buildings was obtained in June 2014.

16. HOTEL INVENTORIES

Hotel inventories comprise food and beverage and other consumables.

17. TRADE AND OTHER RECEIVABLES

	As 31 December	
	2012	2013
	HK\$	HK\$
Trade receivables	7,755,164	7,267,157
Less: Allowance for impairment loss	<u>(79,566)</u>	<u>(25,382)</u>
	7,675,598	7,241,775
Prepayments	366,606	525,625
Prepayments for listing costs	495,000	1,295,410
Deposits	663,448	638,674
Other receivables	<u>159,180</u>	<u>144,293</u>
	<u>9,359,832</u>	<u>9,845,777</u>

Trade receivables, which generally have credit terms of 30 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

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

	As 31 December	
	2012	2013
	HK\$	HK\$
Current to 30 days	4,251,966	3,518,300
31 to 60 days	1,519,705	2,307,295
61 to 90 days	935,422	705,055
Over 90 days	<u>1,048,071</u>	<u>736,507</u>
	7,755,164	7,267,157
Less: Allowance for impairment loss	<u>(79,566)</u>	<u>(25,382)</u>
	<u>7,675,598</u>	<u>7,241,775</u>

The movements in the provision for impairment of trade receivables for the Relevant Periods are as follows:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
At 1 January	50,294	79,566
Impairment loss recognised (note 8)	25,784	—
Bad debts written off	—	(51,409)
Exchange differences	3,488	(2,775)
At 31 December	<u>79,566</u>	<u>25,382</u>

Trade receivables that are individually determined to be impaired at the end of respective reporting periods relate to debtors that are significant difficulty and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Neither past due nor impaired	4,175,706	3,367,291
Within 1 month past due	1,595,965	2,300,061
1 to 3 months past due	1,268,104	863,300
3 to 12 months past due	427,704	466,180
More than 1 year past due	208,119	244,943
	<u>7,675,598</u>	<u>7,241,775</u>

Trade receivables that were neither past due nor impaired relate to a large number of diversified for whom there was no recent history of default.

Trade receivables that neither were past due nor impaired relate to a number of diversified independent customers that have a good track record within the Group. Based on past experience, the Directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. BALANCES WITH RELATED COMPANIES

	As 31 December	
	2012	2013
	HK\$	HK\$
Amounts due to related companies (note 1)		
Hang Huo Enterprise Group Limited	(27,406,754)	—
Hang Huo Energy Pte. Ltd.	(11,868)	—
	(27,418,622)	—
Amounts due from related companies		
Hang Huo Enterprise Group Limited		
- Interest bearing (note 2)	167,987,216	43,873,422
- Non-interest bearing (note 1)	37,958,978	36,909,925
	205,946,194	80,783,347
Hang Huo Timber Company Limited (note 1)	246,904	—
	206,193,098	80,783,347
	178,774,476	80,783,347

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

Note 1: The amounts due from/(to) related companies balances are non-trade in nature, unsecured, interest-free and are repayable on demand. The directors of the Company confirmed that the amount due from the related companies as at 31 December 2013 was fully repaid in April 2014.

Note 2: The amounts due from the related company are non-trade in nature, unsecured, bears interest of 3.5% per annum and is repayable on demand. The directors of the Company confirmed that the amount due from the related companies as at 31 December 2013 was fully repaid in April 2014.

Amounts due from the related companies of the Group disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	At 1 January 2012 HK\$	Maximum amount outstanding during the year HK\$	At 31 December 2012 HK\$
Amount due from related companies			
Hang Huo Enterprise Group Limited	166,543,383	205,946,194	205,946,194
Hang Huo Timber Company Limited	233,146	246,904	246,904

	At 1 January 2013 HK\$	Maximum amount outstanding during the year HK\$	At 31 December 2013 HK\$
Amounts due from related companies:			
Hang Huo Enterprise Group Limited	205,946,194	214,314,655	80,783,347
Hang Huo Timber Company Limited	246,904	246,904	—
Hang Huo Energy Pte. Ltd.	—	451,749	—
	<u> </u>	<u> </u>	<u> </u>

19. CASH AND CASH EQUIVALENTS

	As 31 December	
	2012 HK\$	2013 HK\$
Cash at bank and on hand	27,101,562	50,288,821
Non-pledged time deposit	—	6,101,463
	<u>27,101,562</u>	<u>56,390,284</u>

For the year ended 31 December 2013, the effective interest rate on non-pledged time deposits was 2.8% per annum.

As at 31 December 2012 and 2013, cash at bank and on hand are denominated in SG\$, and the non-pledged time deposit is denominated in United States Dollar.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE AND OTHER PAYABLES

	As 31 December	
	2012 HK\$	2013 HK\$
Trade payables (note 1)	2,495,480	2,562,914
Receipt in advance	457,396	442,054
Accruals and other payables	8,465,340	8,113,087
	<u>11,418,216</u>	<u>11,118,055</u>

Note 1: The Group normally obtains credit terms of up to 30 days from its suppliers. Trade payables are interest-free.

The aged analysis of trade payables as at the end of the respective reporting periods, based on the invoice dates, is as follows:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current to 30 days	1,899,122	1,407,898
31 - 60 days	448,947	934,372
61 - 90 days	3,104	104,909
Over 90 days	144,307	115,735
	<u>2,495,480</u>	<u>2,562,914</u>

21. OBLIGATIONS UNDER FINANCE LEASES

The Group leases a motor vehicle under finance lease arrangements. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments	Interest	Present value
	2012	2012	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Not later than one year	151,331	7,304	144,027
Later than one year and not later than five years	62,910	806	62,104
	<u>214,241</u>	<u>8,110</u>	<u>206,131</u>

	Minimum lease payments	Interest	Present value
	2013	2013	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Not later than one year	60,719	779	59,940
Later than one year and not later than five years	—	—	—
	<u>60,719</u>	<u>779</u>	<u>59,940</u>

The present value of future lease payments are analysed as:

	At 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current liabilities	144,027	59,940
Non-current liabilities	62,104	—
	<u>206,131</u>	<u>59,940</u>

The finance lease term is 5 years. The effective interest rate charged is 5.19% per annum. Interest rate of 2.75% per annum is fixed at contract date, and thus exposes the Group to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessor in the event of default by the Group. At the end of the respective reporting periods, the fair value of the Group's finance lease obligation approximate their carrying amounts.

22. INTEREST-BEARING BANK BORROWINGS

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Current		
Secured		
- bank overdraft	19,092,104	—
- bank borrowings due for repayment within one year	17,629,777	20,318,842
- bank borrowings due for repayment which contain a repayment on demand clause	57,005,100	55,018,800
	<u>93,726,981</u>	<u>75,337,642</u>
Non-current		
Secured		
- bank loans due for repayment after one year	187,933,068	170,024,700
	<u>281,660,049</u>	<u>245,362,342</u>

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

The Group's banking facilities and its interest-bearing bank borrowings are secured by:

- The pledge of certain property, plant and equipment of the Group with net carrying amount of approximately HK\$95,146,795 and HK\$88,388,134 as at 31 December 2012 and 2013 (Note 13);
- Joint and several guarantees by the shareholders of the Group's related company;
- A fixed and floating charge on all of the Group's assets and undertakings;
- Corporate guarantee from the Company's subsidiary; and
- A charge over an operating account of the Company's subsidiary.

The directors of the Company confirmed that the joint and several guarantees by the shareholder of the Group's related company will be released before listing, and as at 30 April 2014 the Group has an unutilised banking facilities amounted to S\$2,918,000.

As at 31 December 2012 and 2013, the current liabilities include interest-bearing bank borrowings of approximately HK\$57,005,100 and HK\$55,018,800 that are not scheduled to repay within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time as its own discretion.

At the end of each reporting period, total current and non-current bank borrowings were scheduled to repay as follows:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
On demand or within one year	93,726,981	75,337,642
More than one year, but not exceeding two years	17,629,777	86,378,905
More than two years, but not exceeding five years	108,491,473	34,070,086
After five years	61,811,818	49,575,709
	<u>281,660,049</u>	<u>245,362,342</u>

Note: The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of repayment on demand clause.

Certain of the banking facilities are subject to the fulfilment of covenants relating to the aggregate market value of the Group's properties, which are to maintain the outstanding balances of interest-bearing bank borrowings at the end of respective reporting periods are less than a specific ratio. If the Group breaches the covenants, the drawn down facilities shall become repayable on demand.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 30. As at 31 December 2012 and 2013, none of the covenants relating to drawn down facilities had been breached.

23. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	Contracted fixed interest rate	Fair value at 31 December 2012 HK\$	Fair value at 31 December 2013 HK\$	Maturity date
Swap #1	2.63%	2,787,750	1,766,898	14 March 2016
Swap #2	2.63%	4,109,405	2,604,590	14 March 2016
Swap #3	2.01%	<u>3,621,172</u>	<u>2,216,683</u>	7 September 2015
Total		<u>10,518,327</u>	<u>6,588,171</u>	
Less Current portion		<u>(3,866,529)</u>	<u>(3,483,662)</u>	
Non-current portion		<u><u>6,651,798</u></u>	<u><u>3,104,509</u></u>	

As at 31 December 2012 and 2013, the notional amount of the outstanding interest rate swap contracts were SG\$32.5 million and SG\$29.9 million respectively.

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

The sensitivity analysis on the potential loss resulting from fluctuation of the underlying interest rates is set out in Note 30.

The below table reconciled the amount of the derivative financial instruments during the Relevant Periods:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Balance as at 1 January	10,436,327	10,518,327
Fair value loss on derivative financial instruments during the year	4,220,398	554,290
Settlement during the year	(4,743,565)	(4,168,893)
Exchange differences	<u>605,167</u>	<u>(315,553)</u>
Balance as at 31 December	<u>10,518,327</u>	<u>6,588,171</u>

24. DEFERRED TAXATION LIABILITIES

The major deferred tax liabilities recognised by the Group, and movements thereon during the Relevant Periods are as follows:

	Accelerated tax depreciation	Total
	<i>HK\$</i>	<i>HK\$</i>
At 1 January 2012	149,466	149,466
Charged to profit or loss during the year (note 10)	77,761	77,761
Exchange differences	<u>10,389</u>	<u>10,389</u>
At 31 December 2012	237,616	237,616
Exchange differences	<u>(8,279)</u>	<u>(8,279)</u>
At 31 December 2013	<u>229,337</u>	<u>229,337</u>

25. SHARE CAPITAL

Group

The Reorganisation was completed on 20 June 2014, hence, share capital as at 31 December 2012 and 2013 represents the combined share capital of the companies comprising the Group. After 20 June 2014, share capital represents the Company's issued share capital after elimination of the Company's investments in subsidiaries.

Company

The Company was incorporated in the Cayman Islands on 15 May 2012, with a share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. 1 ordinary share of HK\$0.01 was issued for both dates as at 31 December 2012 and 2013.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity.

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. Movements in this account are set out in the combined statements of changes in equity.

27. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in this Financial Information, the Group had the following material transactions with related party during the Relevant Periods:

Names of related party	Nature of transaction	Year ended 31 December	
		2012	2013
		HK\$	HK\$
Hang Huo Enterprise Group Limited			
Ultimate holding company	Interest income (a)	<u>9,670,447</u>	<u>6,257,757</u>

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

- (ii) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 9 to the Financial Information is as follows:

	Year ended 31 December	
	2012	2013
	HK\$	HK\$
Salaries, allowances and benefits in kind	1,430,425	1,507,986
Pension scheme contributions	<u>74,501</u>	<u>74,407</u>
	<u>1,504,926</u>	<u>1,582,393</u>

- (iii) As at 31 December 2012 and 2013, the banking facilities and interest-bearing bank borrowings of the Group were supported by personal guarantees executed by directors and corporate guarantee by the Company's subsidiary.

- (iv) Details of the Group's balances with related parties are disclosed in note 18 to the Financial Information.

The Group has not made any provision on impairment for bad or doubtful debts in respect of related parties debtors, nor has any guarantee been given or received during the Relevant Periods regarding related party balances.

28. OPERATING LEASE ARRANGEMENTS

As lessee

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

	As 31 December	
	2012	2013
	HK\$	HK\$
Within one year	—	645,120
In the second to fifth years inclusive	—	376,320
	<u>—</u>	<u>376,320</u>
	<u>—</u>	<u>1,021,440</u>

For the years ended 31 December 2012 and 2013, the minimum leases payments recognised by the Group are HK\$ nil and HK\$53,760 respectively.

As lessor

The Group leases certain retail space and areas of its hotel properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 2 years. The terms of leases generally also require the tenants to pay security deposits and, in certain cases, provide for periodic rent adjustments according to the terms under the leases.

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

	As 31 December	
	2012	2013
	HK\$	HK\$
Within one year	3,831,577	2,540,862
In the second to fifth years inclusive	1,142,049	167,215
	<u>4,973,626</u>	<u>2,708,077</u>

29. CAPITAL COMMITMENTS

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

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Contracted, but not provided for, in respect of acquisition of Property, plant and equipment	92,439	—
Land and buildings	—	78,738,016
	<u> </u>	<u> </u>

Note: The acquisition of land and buildings located in Bintan, Indonesia was subsequently completed and legal title of the land and buildings was obtained in June 2014.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting periods are as follows:

(a) Categories of financial instruments

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Financial assets		
Loan and receivables:		
Trade receivables	7,675,598	7,241,775
Deposits and other receivable	822,628	782,967
Amounts due from related companies	178,786,344	80,783,347
Cash and cash equivalents	27,101,562	56,390,284
	<u>214,386,132</u>	<u>145,198,373</u>
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	<u>10,518,327</u>	<u>6,588,171</u>
Financial liabilities measured at amortised cost:		
Trade payables	2,495,480	2,562,914
Accruals and other payables	8,465,340	8,113,087
Amount due to a related company	11,868	—
Interest-bearing bank borrowings, secured	281,660,049	245,362,342
Obligation under finance lease	<u>206,131</u>	<u>59,940</u>
	<u>292,838,868</u>	<u>256,098,283</u>

(b) Financial risk management and fair value

The Group's principal financial instruments comprise trade and other receivables, cash and cash equivalents, trade payables and other payables and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as balances with related parties, derivative financial instruments and obligation under finance lease.

It is, and has been, through the Relevant Periods, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

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

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related companies and cash and cash equivalents. There was no history of default for amounts due from related parties, other receivables and the bank deposits are placed in the banks with high credit-ratings.

In respect of trade receivables, the Group trades only with recognised and credit worthy customers and the receivable balances are monitored on an ongoing basis and on an individual basis. The Group did not have a significant degree of concentration of credit risk on trade receivables. As at 31 December 2012 and 2013, the trade receivables from the five largest debtors represented 25% and 23% of the total trade receivables respectively, while the largest debtor represented 8% and 7% of the total trade receivables respectively. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing bank borrowings from financial institutions. The Group's policy is to maintain an efficient and optimum cost structure using a combination of fixed and variable rate debts and short and long term borrowings. The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from the financial institutions to ensure that the most favourable rates are made available to the Group.

The following table demonstrates the sensitivity analysis of the interest-bearing bank borrowings at the end of reporting period if there was 1% change in interest rates, with all other variables held constant, of the Group's profit after income tax:

	31 December 2012		31 December 2013	
	HK\$	HK\$	HK\$	HK\$
	+1%	-1%	+1%	-1%
Increase/(decrease) in profit after tax for the years	<u>760,972</u>	<u>(760,972)</u>	<u>550,188</u>	<u>(550,188)</u>

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each of the Relevant Periods of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Company can be required to pay.

31 December 2012	Carrying amount <i>HK\$</i>	Total contractual undiscounted cash flow <i>HK\$</i>	Within 1 year or on demand <i>HK\$</i>	More than 1 year but less than 5 years <i>HK\$</i>	More than 5 years <i>HK\$</i>
Trade payables	2,495,480	2,495,480	2,495,480	—	—
Accruals and other payables	8,465,340	8,465,340	8,465,340	—	—
Obligation under finance lease	206,131	214,241	151,331	62,910	—
Derivative financial liabilities	10,518,327	11,710,310	4,223,873	7,486,437	—
Amount due to related company	11,868	11,868	11,868	—	—
Bank overdraft	19,092,104	19,092,104	19,092,104	—	—
Interest-bearing bank borrowings subject to a repayment on demand clause	57,005,100	57,005,100	57,005,100	—	—
Other interest-bearing bank borrowings	<u>205,562,845</u>	<u>223,654,580</u>	<u>21,964,255</u>	<u>135,984,387</u>	<u>65,705,938</u>
Total	303,357,195	322,649,023	113,409,351	143,533,734	65,705,938

31 December 2013	Carrying amount <i>HK\$</i>	Total contractual undiscounted cash flow <i>HK\$</i>	Within 1 year or on demand <i>HK\$</i>	More than 1 year but less than 5 years <i>HK\$</i>	More than 5 years <i>HK\$</i>
Trade payables	2,562,914	2,562,914	2,562,914	—	—
Accruals and other payables	8,113,087	8,113,087	8,113,087	—	—
Obligation under finance lease	59,940	60,719	60,719	—	—
Derivative financial liabilities	6,588,171	7,396,435	4,011,863	3,384,572	—
Interest-bearing bank borrowings subject to a repayment on demand clause	55,018,800	55,018,800	55,018,800	—	—
Other interest-bearing bank borrowings	190,343,542	205,045,449	24,645,341	128,043,413	52,356,695
Total	<u>262,686,454</u>	<u>278,197,404</u>	<u>94,412,724</u>	<u>131,427,985</u>	<u>52,356,695</u>

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the above analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

At the end of each of the Relevant Periods, the Group did not have any bank borrowings, which has an agreed repayment schedule set out in the loan agreements, that has a repayment on demand clause.

Fair values

The fair value of derivative financial instruments as disclosed in note 23 is based on valuation reports prepared by AVISTA Valuation Advisory Limited. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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

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

The Group's derivative financial instruments in the combined statements of financial position of is approximately HK\$10,518,327 and HK\$6,588,171 as at 31 December 2012 and 2013 respectively are grouped into level 2 of the fair value hierarchy.

During the Relevant Periods, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose net debt is defined as borrowing less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's net debt to equity ratio at the reporting date was:

	As 31 December	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
Obligations under finance leases	206,131	59,940
Amount due to a related company	11,868	—
Interest-bearing bank borrowings	281,660,049	245,362,342
Less: Cash and cash equivalents	(27,101,562)	(56,390,284)
Net debts	<u>254,776,486</u>	<u>189,031,998</u>
Total equity	<u>94,682,877</u>	<u>119,127,109</u>
Net debt to equity ratio	269%	159%

31. EVENTS AFTER THE REPORTING PERIOD

The Reorganisation was completed on 20 June 2014.

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

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2013.

Yours faithfully,
BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number
P01220
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

REPORT ON PRO FORMA FINANCIAL INFORMATION

For illustrative purpose, the unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules is set out here to provide prospective investors with further information about how the financial information of our Group might be affected by the Placing as if the Placing had taken place on 31 December 2013. The statement has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our Group's financial position as at 31 December 2013 or as at any future date.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of our Group is based on the audited combined net assets of our Group as at 31 December 2013, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted for the pro forma adjustments as described in the accompany notes:

	Unadjusted audited combined net tangible assets of our Group attributable to equity holders of our Company as at 31 December 2013	Net adjustment to the net tangible assets as at 31 December 2013	Unaudited pro forma adjusted net tangible assets as at 31 December 2013	Unaudited pro forma adjusted net tangible assets per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Based on the Placing Price of HK\$1.75 per Share	<u>114,420</u>	<u>100,947</u>	<u>215,367</u>	<u>0.77</u>

Notes:

1. The unadjusted audited combined net tangible assets attributable to the equity holders of our Company as at 31 December 2013 is derived from the combined net assets attributable to the equity holders of our Company as at 31 December 2013 as set out in Appendix I to this prospectus.
2. The net adjustment which represents the estimated net proceeds from the Placing are based on the indicative Placing Price of HK\$1.75 per Placing Share, assuming no exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and no Shares allotted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate, after deduction of underwriting fees and other listing expenses incurred by our Company in connection with the Placing.
3. The unaudited pro forma adjusted net tangible assets per Share is calculated based on 280,000,000 Shares in issue assuming (i) the Placing and the Capitalisation Issue had been completed on 31 December 2013 and (ii) no exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and no Shares allotted and issued or repurchased by our Company pursuant to the general mandate and the Repurchase Mandate). The unaudited pro forma adjusted net tangible asset value per Share has not taken into account the dividend declared by our Group on 3 April 2014 of approximately HK\$58.6 million to Taurine, being the then sole shareholder of Silverine Pacific.

(B) REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



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30 June 2014

The Board of Directors
Link Holdings Limited

Guotai Junan Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Link Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangibles assets as at 31 December 2013 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on page II-1 of Appendix II to the prospectus dated 30 June 2014 (the “Prospectus”), in connection with the proposed placing of the shares of the Company (the “Placing”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in page II-1 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Placing on the Group’s financial position as at 31 December 2013 as if the Placing had taken place at 31 December 2013. As part of this process, information about the Group’s financial position as at 31 December 2013 has been extracted by the Directors from the Group’s historical financial statements included in the Accountants’ Report as set out in Appendix I to the Prospectus.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guidance 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“AG7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed Placing at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully

BDO Limited

Certified Public Accountants

Lee Ka Leung, Daniel

Practising Certificate Number

P01220

Hong Kong

The following is the text of the letter, Summary of Values and Valuation Certificates prepared for the purpose of incorporation in this prospectus received from Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuations as at 31 March 2014 of the property interests of our Company.



Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong



The Board of Directors

Link Holdings Limited
Room 3406A, 34/F
China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

30 June 2014

Dear Sirs,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

We refer to your instructions for us to assess the market values of the properties (more particularly set out in the section entitled “Summary of Values” in the following pages and hereinafter referred to as “Property” or “Properties” as the case may be) in which Link Holdings Limited (referred to as the “Company”) and/or its subsidiaries (together referred to as the “Group”) have interests in the Republic of Singapore (“Singapore”), the Republic of Indonesia (“Indonesia”) and Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 March 2014 (the “Valuation Date”).

BASIS OF VALUATION

Our valuations have been undertaken on the basis of Market Value, which is defined by the International Valuation Standards (IVSs) as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

PROPERTY CATEGORISATION

The Properties held by the Group are categorised as follows:

Group I — Property held and operated by the Group as hotel property in Singapore

Group II — Property held by the Group for investment in Indonesia

Group III — Property rented by the Group for office use in Hong Kong

VALUATION METHODOLOGY

In valuing the Property in Group I and undeveloped land of Group II, we have valued the Properties with reference to the sales evidence as available in the market, where appropriate, by reference to the tenancy schedules provided to us.

For the purpose of the valuations, we have considered that the Direct Comparison Approach is a reasonable and appropriate valuation methodology to be adopted for assessing the Market Value of the Properties. This approach estimates the values of the Properties by comparing recent sales of similar property in proximity. By analysing sales comparables that qualify as “arm’s-length” transactions, between willing buyers and sellers, adjustments can be made for time, location, tenure, size, building age, building conditions and other relevant factors when comparing such sales against the Properties. This approach is commonly used to value standard properties in metro cities when reliable sales evidence is available.

For the resort portion of Group II and cross-checking purposes of Group I, we have used the Income Capitalisation Approach by reference to income of the Properties and comparable rental evidence as available in the relevant market. Income Capitalisation Approach is a valuation method commonly applied to investment properties.

For Property in Group III, which are rented and occupied by the Group in Hong Kong, they are considered as having no commercial value either because of its non-assignability in the market or because there are prohibitions against sub-letting and/or assignment contained in the relevant tenancy agreement or the lack of substantial profit rent.

VALUATION STANDARDS

The valuations have been carried out in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation — Professional Standards (January 2014) incorporating the International Valuation Standards published by the Royal Institution of Chartered Surveyors, the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and the International Valuation Standards published by the International Valuation Standards Council.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests situated in Singapore and Indonesia. However, we have not scrutinised the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

For Group II properties, we have also relied upon the legal opinion provided by the Group's Indonesian legal adviser, namely Ery Yunasri & Partners, to the Group on the relevant laws and regulations in the Indonesia, on the nature of land use rights or ownership interests in the respective properties.

No legal opinions are required for the Groups I and III properties, which are located in developed property markets.

All legal documents disclosed in this letter and valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

SOURCES OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information provided by the Group and its legal adviser, Ery Yunasri & Partners, in respect of the title to the properties in Indonesia. We have also accepted advice given to us on such matters as tenancy schedules, statutory notices, easements, tenure, site / floor areas, building plans and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuations are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations.

SITE MEASUREMENT

We have not carried out detailed on-site measurements to verify the correctness of the site / floor areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Properties. The site inspection of the Singapore Property was carried out on 18 December 2013 by Mr. Kelvin Ng, who is a member of Singapore Institute of Surveyors and Valuers and has over 25 years of experience in Singapore property valuations, while the site inspection for the Indonesia Property was carried out between 20-23 November 2013 by Mr. Ir. Enry Kastono, Mr. Kushandoko Meimawardi, SP and Mr. Antoni Kusuma, ST, who are qualified surveyors (accredited members of the Indonesian Society of

Appraisers (MAPPI) Nos. 02-T-02921, 97-T-01031 and 12-A-03519) and have over 25 years, 15 years and 3 years of experience respectively in Indonesia property valuations. The site inspection of the Hong Kong leased property was carried out on 31 December 2013 by Ms. Elaine Ng, who is a member of Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors and has over 9 years of experience in Hong Kong property valuations.

However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuations have been prepared on the assumption that these aspects are satisfactory.

Moreover, no structural surveys have been undertaken, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the Group sells the Properties on the open market without the benefit of deferred terms, contracts, leasebacks, joint ventures, or any similar arrangements which would affect their values although they are subject to the existing tenancy agreements.

No allowances have been made in our valuation for any charges, mortgages or amounts owing neither on the Properties nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

This report and our valuations are for the use of the Company and the report is for the use only of the parties to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of these valuations.

We have made the following assumptions:

- All information on the Properties provided by the Group is correct.
- Proper and enforceable ownership titles and relevant planning approvals of the Properties have been obtained, all payable land premiums, land use rights fees and other relevant fees have been fully settled and the Properties can be freely transferred, sub-let, mortgaged or otherwise disposed of.
- We have been provided with the tenancy schedules and abstract of the tenancy agreement by the Group. We have not examined the lease documents for each specific tenancy and our assessment is based on the assumption that all leases are executed and are in accordance with the provisions stated in the tenancy schedules provided to us. Moreover, we assume that the tenancies are valid, binding and enforceable.

- Unless otherwise stated, we have not carried out any valuation on a redevelopment basis, nor the study of possible alternative options.
- No acquisition costs or disposal costs have been taken into account in the valuations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollars, Indonesia Rupiah or Hong Kong Dollars.

Our Summary of Values and Valuation Certificates are attached hereto.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Limited

David Faulkner
BSc (Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
Valuation & Advisory Services — Asia

Stella Seow
BSc MSISV MRICS
Senior Director
Valuation & Advisory Services

Gregory Tam
BSc(Hons) MRICS MHKIS RPS(GP)
Director
Valuation & Advisory Services

Ir. Hendra Gunawan
M.Sc MAPPI (Cert.)
Managing Partner
Valuation & Advisory Services

Note:

David Faulkner is a Chartered Surveyor and has over 30 years' experience in the valuation of properties of this magnitude and nature, and over 29 years' experience in Hong Kong and Asia region.

Gregory Tam is a Chartered Surveyor and has over 16 years' experience in the valuation of properties of this magnitude and nature in Hong Kong and Asia region.

Stella Seow is a Chartered Surveyor and has over 20 years' experience in the valuation of properties of this magnitude and nature in Singapore.

Ir. Hendra Gunawan is a Chartered Surveyor and has over 31 years' experience in the valuation of properties of this magnitude and nature in Indonesia.

SUMMARY OF VALUES

Group I — Property held and operated by the Group as hotel property in Singapore

No. Property	Capital Value in existing state as at 31 March 2014	Interests attributable to the Group	Capital Value attributable to the Group as at 31 March 2014
1. Link Hotel located at Nos. 50 and 51 Tiong Bahru Road, Singapore 168733 & 168734	SGD136,000,000	100%	SGD136,000,000
Group I Total:	<u>SGD136,000,000</u>	<u>100%</u>	<u>SGD136,000,000</u>

Group II — Property held by the Group for investment in Indonesia

No. Property	Capital Value in existing state as at 31 March 2014	Interests attributable to the Group	Capital Value attributable to the Group as at 31 March 2014
2. Assets located at Malang Rapat, Gunung Kijang, Bintan, Riau Island Indonesia	IDR215,900,000,000	80%	IDR172,720,000,000
Group II Total:	<u>IDR215,900,000,000</u>	<u>80%</u>	<u>IDR172,720,000,000</u>

Group III — Property rented by the Group for office use in Hong Kong

No. Property	Capital Value in existing state as at 31 March 2014	Interests attributable to the Group	Capital Value attributable to the Group as at 31 March 2014
3. Room 3406A on the 34th Floor of China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong	No Commercial Value	100%	No Commercial Value
Group III Total:	<u>No Commercial Value</u>	<u>100%</u>	<u>No Commercial Value</u>

VALUATION CERTIFICATE

Group I — Property held and operated by the Group as hotel property in Singapore

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2014																		
1.	Link Hotel located at Nos. 50 and 51 Tiong Bahru Road, Singapore 168733 & 168734	<p>The Property comprises two blocks of 4-storey hotels erected on two land parcels (MK 1 Lot 3376N and MK 1 Lot 3379C) with a total site area of approximately 8,360 sq.m. (or about 89,987 sq.ft.) linked with a “link bridge” on an air space (MK1 Lot 70001W) with an air space area of about 134.4 sq.m. (or about 1,446.68 sq.ft.).</p> <p>The buildings were built in the 1950s and were refurbished and converted from Singapore Improvement Trust (SIT) flats to two blocks of boutique-style budget hotel providing 288 guest rooms. The temporary occupation permits in respect of the Property were issued in 2007, followed by the certificates of statutory completion in 2009 and 2010.</p> <p>The Property has a total gross floor area of approximately 10,195.93 sq.m. (or about 109,749 sq.ft.) including the link bridge.</p> <p>The hotel blocks are connected with an air-conditioned link bridge connecting the two blocks on the 3rd storey. The functional breakdowns are shown below:</p> <p>Block No. 50:</p> <table><tr><th>Level</th><th>Uses</th></tr><tr><td>1</td><td>Retail, reception lobby, ancillary office, utilities room and driveway with drop-off point</td></tr><tr><td>2</td><td>Guest rooms, lift lobby, ancillary office and staff toilet</td></tr><tr><td>3</td><td>Guest rooms, lift lobby, ancillary office and staff toilet</td></tr><tr><td>4</td><td>Guest rooms, lift lobby, function room, ancillary office and staff toilet</td></tr><tr><td>Roof</td><td>A multi-purpose room with refreshment area, roof garden and toilets</td></tr></table> <p>Block No. 51:</p> <table><tr><th>Level</th><th>Uses</th></tr><tr><td>1</td><td>Reception lobby, gymnasium, 18 SOHO suites, utilities room and driveway with drop-off point</td></tr><tr><td>2-4</td><td>Guest rooms, lift lobby and staff toilet</td></tr></table> <p>The land use rights of the two buildings have been granted for 100 years less 1 day commencing on 1 January 1967 for budget hotel development purposes, while the air space covered by the link bridge has been granted for 59 years 8 months 28 days less 1 day commencing on 4 April 2007 for link bridge purposes only. No annual rent is payable for the subject land parcels.</p>	Level	Uses	1	Retail, reception lobby, ancillary office, utilities room and driveway with drop-off point	2	Guest rooms, lift lobby, ancillary office and staff toilet	3	Guest rooms, lift lobby, ancillary office and staff toilet	4	Guest rooms, lift lobby, function room, ancillary office and staff toilet	Roof	A multi-purpose room with refreshment area, roof garden and toilets	Level	Uses	1	Reception lobby, gymnasium, 18 SOHO suites, utilities room and driveway with drop-off point	2-4	Guest rooms, lift lobby and staff toilet	<p>The Property was occupied as hotel with its ancillary facilities as at the Valuation Date. As advised, portions of the Property were rented out for 2 restaurants, a spa, a beauty salon and a convenience store at an aggregated monthly rent of S\$55,381.73.</p>	<p>SGD136,000,000</p> <p>(100% attributable to the Group: SGD136,000,000)</p>
Level	Uses																					
1	Retail, reception lobby, ancillary office, utilities room and driveway with drop-off point																					
2	Guest rooms, lift lobby, ancillary office and staff toilet																					
3	Guest rooms, lift lobby, ancillary office and staff toilet																					
4	Guest rooms, lift lobby, function room, ancillary office and staff toilet																					
Roof	A multi-purpose room with refreshment area, roof garden and toilets																					
Level	Uses																					
1	Reception lobby, gymnasium, 18 SOHO suites, utilities room and driveway with drop-off point																					
2-4	Guest rooms, lift lobby and staff toilet																					

Notes:

1. The registered owner of the Property is Hang Huo Investment Pte. Ltd. (formerly known as “Hang Huo Hotel Management (Singapore) Pte. Ltd.”), a wholly-owned subsidiary of the Group.
2. According to the Urban Redevelopment Authority (URA) Master Plan (2008), the Property lies within an area zoned for hotel use. Pursuant to the lease agreement dated 14 September 2005 entered into between Hang Huo Investment Pte. Ltd. (the “Lessee”) and Singapore Tourism Board (the “Lessor”), the Property is permitted to be occupied for operating a budget hotel having a gross floor area (“GFA”) not exceeding 10,196.16 sq.m. based on a gross plot ratio of 1.2196.
3. The Property is subject to a mortgage in favour of DBS Bank Limited registered on 29 August 2008, registered vide Memorial No. IB/159581Q.
4. In our valuation, we have assumed an average unit rate of about S\$472,000 per room. The market comparables that we considered are tabulated below:

Property	Date of Sale	Price	No. of Rooms	Price per room (approx.)	Year of Completion
Hotel 1929, 50 Keong Saik Road	Aug 2013	S\$35,000,000	32	S\$1,090,000	1970s
Berjaya Hotel, 80 - 87 Duxton Road	May 2013	S\$50,000,000	49	S\$1,020,000	1970s
Moon Hotel, 23 Dickson Road	May 2013	S\$37,000,000	80	S\$463,000	about 2009

Hotel 1929 is a boutique hotel with 32 rooms with a restaurant on ground floor built in the 1970s and refurbished in the 2000s and situated on a freehold land with a site area of about 305 sq.m. It is situated on Keong Saik Road where pedestrian flow is fairly good being within Chinatown district. In terms of scale, it is smaller but it is located closer to the downtown area with better accessibility and it has a better exterior and interior decorations when comparing to the subject property.

Berjaya Hotel is a 4-star boutique hotel, which comprises eight adjoining conservation shophouses, which accommodate 49 hotel rooms, an office and a restaurant. The building, completed in the 1970s and refurbished in the 2000s, is three storeys high with a loft, sitting on a land with a site area of about 929 sq.m. with a balance lease tenure of about 74 years. It is situated close to the financial district, Chinatown and the Club Street dining area with better accessibility and public utilities.

Moon Hotel is a 4-storey boutique hotel with 80 rooms, offering limo/town car service and business services built in around 2009, erected on a land parcel with a site area of about 376.3 sq.m. with a lease tenure of 999 years. It is situated in Little India neighbourhood where there is a high concentration of small hotels which cater to mainland individual travellers.

When compared with the comparable properties, the Property is of larger scale with average facilities and amenities. It was built in about 1950s as public housing and was redeveloped into a boutique-style budget hotel in about 2007. All the comparable properties are located nearby downtown area with relatively good accessibility. In arriving at our valuation, we have considered the above comparable properties for reference and accounted for the differences between them and the Property regarding time, location, size, age, conditions and other relevant factors when comparing such sales against the Property.

5. No legal opinion is required for the Property, which is located in a developed property market. We have relied to a considerable extent on the information provided by the Group. We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view.

VALUATION CERTIFICATE

Group II — Property held by the Group for investment in Indonesia

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2014																																								
2.	Assets located at Malang Rapat, Gunung Kijang, Bintan, Riau Island Indonesia	<p>The Property comprises 62 parcels of land (“Bintan Land”) and constructions, erections, buildings, structures, facilities or improvements situated thereon, which were completed between 2003 and 2005.</p> <p>The constructions, erections, buildings, structures, facilities and improvements of the Property “Bintan Buildings” are erected on 34 parcels of land with a total site area of 43,226 sq.m. (or about 465,285 sq.ft.), within which the covered area (consisting of 8 land parcels) is about 17,903 sq.m. (or about 1.7903 ha).</p> <p>As advised by the Group, the Property also includes 28 undeveloped vacant parcels of land (raw land), having a total site area of 382,271 sq.m. (or about 38.2271 ha).</p> <p>The Property has a total GFA of approximately 5,781.28 sq.m. (or about 62,229.70 sq.ft.). The area breakdowns are as follows:</p> <table><tr><th>Buildings Nature</th><th>GFA</th></tr><tr><td>Resort</td><td>637.50 m²</td></tr><tr><td>Hotel</td><td>436.50 m²</td></tr><tr><td>Permanent Hotel</td><td>1,686.74 m²</td></tr><tr><td>Staff Dormitory</td><td>1,692.00 m²</td></tr><tr><td>Club House</td><td>376.54 m²</td></tr><tr><td>Other facility (Spa, restaurant)</td><td>952.00 m²</td></tr><tr><td></td><td>5,781.28 m²</td></tr></table> <p>* The above GFA is exclusive of swimming pool area of 217.65 sq.m. and locker room area of 30.87 sq.m.</p> <p>As provided by the Group, the Bintan Buildings comprises of 95 rooms, the salient details are as follows:</p> <table><tr><th>Description</th><th>No. of Rooms</th><th>View</th></tr><tr><td>Superior</td><td>30</td><td>Garden</td></tr><tr><td>Villa (1 room)</td><td>12</td><td>Garden</td></tr><tr><td>Villa (2 rooms)</td><td>6</td><td>Garden</td></tr><tr><td>Deluxe</td><td>29</td><td>Sea View</td></tr><tr><td>Junior Suite</td><td>6</td><td>Sea View</td></tr><tr><td>Suite</td><td>12</td><td>Sea View</td></tr><tr><td>Total</td><td>95</td><td></td></tr></table> <p>The land use rights of the Bintan Land have been granted to the Group for 30 years, which can be extended for an additional term of 20 years upon application.</p>	Buildings Nature	GFA	Resort	637.50 m ²	Hotel	436.50 m ²	Permanent Hotel	1,686.74 m ²	Staff Dormitory	1,692.00 m ²	Club House	376.54 m ²	Other facility (Spa, restaurant)	952.00 m ²		5,781.28 m²	Description	No. of Rooms	View	Superior	30	Garden	Villa (1 room)	12	Garden	Villa (2 rooms)	6	Garden	Deluxe	29	Sea View	Junior Suite	6	Sea View	Suite	12	Sea View	Total	95		<p>The Property was occupied as resort and hotel with its ancillary facilities as at the Valuation Date.</p>	<p>IDR215,900,000,000</p> <p>(80% attributable to the Group: IDR172,720,000,000)</p>
Buildings Nature	GFA																																											
Resort	637.50 m ²																																											
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Permanent Hotel	1,686.74 m ²																																											
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Junior Suite	6	Sea View																																										
Suite	12	Sea View																																										
Total	95																																											

Notes:

1. As at the Valuation Date, the registered owners of the Bintan Land are tabulated below:

No.	Title number / Plot details	Site Area	Stated Owner	Status
1	Hak Milik No. 435	451 m ²	Tri Noviardi Thamrin	Resort Land
2	Hak Milik No. 854	20,000 m ²	Tri Noviardi Thamrin	Raw Land
3	Hak Milik No. 874	20,000 m ²	Tri Noviardi Thamrin	Raw Land
4	Hak Milik No. 00955	1,856 m ²	Tri Noviardi Thamrin	Raw Land
5	Hak Milik No. 00972	19,808 m ²	Tri Noviardi Thamrin	Raw Land
6	Hak Milik No. 807	9,878 m ²	Tasmiasi	Resort Land
7	Hak Milik No. 834	456 m ²	Tasmiasi	Resort Land
8	Hak Milik No. 835	459 m ²	Tasmiasi	Resort Land
9	Hak Milik No. 839	454 m ²	Tasmiasi	Resort Land
10	Hak Milik No. 840	453 m ²	Tasmiasi	Resort Land
11	Hak Milik No. 841	428 m ²	Tasmiasi	Resort Land
12	Hak Milik No. 463	162 m ²	Tjia Tje Tjoeng	Resort Land
13	Hak Milik No. 441	138 m ²	Tarnin Thamrin	Resort Land
14	Hak Milik No. 509	91 m ²	Tarnin Thamrin	Resort Land
15	Hak Milik No. 758	135 m ²	Tarnin Thamrin	Resort Land
16	Hak Milik No. 855	17,877 m ²	Tarnin Thamrin	Raw Land
17	Hak Milik No. 890	16,128 m ²	Kim Tjeng	Raw Land
18	Hak Milik No. 895	15,319 m ²	Kim Tjeng	Raw Land
19	Hak Milik No. 859	20,000 m ²	Yeo Bing Hong	Raw Land
20	Hak Milik No. 889	9,641 m ²	Yeo Bing Hong	Raw Land
21	Hak Milik No. 893	18,317 m ²	Yeo Bing Hong	Raw Land
22	Hak Milik No. 906	19,629 m ²	Yeo Bing Hong	Raw Land
23	Hak Milik No. 975	13,382 m ²	Yeo Bing Hong	Raw Land
24	Hak Milik No. 851	11,490 m ²	Fransiskus	Raw Land
25	Hak Milik No. 360	369 m ²	Ira Karmila Thamrin	Resort Land
26	Hak Milik No. 434	296 m ²	Ira Karmila Thamrin	Resort Land
27	Hak Milik No. 458	525 m ²	Ira Karmila Thamrin	Resort Land
28	Hak Milik No. 849	11,523 m ²	Ira Karmila Thamrin	Raw Land
29	Hak Milik No. 875	14,628 m ²	Ira Karmila Thamrin	Raw Land
30	Hak Milik No. 00957	1,035 m ²	Ira Karmila Thamrin	Raw Land
31	Hak Milik No. 00970	18,100 m ²	Ira Karmila Thamrin	Raw Land
32	Hak Milik No. 00979	7,927 m ²	Ira Karmila Thamrin	Raw Land
33	Hak Milik No. 356	521 m ²	Verdy Veriady Thamrin	Resort Land
34	Hak Milik No. 364	450 m ²	Verdy Veriady Thamrin	Resort Land
35	Hak Milik No. 378	456 m ²	Verdy Veriady Thamrin	Resort Land
36	Hak Milik No. 394	268 m ²	Verdy Veriady Thamrin	Resort Land
37	Hak Milik No. 437	724 m ²	Verdy Veriady Thamrin	Raw Land
38	Hak Milik No. 438	463 m ²	Verdy Veriady Thamrin	Resort Land
39	Hak Milik No. 439	472 m ²	Verdy Veriady Thamrin	Resort Land
40	Hak Milik No. 443	440 m ²	Verdy Veriady Thamrin	Resort Land
41	Hak Milik No. 446	370 m ²	Verdy Veriady Thamrin	Resort Land
42	Hak Milik No. 462	410 m ²	Verdy Veriady Thamrin	Resort Land
43	Hak Milik No. 465	382 m ²	Verdy Veriady Thamrin	Resort Land

APPENDIX III

PROPERTY VALUATION

No.	Title number / Plot details	Site Area	Stated Owner	Status
44	Hak Milik No. 494	79 m ²	Verdy Veriady Thamrin	Resort Land
45	Hak Milik No. 496	465 m ²	Verdy Veriady Thamrin	Resort Land
46	Hak Milik No. 498	585 m ²	Verdy Veriady Thamrin	Resort Land
47	Hak Milik No. 894	10,970 m ²	Verdy Veriady Thamrin	Raw Land
48	Hak Milik No. 00969	13,738 m ²	Verdy Veriady Thamrin	Raw Land
49	Hak Milik No. 00976	16,228 m ²	Verdy Veriady Thamrin	Raw Land
50	Hak Milik No. 461	576 m ²	Tarwie Thamrin	Resort Land
51	Hak Milik No. 265	7,101 m ²	Siti Maryam Mucti	Resort Land
52	Hak Milik No. 418	179 m ²	Siti Maryam Mucti	Resort Land
53	Hak Milik No. 850	20,000 m ²	Siti Maryam Mucti	Raw Land
54	Hak Milik No. 907	19,301 m ²	Siti Maryam Mucti	Raw Land
55	Hak Milik No. 00956	1,908 m ²	Siti Maryam Mucti	Raw Land
56	Hak Milik No. 00971	13,110 m ²	Siti Maryam Mucti	Raw Land
57	Hak Milik No. 260	11,865 m ²	Tjiagus Thamrin	Resort Land
58	Hak Milik No. 266	3,250 m ²	Tjiagus Thamrin	Resort Land
59	Hak Milik No. 355	558 m ²	Tjiagus Thamrin	Resort Land
60	Hak Milik No. 493	41 m ²	Tjiagus Thamrin	Resort Land
61	Hak Milik No. 00973	20,000 m ²	Tjiagus Thamrin	Raw Land
62	Hak Milik No. 00977	9,632 m ²	Tjia Tje Tjoeng	Raw Land
	Total	425,497 m ²		

2. As at the Valuation Date, the provided salient details of the Bintan Buildings are tabulated below:

No.	Building Description	Floor Area	Building Permits
1	Dormitory for the employee	Building: 346 m ²	No.19/Kpts/2003
2	Dormitory for the employee	Building: 330 m ²	No. 23/Kpts/2003
3	Dormitory for the employee	Building: 440 m ²	Part of No. 23/Kpts/2003
4	Dormitory for the employee	Building: 576 m ²	Part of No. 19/Kpts/2003
5	Swimming pool and change room	Swimming Pool: 217.65 m ² Locker Room: 30.87 m ²	No. 20/Kpts/2003
6	Swimming pool and change rooms	Swimming Pool: 369 m ²	No. 20/Kpts/2003
7	Club house	Building: 376.54 m ²	No. 21/Kpts/2003
8	Permanent hotel	Building: 1,686.74 m ²	No. 79/644/XII/2003
9	Hotel	Building: 203.50 m ²	No. 04/Kpts/GK/2004
10	Hotel	Building: 233.00 m ²	No. 05/Kpts/GK/2004
11	Restaurant and hotel facility	Building: 691 m ²	No. 30/IMB/2009 - Note: Amendment to Building Construction Permit No. 02/Kpts/2009
12	Resort	Building: 16 x 11 m ²	No. 02/Kpts/2010
13	Resort	Building: 461.50 m ²	No. 07/Kpts/2011
14	Cabana Spa	Building: 261.00 m ²	No. 04/Kpts/2010

3. Pursuant to the amended and restated acquisition agreement effective as of 16 August 2013 (as amended and restated on 31 March 2014) entered into by, among others, Mr. Tjiagus Thamrin (also known as Mr. Tjia Tje Tjoeng) (“Mr. Thamrin”), Duchess Global Ltd. and PT. Hang Huo Investment (“PT Hang Hao”), PT Hang Huo has acquired the Bintan Land and the Bintan Buildings at a consideration of SGD23,500,000. The Bintan Land have been converted from Hak Milik titles to Hak Guna Bangunan (“HGB”) titles with a maximum initial term of 30 years. Such HGB titles can be extended for an additional term of 20 years upon application.
4. As advised by the Group, PT Hang Huo is a 80% subsidiary of the Company. It is a company established in Indonesia with limited liability and registered as to 20% in the name of Mr. Thamrin and as to 80% in the name of Duchess Global Ltd..
5. In the course of our valuation, we have assumed an average unit rate of about IDR 868,400,000/room for hotel and a site unit rate of about IDR 350,000/sq.m. for vacant land parcels.
6. In undertaking our valuation of the hotel portion of the Property, we have adopted the following major assumptions based on the Property’s actual incomes, analysed market data found and the professional judgement of our local valuer. The salient details are as follows:
 - i. Average daily room rate (“ADR”) — IDR 638,000 for Year 1
 - ii. Annual Growth in ADR — stabilized at 6%
 - iii. Occupancy rate on available room basis — stabilized at 60%
 - iv. Discount rate — 12.7%
 - v. Capitalisation rate — 10%
7. The market comparables of the vacant land parcels are tabulated below:

Details	Location	Site Area	Condition	Titleship*	Zoning	Unit Price (IDR/sq.m.)
Comparable 1	Jl. Pantai Trikora Km 50, Pantai Trikora resort	40,000 sq.m.	land only	SHM	commercial	500,000
Comparable 2	Jl. Pantai Trikora Km 44	58,000 sq.m.	vacant land	HGB	commercial	380,000
Comparable 3	Jl. Pantai Trikora Km 43	45,000 sq.m.	vacant land	SHM	commercial	450,000
Comparable 4	Jl. Pantai Trikora Km 42, Pondok Susi Resort	19,000 sq.m.	land only	SHM	commercial	715,789
Comparable 5	Jl. Pantai Trikora Km 35	20,000 sq.m.	vacant land	SHM	commercial	399,000

*HGB = Hak Guna Bangunan (leasehold)

*SHM = Sertifikat Hak Milik (freehold)

All the comparable land parcels are located nearby to the Bintan Land but with relatively better accessibility. In arriving at our valuation, we have considered the above comparable land parcels for reference and accounted for the differences between them and the Bintan Land regarding time, location, size, accessibility, surrounding environment and other relevant factors when comparing such sales against the Bintan Land.

8. Based on the information provided by the Town Planning Authority - Dinas Tatakota Bintan Regency, we understand that the subject property is zoned for mixed use development consisting of residential, commercial and its auxiliary facilities.

9. We have been provided with the legal opinion on the Property prepared by the Group's Indonesia legal adviser, which contains, inter alia, the following:

- a) Based on the HGB certificates for the Bintan Land, PT Hang Huo is the legal and registered owner of the Bintan Land.
- b) The HGB certificates have been legally issued in respect of each parcels of the Bintan Land. There is a period of five years for any third party to claim or object to the validity of the HGB certificates. Such objection or claim should be raised with basis, failing which, the objection or claim will not stand. If no claims or objections is raised in writing to the holder of the HGB certificate and to the relevant land office, and no lawsuits are filed with the court within the said five-year period, no party can further claim any rights towards the subject land.
- c) All lands in Indonesia, including the lands of the Property, are subject to compulsory acquisition by the relevant Indonesian Government pursuant to Indonesian Law No. 2 of 2012 regarding Acquisition of Land for the Development of Public Interests and Presidential Regulation No. 71 of 2002 regarding Acquisition of Land for the Development of Public Interests. In case the compulsory acquisition occur to any relevant lands of the Property, the compensation amount is determined after negotiation between the Indonesian Government and the entitled party (which can be the land owner or the controller of the land in question) with reference to the appraised value of the land, such value is usually appraised by using the market value approach which shall be comparable to market price.
- d) Based on a confirmation issued by the Investment and Promotion Board of Bintan Regency (*Badan Penanaman Modal dan Promosi Daerah Pemerintah Kabupaten Bintan*) ("**IPB Bintan**"), according to the Regional Regulation of Bintan Regency No. 2 of 2012 regarding The Regional Spatial Lay Out Planning in Bintan Regency, the Bintan Land is located in an area designated for tourism activities and the Bintan Regional Government is not planning to conduct any construction of public facilities in that area.

IPB Bintan has been assigned and granted the authority from Bintan Regional Government based on Regional Regulation of Bintan Regency No. 9 Year 2011 to represent the Bintan Regional Government as a one stop service board/agency to approve any business permit in Bintan area, including location permit for land use and is therefore the competent authority of the Bintan Regional Government to issue the above confirmation. Bintan Regional Government itself has been granted the authority including but not limited to running the administration of Bintan from the Indonesian Central Government based on the Law No. 25 of 2002 with reference to Government Regulation No. 5 of 2006.

In view of the above, it is currently unlikely for the Indonesian Government to exercise its right to acquire the Bintan Land pursuant to the relevant Indonesian laws and regulations.

- e) Based on the title search results of the Bintan Land, the Bintan Land are free from any encumbrances, charge, mortgage, dispute or claim. Therefore, there is no ground for any objections or claims to be raised by any previous owner, mortgagee or lender. The Bintan Land Office (*Badan Pertanahan Nasional Kabupaten Bintan*) is the relevant competent government authority (which is the representative of the national land office in Bintan and has the power to administer land in Bintan (such administration includes registration of title of ownership, mortgages, liens and other encumbrances) and is therefore the competent authority to verify the status of the Bintan Land), has verified that the title of the Bintan Land is not in dispute, being mortgaged or charged.

VALUATION CERTIFICATE

Group III — Property rented by the Group for Office Use in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2014
3.	Room 3406A on the 34th Floor of China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong Certain portion of the Inland Lot No. 8528 ("Lot")	<p>The Property is an office unit on a 39-storey office building completed in about 1983.</p> <p>As per our measurement of a provided floor plan, the saleable area of the property is about 67.22 sq.m. (or about 723.5a sq.ft.).</p> <p>The Lot is held under Conditions of Sale No. 11470 for a term of 75 years from 23 July 1980.</p> <p>The zoning of the Lot is for commercial uses in accordance to the approved Wan Chai North Outline Zoning Plan No. S/H25/4 dated 18 February 2014.</p>	The Property was occupied as office as at the Valuation Date.	No Commercial Value

Notes:

1. The current registered owner of the Property is Eastern World Development Limited, via an assignment dated 30 October 1996, registered vide Memorial No. UB6832707.
2. Pursuant to a lease agreement dated 13 July 2012 entered into between China Resources Property Management Limited (legal representative of Eastern World Development Limited) ("Lessor") and EH Venture Capital (HK) Ltd. ("Lessee"), the property was leased to the Lessee for a term of 3 years commencing on 1 August 2012 and expiring on 31 July 2015 at a monthly rent of HK\$53,760 exclusive of management fee and rates.
3. Pursuant to a novation agreement dated 30 October 2013 entered into between China Resources Property Management Limited, EH Venture Capital (HK) Ltd. and Link Holdings Limited, the Lessee agreed to transfer the above lease agreement to Link Holdings Limited commencing on 1 December 2013 with all other terms and conditions remain unchanged.

Set out below is a summary of certain provisions of the Memorandum and the Articles of Association and of certain aspects of the Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2012 under the Companies Law. The Memorandum and the Articles of Association comprise the constitution of our Company.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 20 June 2014. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and the Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and the Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

Our Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of our Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor our Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of our Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries.

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as our Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, our Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to

be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of our Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of our Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which our Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where our Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which our Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or

- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of our Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as our Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. Our Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of our Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Our Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Our Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of our Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

Our Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as our Board may determine and our Board may revoke or terminate any of such appointments. Our Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as our Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by our Board.

(viii) Borrowing powers

Our Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(ix) Proceedings of our Board

Our Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than 21 clear days and not less than 10 clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than 21 clear days and less than 10 clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the board or our Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons

summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least 21 clear days and not less than 10 clear business days. All other extraordinary general meetings shall be called by notice of at least 14 clear days and not less than 10 clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than 20% in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as our Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than 14 clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding 20% per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (“Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 12 June 2012.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in the Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily or under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within 28 days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least 21 days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the sub-section headed "Documents delivered to the Registrar of Companies and available for inspection — Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2012.

Our Company has established its principal place of business in Hong Kong at Room 3406A, 34/F, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Predecessor Companies Ordinance on 5 August 2013. Mr. Ng Chi Wai, the company secretary of our Company, has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong. As our Company was incorporated in the Cayman Islands, its operation is subject to the laws of the Cayman Islands and its constitutive documents comprising the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

- (a) on 15 May 2012, the Incorporation Share was allotted and issued in nil-paid form to Codan Trust Company (Cayman) Limited as the initial subscriber, which was transferred to Mr. Ngan Iek at nil consideration on the same date. Mr. Ngan Iek transferred the Incorporation Share to Vertic at nil consideration on 4 February 2014;
- (b) on 20 June 2014, our Company acquired (i) 1 share in Silverine Pacific, representing its entire issued share capital, and (ii) 1 share in Duchess Global, representing its entire issued share capital, from Taurine in the consideration of (a) the allotment and issue of 99 Shares, all credited as fully paid, to Vertic at the direction of Taurine and the crediting as fully paid at par of the Incorporation Share registered in the name of Vertic; and (b) the payment of US\$1 by Vertic to Taurine in consideration of its receipt of 99 Shares from our Company at the direction of Taurine; and
- (c) pursuant to the written resolutions of our Shareholder dated 20 June 2014, our Company increased its authorised share capital from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares. Immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate), the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares and the issued share capital will be HK\$2,800,000 divided into 280,000,000 Shares, all fully paid or credited as fully paid and 4,720,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option

Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholder in its general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the section headed “Share capital” and the sub-section headed “History, development and corporate structure — Corporate reorganisation — Reorganisation” in this prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our Shareholder dated 20 June 2014

Pursuant to the written resolutions of our Shareholder dated 20 June 2014:

- (a) our Company approved and adopted the Memorandum and the Articles of Association;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares to rank *pari passu* with the existing Shares in all respects;
- (c) conditional on the same conditions as stated in the sub-section headed “Structure and conditions of the Placing — Conditions of the Placing” in this prospectus:
 - (i) the Placing was approved and our Directors were authorised to allot and issue the Placing Shares subject to the terms and conditions stated in this prospectus;
 - (ii) the Over-allotment Option was approved and our Directors were authorised to effect the same and to allot and issue the Shares upon the exercise of the Over-allotment Option;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the sub-section headed “D. Share Option Scheme” of this appendix, were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Share Option Scheme relating to modifications and/or amendments and the requirements of the GEM Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of our Company in issue on the Listing Date; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme;

- (iv) conditional on the share premium account of our Company being credited as a result of the Placing, an amount of HK\$2,099,999 which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of 209,999,900 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 20 June 2014 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing Shares;
- (v) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Association, or pursuant to the exercise of any option which may be granted under the Share Option Scheme or under the Placing or the Capitalisation Issue) unissued Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue and as enlarged immediately following completion of the Placing and the Capitalisation Issue (excluding any issue of Shares pursuant to the exercise of the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholder in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;
- (vi) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Placing and the Capitalisation Issue (excluding any issue of Shares pursuant to the exercise of the Over-allotment Option and Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholder in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and
- (vii) conditional on the passing of the resolutions referred to in sub-paragraphs (v) and (vi) above, the general unconditional mandate mentioned in sub-paragraph (v) above was extended by the addition of the aggregate nominal value of the share capital of our Company which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (vi) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) on 15 May 2012, our Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which the Incorporation Share was allotted and issued in nil-paid form to Codan Trust Company (Cayman) Limited as the initial subscriber, which was transferred to Mr. Ngan Iek at nil consideration on the same date. On 4 February 2014, Mr. Ngan Iek transferred the Incorporation Share to Vertic at nil consideration. As a result of completion of such transfer, our Company was wholly owned by Vertic;
- (b) on 3 April 2013, Duchess Global was incorporated under the laws of BVI and is authorised to issue a maximum of 50,000 no par value shares, of which one share was allotted and issued to Taurine on 1 June 2013;
- (c) PT Hang Huo was established in Indonesia with limited liability on 3 September 2013 based on the Deed of Establishment dated 27 July 2013 and approved by the Minister of Law and Human Rights of the Republic of Indonesia. At the time of its incorporation, PT Hang Huo had an authorised capital of IDR69,069,000,000 divided into 7,000,000 shares, each having a nominal value of IDR9,867 and the paid-up capital of PT Hang Huo was IDR29,601,000,000 divided into 3,000,000 shares, each having a nominal value of IDR9,867, of which 2,400,000 shares were registered under the name of Duchess Global (representing 80% of its total paid-up capital) and 600,000 shares were registered under the name of Mr. Thamrin (representing 20% of its total paid-up capital); and
- (d) on 20 June 2014, our Company acquired (i) 1 share in Silverine Pacific, representing its entire issued share capital; and (ii) 1 share in Duchess Global, representing its entire issued share capital from Taurine in the consideration of (i) the allotment and issue of 99 Shares, all credited as fully paid, to Vertic at the direction of Taurine and the crediting as fully paid at par of the Incorporation Share registered in the name of Vertic; and (ii) the payment of US\$1 by Vertic to Taurine in the consideration of its receipt of 99 Shares from our Company at the direction of Taurine. Upon completion of such acquisitions, Silverine Pacific and Duchess Global became the direct wholly-owned subsidiaries of our Company.

5. Changes in share capital in subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed above and in the section headed "History, development and corporate structure" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This section includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) *Relevant legal and regulatory requirements*

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase the Shares that are listed on the Stock Exchange.

(b) *Shareholder's approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of a general mandate or by specific approval of a particular transaction.

The Repurchase Mandate was granted to our Directors by our Shareholder pursuant to a written resolution dated 20 June 2014 authorising them to exercise all powers of our Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Placing and the Capitalisation Issue (excluding Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Cayman Islands law, any repurchases of Shares by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the provisions of the Companies Law, out of capital.

(d) *Trading restrictions*

Our Company may repurchase up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Placing and the Capitalisation Issue (excluding Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and the exercise of any option which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of the Shares for a

period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

(e) *Status of repurchased Shares*

All repurchased Shares (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(f) *Suspension of repurchase*

Repurchases of Shares are prohibited after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchases of Shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

(g) *Reporting requirements*

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such purchases, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases.

(h) *Connected persons*

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their associates and a connected person shall not knowingly sell his/her/its securities to the company on the Stock Exchange.

(i) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(j) *Funding of repurchases*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(k) *General*

The exercise in full of the Repurchase Mandate, on the basis of 280,000,000 Shares in issue immediately after completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option; (ii) any options which may be granted under the Share Option Scheme; and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate), would result in up to 28,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately after the listing of the Shares on the Stock Exchange.

No connected person (as defined in the GEM Listing Rules) has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts


The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-Competition;
- (d) the share purchase agreement dated 20 June 2014 and entered into among our Company, as purchaser, Taurine, as vendor, and Vertic pursuant to which our Company agreed to acquire (i) 1 share in Silverine Pacific, representing its entire issued share capital; and (ii) 1 share in Duchess Global, representing its entire issued share capital, from Taurine in the consideration of (a) the allotment and issue of 99 Shares, all credited as fully paid, to Vertic at the direction of Taurine and the crediting as fully paid at par of the Incorporation Share registered in the name of Vertic; and (b) the payment of US\$1 by Vertic to Taurine in consideration of its receipt of 99 Shares from our Company at the direction of Taurine;
- (e) the Bintan Acquisition Agreement;
- (f) the Bintan SPA (including its English translation and the corresponding Certificate of Accuracy); and
- (g) the Bintan Shareholders' Agreement.


2. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, our Group had applied for registration of the following trademark in Hong Kong and the application is still in process:

Trademark	Name of applicant	Class	Date of application	Application No.
	Link Holdings Limited	35, 43	31 October 2013	302784592

As at the Latest Practicable Date, our Group had registered the following trademarks in Singapore:

Trademark	Name of applicant	Class	Registration date	Registration number	Renewal deadline
 Link Hotel 華星酒店 Singapore	HHI	43	7 August 2007	T0716744D	7 August 2017
LINK HOTEL	HHI	43	21 February 2007	T0703799J	21 February 2017

Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	1st Registration date	Expiry date
linkholdingslimited.com	6 March 2014	6 March 2015
linkhotel.com.sg	27 March 2007	27 March 2016

3. Further information about the subsidiaries of our Company**(i) *Silverine Pacific***

Place of incorporation	: BVI
Date of incorporation	: 18 April 2005
Registered office	: Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, BVI
Authorised share capital	: US\$50,000 divided into 50,000 shares of US\$1 each
Issued share capital	: US\$1 divided into 1 share of US\$1
Shareholder	: our Company (100%)
Director(s)	: Mr. Ngan Iek, Ms. Ngan Iek Chan and Ms. Ngan Iek Peng
General nature of business	: Investment holding

(ii) *Duchess Global*

Place of incorporation	: BVI
Date of incorporation	: 3 April 2013
Registered office	: Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, BVI
Authorised shares	: 50,000 shares (with no par value)
Issued share	: 1 share
Shareholder	: our Company (100%)
Director(s)	: Mr. Ngan Iek, Ms. Ngan Iek Peng, Datuk Siew Pek Tho and Mr. Chen Changzheng
General nature of business	: Investment holding

(iii) *HHI*

Place of incorporation	: Singapore
Date of incorporation	: 4 May 2004
Registered office	: 50 Tiong Bahru Road, Singapore (168733)
Issued share capital	: S\$3,000,000 divided into 3,000,000 shares of S\$1 each
Shareholder	: Silverine Pacific (100%)
Director(s)	: Mr. Ngan Iek, Ms. Ngan Iek Peng, Datuk Siew Pek Tho and Mr. Chen Changzheng
General nature of business	: Hotel ownership

(iv) *Link Hotels International*

Place of incorporation	: Singapore
Date of incorporation	: 21 May 2007
Registered office	: 50 Tiong Bahru Road, Singapore (168733)
Issued share capital	: S\$1,000,000 divided into 1,000,000 shares of S\$1 each
Shareholder	: Silverine Pacific (100%)
Director(s)	: Mr. Ngan Iek, Ms. Ngan Iek Peng, Datuk Siew Pek Tho and Mr. Chen Changzheng
General nature of business	: Operation of hotel services

(v) *PT Hang Huo*

Place of establishment	: Indonesia
Date of establishment	: 3 September 2013
Registered office	: Tanjung Keling RT.01 RW.02 Gunung Kijang, Bintan Kepulauan Riau Indonesia
Authorised share capital	: IDR69,069,000,000
Paid-up share capital	: IDR29,601,000,000 divided into 3,000,000 shares of IDR9,867 each
Shareholders	: Duchess Global (80%) and Mr. Thamrin (20%)
Commissioner(s)	: Mr. Ngan Iek and Datuk Siew Pek Tho
Director(s)	: Mr. Chen Changzheng and Mr. Thamrin
General nature of business	: Accommodations (hotel and cottage) and real estate

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

Immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, (ii) any options which may be granted under the Share Option Scheme and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) *Long position in the Shares*

Name of Director	Nature of interest	Number of Shares held	Position	Approximate percentage of issued share capital
Mr. Ngan Iek	Interested in a controlled corporation ^(Note)	210,000,000	Long	75%

Note: These Shares are held by 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 deemed to be interested in all the Shares held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic.

(b) *Long position in Vertic, an associated corporation of our 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	Beneifical 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.

2. **Interests and/or short positions of substantial Shareholders in the Shares, and underlying Shares of our Company**

So far as is known to our Directors, immediately following completion of the Placing and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, (ii) any options which may be granted under the Share Option Scheme and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, 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 our Company or any other members of our Group:

(a) *Long position in the Shares*

Name	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
Vertic	Beneficial owner ^(Note 1)	210,000,000	Long	75%
Ms. Cheng Wing Shan	Interest of spouse ^(Note 2)	210,000,000	Long	75%

Notes:

1. Vertic is a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in all the Shares held by Vertic under Part XV of the SFO.
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.

- (b) *Person interested in 10% or more of the nominal value of the share capital of other members of our Group*

Name	Name of member of our Group	Number of shares held	Approximate percentage of shareholding
Mr. Thamrin	PT Hang Huo	600,000	20%

3. Particulars of service contracts

Each of Datuk Siew Pek Tho, Mr. Wong Ip and Mr. Chen Changzheng, being all of our executive Directors, has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our executive Directors is entitled to their respective basic salary set out below (subject to an annual increment, which be made one year after the commencement date of the service agreement at the discretion of our Directors, of not more than 10% of the annual salary immediately prior to such increase).

Each of our non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our non-executive Directors and our independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

4. Directors' remuneration

- (i) Mr. Chen Changzheng in the position of Managing Director of HHI received the total emolument of approximately HK\$1.9 million (mainly comprising the basic salary of approximately HK\$1.2 million and cash bonus) and HK\$1.8 million (mainly comprising the basic salary of approximately HK\$1.1 million and cash bonus) for the year ended 31 December 2012 and 31 December 2013 respectively.

Save as disclosed above, no emolument was paid or benefits in kind was granted by our Group to our Directors for the Track Record Period.

- (ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 December 2014 is expected to be approximately HK\$1.6 million (excluding payment pursuant to the management bonus and other discretionary bonus).

- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for the Track Record Period (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the Track Record Period.
- (v) Under the arrangements currently proposed, conditional upon the Listing on the Stock Exchange, the annual remuneration (excluding payment pursuant to the management bonus and other discretionary bonus) payable by our Group to each of our Directors will be as follows:

Executive Directors	HK\$
Datuk Siew Pek Tho	1
Mr. Chen Changzheng	1,200,000
Mr. Wong Ip	240,000
Non-executive Directors	HK\$
Mr. Ngan Iek	1
Ms. Ngan Iek Peng	1
Independent non-executive Directors	HK\$
Mr. Wu Chi Keung	180,000
Mr. Thng Bock Cheng John	180,000
Mr. Yen Yuen Ho, Tony	180,000

- (vi) Each of our executive Directors, non-executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service contract.

5. Agency fees or commissions received

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries.

6. Related party transactions

Save as disclosed in note 27 to the Accountants' Report set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Group has not engaged in any other material related party transactions.

7. Disclaimers

Save as disclosed in this prospectus:

- (i) and not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, (ii) any options which may be granted under the Share Option Scheme and (iii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate or upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following the completion of the Placing will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either 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 our Company or any other member of our Group;
- (ii) none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the Shares, underlying shares; and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (iii) none of our Directors or the experts named in the sub-section headed “E. Other information — 6. Qualifications of experts” in this appendix below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Placing Shares either in his own name or in the name of a nominee;
- (iv) no Director is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (v) none of the experts named in the sub-section headed “E. Other information — 6. Qualifications of experts” of this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME**1. Summary of the terms of the Share Option Scheme***(i) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest (“**Invested Entity**”).

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

- (1) any employee (whether full-time or part-time) of our Company, any of our subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of our Group or any Invested Entity;
- (4) any customer of our Group or any Invested Entity; and
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity.

(iii) Maximum number of Shares

- (1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 28,000,000 Shares, being 10% of the total number of Shares (assuming the Over-allotment Option is not exercised), in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for refreshing the 10% limit (“**Scheme Mandate Limit**”) under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

- (3) Our Company may seek approval of our Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company as “refreshed” shall not exceed 10% of the total number of Shares (assuming the Over-allotment Option is not exercised) in issue as at the date of the approval of our Shareholders on the refreshment of the Scheme Mandate Limit provided that options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of our Company or exercised) will not be counted for the purpose of calculating the limit as “refreshed”.

For the purpose of seeking the approval of our Shareholders, a circular containing the information as required under the GEM Listing Rules must be sent to our Shareholders.

- (4) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by our Company before such approval is sought. For the purpose of seeking the approval of our Shareholders, our Company must send a circular to our Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) *Maximum entitlement of each eligible person*

No option shall be granted to any eligible person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant exceeding 1% of the total number of Shares in issue, unless:

- (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of our Shareholders in general meeting at which the eligible person and his associates shall abstain from voting;
- (2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the eligible person, the number and terms of the options to be granted and options previously granted to such eligible person); and
- (3) the number and terms (including the subscription price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) Grant of options to connected persons

- (1) The grant of options to a Director, chief executive or substantial shareholder of our Company or any of their respective associates requires the approval of all our independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.
- (2) Where an option is to be granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK\$5 million, such grant shall not be valid unless (1) a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including, in particular, a recommendation from our independent non-executive Directors (excluding our independent non-executive Director who is the prospective grantee of the option) to our independent Shareholders as to voting); and (2) the grant has been approved by our Shareholders in general meeting (taken on a poll) at which all connected persons of our Company shall abstain from voting in favour of the grant.
- (3) Where any change is to be made to the terms of any option granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by our Shareholders by way of poll in a general meeting.

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by our Company, being a date not later than 21 Business Days from the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten years after the date of adoption of the Share Option Scheme.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) Performance targets

There is no performance target that has to be achieved before the exercise of any option.

(viii) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date ("**Offer Date**"), which must be a Business Day, on which the Board passes a resolution approving the making of an offer of grant of an option to an eligible employee; (2) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of the offer letter of the option; and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted fewer than five Business Days after the listing of the Shares on the Stock Exchange, the offer price shall be taken to be the closing price for any Business Day before the Listing.

(ix) Ranking of Shares

The Shares to be issued and allotted upon the exercise of an option shall be subject to our Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(x) Restrictions on the time of grant of options

No option shall be granted after a price-sensitive development concerning our Company or any subsidiary has occurred or a price-sensitive matter concerning our Company or any subsidiary has been the subject of a decision until such price-sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (2) the deadline for our Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no option shall be granted.

(xi) Period of the Share Option Scheme

Subject to any prior termination by our Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

(xii) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xxi)(e), the option shall lapse on the date of cessation and not be exercisable unless our Board otherwise determines to grant an extension at the absolute discretion of our Board.

(xiii) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 12 months following the date of his death.

(xiv) Rights on a general offer

In the event of a general or partial offer (whether by way of take-over offer, share re-purchase offer or scheme of arrangement or otherwise in like manner) being made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option within one month after the date on which the offer becomes or is declared unconditional.

(xv) Rights on winding-up

In the event that a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall, on the same date as, or soon after, it despatches such notice to each Shareholder, give notice thereof to all grantees (together with a notice of existence of this provision) and thereupon, each grantee (or his legal representative(s)) shall be entitled to exercise all or any of his options (to the extent which has become exercisable and not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(xvi) Rights on compromise or arrangement between our Company and its creditors

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and our Shareholders (or any class of them) in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to our Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his option so as to place the grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

(xvii) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option has been granted and remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding alterations (if any), in accordance with the GEM Listing Rules and any applicable guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplementary guidance issued on 5 September 2005), to:

- (1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or
- (2) the subscription price; and/or
- (3) the maximum number of Shares referred to in paragraphs (iii) and (iv) above provided that:
 - (aa) no such alteration shall be made in respect of an issue of Shares or other securities by our Company as consideration in a transaction;
 - (bb) any such alterations must be made so that each grantee is given the same proportion of the equity capital of our Company as that to which he was previously entitled;
 - (cc) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value; and

- (dd) any such alterations, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to our Directors as satisfying the requirements of provisos paragraphs (bb) and (cc) above.

(xviii) *Cancellation of options*

Our Company may cancel an option granted but not exercised with the approval of the Board. Any options cancelled by approval of the Board cannot be re-granted to the same eligible person.

(xix) *Termination of the Share Option Scheme*

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xx) *Rights are personal to grantee*

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option.

(xxi) *Lapse of option*

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (a) the expiry of the period to be determined and notified by the Board to the grantee;
- (b) the expiry of the periods referred to in sub-paragraphs (xii) or (xiii);
- (c) the date on which the offer referred to in sub-paragraph (xiv) closes;
- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);
- (e) the date on which the grantee ceases to be an eligible person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an eligible person, on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;
- (f) the date of the commencement of the winding-up of our Company;

- (g) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purports to do any of the foregoing in breach of the Share Option Scheme; and
- (h) the date on which our Directors shall at their absolute discretion determine that the grantee (other than an eligible employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally. In such event, his options will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(xxii) *Alterations to the Share Option Scheme*

- (1) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the GEM Listing Rules by resolution of the Board except that the following alterations must be approved by a resolution of our Shareholders in general meeting:
 - (aa) any changes to the definitions of eligible person, grantee and option period;
 - (bb) any changes to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options;
 - (cc) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature;
 - (dd) any change to the terms of options granted; and
 - (ee) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 23 of the GEM Listing Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the option granted under the Share Option Scheme.
- (2) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be amended or altered in any respect by resolution of the Board without the approval of our Shareholders or the grantee(s) to the extent such amendment or alteration is required by the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

- (3) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiii) *Conditions*

The Share Option Scheme is conditional on:

- (aa) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the Placing and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options under the Share Option Scheme;
- (bb) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and
- (cc) the commencement of dealings in the Shares on the Stock Exchange.

2. Present status of the Share Option Scheme

(i) *Approval and adoption of the rules of the Share Option Scheme*

The rules of the Share Option Scheme were approved and adopted by our Shareholder on 20 June 2014.

(ii) *Approval of the Stock Exchange required*

The Share Option Scheme is conditional, among other matters, on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of the options under the Share Option Scheme up to the 10% of the Shares in issue as at the Listing Date.

(iii) *Application for listing*

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 28,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit above-mentioned.

(iv) *Grant of option*

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(v) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract (b) referred to in the sub-section headed “B. Further information about the business of our Group — 1. Summary of material contracts” in this appendix) to provide indemnities in respect of, among other matters, any liability which might be incurred by any member of our Group as a direct or indirect result of or in consequence of (i) any claim relating to the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring or deemed to occur up to the date on which the Placing becomes unconditional; and (ii) our Group’s non-compliance of certain statutory requirements of Singapore, details of which are set out in the sub-section headed “Business — Legal and regulatory compliance — Major non-compliance matters of our Group occurred and/or subsisted during the Track Record Period and up to the Latest Practicable Date” in this prospectus.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Stock Exchange.

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor is entitled to the sponsor's fee in the amount of HK\$3,800,000.

4. Preliminary expenses

The estimated preliminary expenses of our Company in relation to the Placing are approximately HK\$42,000 and are payable by our Company.

5. Promoter

- (a) Our Company has no promoter for the purpose of the GEM Listing Rules.
- (b) Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter above in connection with the Placing or the related transactions described in this prospectus.

6. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Guotai Junan Capital Limited	Licensed corporation holding a licence under the SFO to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
BDO Limited	Certified public accountants
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Colliers International (Hong Kong) Limited	Independent property valuer
Harry Elias Partnership LLP	Singapore Legal Adviser
Ery Yunasri & Partners	Indonesian Legal Adviser

7. Consents of experts

Each of the experts named in the sub-section headed “E. Other information — 6. Qualifications of experts” in this appendix above has given and has not withdrawn its respective written consent to the issue of this prospectus with copies of its reports and/or letters and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

None of the experts named in the sub-section headed “E. Other information — 6. Qualification of experts” in this appendix above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Share registrar

Our Company's principal register of members will be maintained in the Cayman Islands by our Cayman Islands share registrar, Codan Trust Company (Cayman) Limited, and a register of members will be maintained in Hong Kong by our Hong Kong Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by our share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (d) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;
- (e) our Company has no outstanding convertible debt securities;

- (f) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares or management shares or deferred shares or any debentures;
- (g) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (h) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2013 (being the date to which the latest audited combined financial statements of our Group were made up);
- (i) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus; and
- (j) none of the experts listed in the sub-section headed “E. Other information — 6. Qualifications of experts” in this appendix above:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in the sub-section headed “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix V to this prospectus, and copies of the material contract referred to in the sub-section headed “Statutory and general information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix V to this prospectus, including where appropriate, English translations hereof.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Michael Li & Co., at 19/F., Prosperity Tower, No. 39 Queen’s Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the accountants’ report prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the letter report on unaudited pro forma financial information of our Group prepared by BDO Limited, the text of which is set out in Appendix II to this prospectus;
- (d) the letter, summary of valuations and valuation certificate relating to the property interests of our Group prepared by Colliers International (Hong Kong) Limited, the texts of which are set out in Appendix III to this prospectus;
- (e) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (f) the Singapore legal opinion issued by Harry Elias Partnership LLP;
- (g) the Indonesian legal opinion issued by Ery Yunasri & Partners;
- (h) the Companies Law;
- (i) the rules of the Share Option Scheme referred to in the sub-section headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus;
- (j) the material contracts referred to in the sub-section headed “Statutory and general information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix V to this prospectus;

- (k) the written consents referred to in the sub-section headed “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix V to this prospectus; and
- (l) the service contracts and letters of appointment referred to in the sub-section headed “Statutory and general information — C. Further information about Directors, management, staff and experts — 3. Particulars of service contracts” in Appendix V to this prospectus.

Link Holdings Limited
華星控股有限公司*