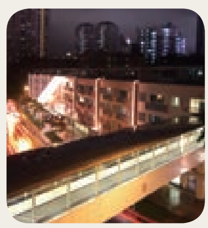
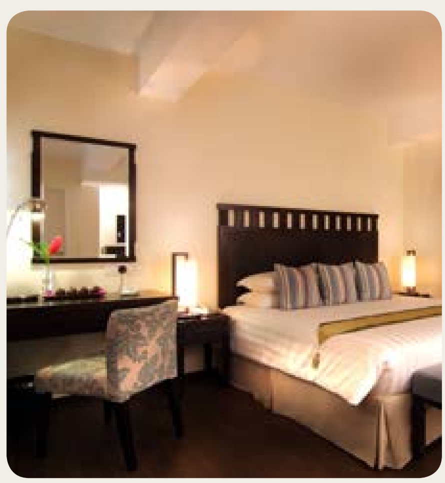
Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237

2014
Annual Report





* *For identification purposes only*

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

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

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

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

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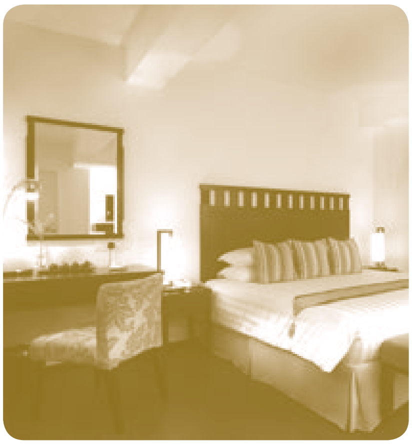

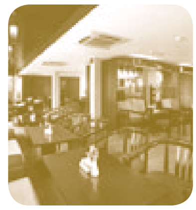


CORPORATE INFORMATION

DIRECTORS

Executive Directors

Datuk Siew Pek Tho
Mr. Chen Changzheng
Mr. Wong Ip

Non-executive Directors

Mr. Ngan Iek *(Chairman)*
Ms. Ngan Iek Peng

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen (appointed on 16 October 2014)
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)
Mr. Wu Chi Keung (resigned on 3 October 2014)
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)

COMPANY SECRETARY

Mr. Chow Kit Ting (appointed on 24 March 2015)
Mr. Ng Chi Wai (resigned on 13 March 2015)

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

Mr. Chan So Kuen *(Chairman)* (appointed on 16 October 2014)
Mr. Thng Bock Cheng John
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)
Mr. Wu Chi Keung (resigned on 3 October 2014)
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)

REMUNERATION COMMITTEE

Mr. Lai Yang Chau, Eugene *(Chairman)* (appointed on 16 October 2014)
Mr. Ngan Iek
Datuk Siew Pek Tho
Mr. Chan So Kuen (appointed on 16 October 2014)
Mr. Thng Bock Cheng John
Mr. Wu Chi Keung (resigned on 3 October 2014)
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho
Mr. Chan So Kuen (appointed on 16 October 2014)
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)
Mr. Thng Bock Cheng John
Mr. Wu Chi Keung (resigned on 3 October 2014)
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3406A, 34/F
China Resources Building
No.26 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKER

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

COMPLIANCE ADVISER

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

AUDITOR

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

STOCK CODE

8237

COMPANY'S WEBSITE

www.linkholdingslimited.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Link Holdings Limited ("Link Holdings", the "Company"), together with its subsidiaries, (the "Group"), I am pleased to present the annual results of the Company for the year ended 31 December 2014 (the "Year").

BUSINESS AND FINANCIAL REVIEW

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. The operation of Link Hotel, a "Boutique-style" hotel, has been and is expected to be the principal business of the Group.

In 2014, the global economy has been in a generally upward trend. US economy grew incredible 5% in third quarter of the Year, at its quickest pace in 11 years. The market was largely activated. However, the investment environment experienced dramatic ups and downs which created uncertainty in the market. In order to improve Singapore tourism industry, in May 2014, Singapore Tourism Board (the "STB") and Singapore Airlines set up an one-year cooperation campaign and invested approximately SG$4 million to promote Singapore tourism in China, India, UK, the U.S., etc. Against this backdrop, the Group has been cautious yet positive in expanding its business.

For the Year, the Group recorded a loss of approximately HK$1.5 million, representing a decrease of 106.4% from the year ended 31 December 2013 (the "Last Year"). The decrease of the net profit was mainly due to (i) the non-recurring listing expenses, (ii) the absence of interest income received from a related company, (iii) the decrease of the room revenues of Link Hotel and (iv) the accelerated depreciation of property, plant and equipment arising from hotel renovation.

The Group successfully listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong (the "Stock Exchange") on 7 July 2014. The Board believes the listing will improve the profile of the Company and bring benefits to the future growth and business development of the Group as well as its financing flexibility.

The Company completed an important acquisition of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the "Prospectus")) in Indonesia. The development plans of Bintan Assets is under discussion and we are very positive about the future growth potential.

PROSPECTS

Given that ASEAN economy is expected to play an important role in the future development of the global economy, and China will put emphasis on the development of "One Belt, One Road" economy, the Group's strategy of developing hotel, tourist industry in the Southeast Asia will not only meet the demand of the market, but also cater for the trend of the development of the new economy. Looking forward, our Link Hotel in Singapore will serve the increasing Singapore visitors with an entirely new look in the second half of the year. With the completion of the Bintan Project and the appropriate hotel investment projects identified in Southeast Asia, including Bintan Island, which promoted the Group's business developing in a various and steady way.

CHAIRMAN'S STATEMENT

APPRECIATIONS

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere appreciation to the management and staff of the Group for their dedication, commitment and professionalism in striving to achieve our goals. Our sincere gratitude also goes to our shareholders, customers and business partners for their support. Our success would not have been possible without their contribution.

Ngan Iek
Chairman and Non-executive Director

31 March 2015

For the Year, the Company continued to stay focus on the operation of Link Hotel in Singapore and completed the acquisition of Bintan Assets located in Indonesia. The master plan of the development of Bintan Assets is under discussion.

FINANCIAL HIGHLIGHTS

For the Year, the Group recorded a revenue of approximately HK$67.8 million (2013: HK$78.4 million), accounting for a decrease of 13.5% from the year ended 31 December 2013. The performance of the Group dropped by 106.4% from profits of HK$23.4 million in 2013 to loss of HK$1.5 million in 2014. The decrease in revenue and loss is primarily attributable to (i) the drop in occupancy rate and average room rate at Link Hotel; (ii) the non-recurring expenses in connection with the listing of the securities on GEM; (iii) the absence of interest income received from a related company and (iv) the accelerated depreciation of property, plant and equipment arising from hotel renovation.

Loss attributable to owners of the Company was HK$2,203,704 (2013: profit of HK$23,378,648). Basic losses per share was HK$0.09 cents (2013: earnings per share of HK$1.11 cents). The Board does not recommend the payment of any dividend for the Year (2013: approximately HK$58.6 million).

Following the Group's listing on the Stock Exchange, the Group now has a much stronger position from which to maintain its current business and to develop its roadmap. Listed on the GEM on 7 July 2014, the Group raised net proceeds from the placing of shares of the Company as disclosed in the Prospectus (the "Placing") of approximately HK$97.1 million. As at 31 December 2014, cash and cash equivalents was HK$102,476,136 (2013: HK$56,390,284).

BUSINESS REVIEW

The Group commenced operations of its hotel business in Singapore with the opening of Link Hotel in 2007. The operation of Link Hotel has been and is expected to continue to be its principal business.

Hotel operation

For the Year, room revenue amounted to HK$54,656,272 (2013: HK$64,056,992) accounting for 80.6% (2013: 81.7%) of the Group's total revenue. Room revenue represents revenue generated from hotel accommodation in Link Hotel and depends in part on the achieved average room rate and occupancy rate.

The following table sets out the Total Available Room Nights, occupancy rate, average room rate and Revenue per Available Room ("RevPAR") for the years indicated:

	2014	2013
Total Available Room Nights	**103,498**	105,120
Occupancy rate	**57.5%**	62.9%
Average room rate *(HK$)*	**834.0**	968.2
RevPAR *(HK$)*	**479.6**	609.4

For the Year, F&B revenue was HK$5,564,154 (2013: HK$8,290,223), representing 8.2% (2013: 10.6%) of the total revenue. F&B revenue represents the sale of food and beverages in the restaurant, bar, room service and meeting space of Link Hotel.

The Group leased shop units located at Link Hotel and received rental income from Hotel Tenants. For the Year, rental income from hotel tenants was HK$3,967,294 (2013: HK$3,838,984) representing 5.9% (2013: 4.9%) of the total revenue.

Other income mainly comprises of interest income amounted to HK$172,123 (2013: nil) and Singapore government grants of HK$303,422 (2013: HK$200,120). No interest income received from a related company during the Year (2013: HK$6,257,757).

Liquidity, financial resources and capital structure

During the Year, the Group mainly financed its operations with its own working capital and bank loans. As at 31 December 2014, the Group had net current liabilities of HK$60,252,101 (2013: net current assets of HK$50,670,433), including cash and cash equivalents of HK$102,476,136 (2013: HK$56,390,284) and interest-bearing bank borrowing of HK$134,560,166 (2013: HK$75,337,642).

The gearing ratio calculated based on our total debts (being interest-bearing bank borrowings and payable incurred not in the ordinary course of business) divided by our total equity and multiplied by 100% as at 31 December 2014 was 139.6% (2013: 206.0%).

The Directors are confident that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2014, on the basis that (a) the Group has been applying for extension of the repayment terms of the existing loan of approximately HK$88 million that will fall due in the coming twelve months and has confident that the application will be approved; (b) the Group has available facilities up to approximately HK$46.8 million; and (c) the Group's future operations can generate sufficient cash flows. The directors do not consider it probable that the bank will exercise its discretion to demand repayment of the loans within the next twelve months from 31 December 2014 as the Group continues to fulfil the covenants relating to drawn down facilities.

Significant investments

The Group does not have any significant investments.

Material acquisitions and disposals

During the Year, the Group completed the acquisition of investment properties in Bintan, Indonesia.

Contingent liabilities

As at 31 December 2014, the Group did not have any material contingent liabilities (2013: Nil).

Employees and remuneration policies

As at 31 December 2014, the Group engaged a total of 60 employees (2013: a total of 69). Total staff costs excluding Directors' remuneration for the Year amounting to approximately HK$16.3 million (2013: HK$19.8 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

The Group provides retirement benefits in accordance with the relevant laws and regulations in the place where the staff is employed.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate.

Share option scheme

During the Year, no option has been granted and there has been no movement of any options granted (if any) under the share option scheme adopted by the Company on 31 December 2014.

Foreign currency exposure

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

Charges on group assets

As at 31 December 2014, certain properties of the Group located in Singapore with an aggregate net carrying amount of approximately HK$76.3 million (2013: HK$88.4 million) were used to secure the banking facilities.

Segment information

During the Year, the Group has two reportable segments on the basis of the geographical locations which are Singapore and Indonesia.

Dividends

The Directors do not recommend payment of any divided in the respect of the Year (2013: approximately HK$58.6 million).

Use of proceeds in the placing

Listed on the GEM on 7 July 2014, the Group raised net proceeds of approximately HK$97.1 million from the Placing.

The following is a summary of the use of proceeds for the amount of approximately HK$97.1 million after the Placing:

	Intended amount *HK$ (million)*	**Intended usage up to 31 December 2014** *HK$ (million)*	**Actual approximate amount utilized up to 31 December 2014** *HK$ (million)*
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	60.0	30.0	0.4
Devising a master plan for the future development of the Bintan Assets	26.1	3.0	0.1
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.0	2.0	–
	92.1	35.0	0.5

The Directors plan to use the remaining net proceeds of approximately HK$5.0 million for working capital and other general corporate purpose. As at 31 December 2014, such net proceeds have already been utilized for working capital and other general corporate purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

All the unutilised balances have been placed in licensed banks in Singapore and Hong Kong.

Comparison of business strategies with actual business progress

The following is a summary of the actual progress of the Group compared with the business strategies set out in the Prospectus.

Business strategies in the Prospectus	Actual operation progress up to 31 December 2014
Enhancing the performance and upgrade the quality of Link Hotel by undergoing overall renovation	The renovation planning is in progress and is expected to be completed in the 2nd half of 2015
Devising a master plan for the future development of the Bintan Assets	The master plan of the development of Bintan Assets is under discussion with professional parties
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	The Group is seeking opportunities in hotel management and franchising business in Southeast Asian countries
Further strengthening our sales and marketing force	The Group is recruiting experienced sales and marketing persons
Continuing to identify sites and/or seek acquisition opportunities to expand our hotel business in Southeast Asian countries	During the Year, the Group completed the acquisition of investment properties in Bintan, Indonesia

OUTLOOKS

Growth of visitor arrivals in Singapore has been primarily led by emerging Asian economies. As these markets are predominantly value-oriented visitors, Link Hotel is likely to attract such demands. The renovation of Link Hotel is in progress and is expected to be completed in the second half of 2015. It is expected that after the completion of the renovation, the facilities of the hotel will be greatly upgraded and the occupancy nights and average room rates will be increased.

The Board expects that the demand for hotel rooms and resorts in Bintan will continue to grow. After the completion of the development of Bintan Assets, the revenue from Bintan Assets is expected to be the new growth driver for the Group. We will seize every opportunity arising from the growing market in order to bring optimal returns to our shareholders.

The Company, together with its subsidiaries, the ("Group") is committed to high standards of corporate governance in the interest of its shareholders. It has continued and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

CORPORATE GOVERNANCE CODE

During the period from the date of listing of the shares of the Company, i.e. 7 July 2014 (the "Listing Date"), to 31 December 2014, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in the Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions in securities of the Company by the Directors. Having made specified enquiry with the Directors, all the Directors confirmed that they had complied with the required standard of dealings during the period from the Listing Date to 31 December 2014.

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management of the Company is responsible for the day-to-day operations of the Company. As at 31 December 2014, the Board comprised seven Directors, including (i) three executive Directors, namely Datuk Siew Pek Tho, Mr. Chen Changzheng and Mr. Wong Ip; (ii) two non-executive Directors, namely Mr. Ngan Iek (Chairman) and Ms. Ngan Iek Peng; and (iii) three independent non-executive Directors, namely Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene and Mr. Thng Bock Cheng John. One of the independent non-executive Directors, namely Mr. Chan So Kuen, has appropriate professional qualifications, or accounting or related financial management expertise.

In determining the independence of independent non-executive Directors, the Board has followed the requirements set out in the GEM Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the independent non-executive Directors have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

The Company continuously seeks to enhance the effectiveness of the Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of diversity in the boardroom. The Board has therefore adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. A circular which includes the biographical details of the retiring Directors who stand for re-election together with the notice of annual general meeting of the Company will be despatched to the shareholders of the Company in due course.

The Board meets regularly, and at least four times a year of approximately quarterly internals. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

During the period from the Listing Date to 31 December 2014, the Board held three regular board meetings and the Company did not hold any general meetings, and the attendance records of these meetings are set out below:

	Attendance (for Board meetings)	Attendance (for general meetings)
Executive Directors		
Datuk Siew Pek Tho	3/3	1/1
Mr. Chen Changzheng	3/3	1/1
Mr. Wong Ip	3/3	1/1
Non-executive Directors		
Mr. Ngan Iek	3/3	0/1
Ms. Ngan Iek Peng	3/3	0/1
Independent non-executive Directors		
Mr. Chan So Kuen (appointed on 16 October 2014)	1/1	N/A
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)	1/1	N/A
Mr. Thng Bock Cheng John	2/3	1/1
Mr. Wu Chi Keung (resigned on 3 October 2014)	1/1	N/A
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)	1/1	1/1

Biographical details of the Directors are set out in the section of "Biographical Details of Directors" on pages 17 to 18. Mr. Ngan Iek, the chairman and non-executive Director of the Company, is the elder brother of Ms. Ngan Iek Peng, a non-executive Director of the Company. Datuk Siew Pek Tho, an executive Director of the Company, is the brother-in-law of Mr. Ngan Iek and Ms. Ngan Iek Peng. Save as disclosed above, there are no family or other material relationships among members of the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the role of the chairman and chief executive officer should be separated and should not be performed by the same individual. The posts of chairman and chief executive officer are separated to ensure a clear division between the chairman's responsibility to manage the Board and the chief executive officer's responsibility to manage the company's business. The separation ensures a balance of power and authority so that power is not concentrated.

Mr. Ngan Iek as a chairman of the Group, plays a leading role and is responsible for formulating development strategies and overseeing the overall business of the Group. During the year ended 31 December 2014, the Company did not have an officer with the title of chief executive officer ("CEO"). The CEO's duties have been undertaken by the members of the Board. The Board considers that this structure will not impair the balance of power and authority of the Board. It currently comprises three executive Directors, two non-executive Director (the "NED") and three independent non-executive Directors (The "INED(s)").

The Company has complied with the code provisions as set out in the CG Code contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant.

The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Director.

During the period from the Listing Date to 31 December 2014, the Company has arranged an in-house seminar for the Directors on the topic the related duties of the Directors.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 20 June 2014 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors and provide advice and comments to the Directors.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene and Mr. Thng Bock Cheng John. Mr. Chan So Kuen is the chairman of the Audit Committee. The Audit Committee has met the external auditor of the Group to review the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this report and financial statements of the Group for the year ended 31 December 2014. During the period from the Listing Date to 31 December 2014, the Audit Committee held two meetings. The attendance records of the Audit Committee meetings during the period from the Listing Date to 31 December 2014 are set out below:

	Attendance
Mr. Chan So Kuen *(Chairman)* (appointed on 16 October 2014)	1/1
Mr. Thng Bock Cheng John	2/2
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)	1/1
Mr. Wu Chi Keung (resigned on 3 October 2014)	1/1
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)	1/1

During the period from the Listing Date to 31 December 2014, the Audit Committee reviewed with the management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the interim financial information of the Company for the six months ended 30 June 2014 and the third quarterly financial information of the Company for the nine months ended 30 September 2014). The audited consolidated results of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 20 June 2014 in compliance with Rule 5.34 of the GEM Listing Rules. The primary duties of the Remuneration Committee are to evaluate the performance and determine the remuneration packages of the Directors and the senior management of the Group, and evaluate the performance and make recommendations on any other employee benefit arrangement. At present, the Remuneration Committee consists of five members, namely, Mr. Ngan Iek, Datuk Siew Pek Tho, Mr. Lai Yang Chau, Eugene, Mr. Chan So Kuen and Mr. Thng Bock Cheng John. Mr. Lai Yang Chau, Eugene is the chairman of the Remuneration Committee and majority of the members are independent non-executive Directors.

During the period from the Listing Date to 31 December 2014, the Remuneration Committee held two meetings. Details of the attendance of the Remuneration Committee meeting during the period from the Listing Date to 31 December 2014 are set out below:

	Attendance
Mr. Lai Yang Chau, Eugene *(Chairman)* (appointed on 16 October 2014)	N/A
Mr. Ngan Iek	1/1
Datuk Siew Pek Tho	1/1
Mr. Thng Bock Cheng John	1/1
Mr. Chan So Kuen (appointed on 16 October 2014)	N/A
Mr. Wu Chi Keung (resigned on 3 October 2014)	N/A
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)	N/A

During the period from the Listing Date to 31 December 2014, the Remuneration Committee has considered and reviewed the existing terms of appointment of the Directors. The Remuneration Committee considers that the existing terms of appointment of the Directors are fair and reasonable.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Company established a nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") on 20 June 2014. The primary duties of the Nomination and Corporate Governance Committee are to review the structure, size and composition of the Board, the Company's policies and practices on corporate governance on a regular basis and make recommendations to the Board. At present, the Nomination and Corporate Governance Committee consists of five members, namely, Mr. Ngan Iek, Datuk Siew Pek Tho, Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene and Mr. Thng Bock Cheng John. Mr. Ngan Iek is the chairman of the Nomination and Corporate Governance Committee. During the period from the Listing Date to 31 December 2014, the Nomination and Corporate Governance Committee held one meeting. Details of the attendance of the Nomination Committee meeting are set out below:

	Attendance
Mr. Ngan Iek *(Chairman)*	1/1
Datuk Siew Pek Tho	1/1
Mr. Chan So Kuen (appointed on 16 October 2014)	N/A
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)	N/A
Mr. Thng Bock Cheng John	1/1
Mr. Wu Chi Keung (resigned on 3 October 2014)	N/A
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)	N/A

During the period from the Listing Date to 31 December 2014, the Nomination and Corporate Governance Committee has considered and reviewed the policy for the nomination of Directors, the process and criteria to select and recommend candidates for directorship. The Nomination and Corporate governance Committee recommended the Board to approve the proposed sequence for re-election of retiring Directors in 2014 annual general meeting. The Nomination and Corporate Governance Committee has also considered and reviewed the Company's policies and practices on corporate governance. The Nomination and Corporate Governance Committee considers that the existing policy for nomination, selection and recommendation for directorship and the existing polices and practices of corporate governance of the Company are suitable.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirement and applicable accounting standards. The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the section headed "Independent auditor's report" of this report.

CONTINUING CONNECTED TRANSACTIONS

The Stock Exchange conditionally granted a waiver to the Company from strict compliance with the announcement requirement under Chapter 20 of the GEM Listing Rules with respect to certain continuing connected transactions as referred to in the Prospectus. The transactions are summarized as follows:

Nature of transactions	**Connected person**	**2014**	2013
		HK$	*HK$*
(a) Rental income	Mr. Tjiagus Thamrin	**1,836,330**	–

Connected person:

(i) Mr. Tjiagus Thamrin is interested in 20% of the paid-up capital of PT Hang Huo Investment; he is considered as a connected person of the Company under Chapter 20 of the GEM Listing Rules

The auditor reviewed the above continuing connected transactions and issued a letter of confirmation to the Board, of which a copy would be provided to the Stock Exchange, confirming that:

1. nothing has come to their attention that caused them to believe that the disclosed continuing connected transactions have not been approved by the Board;

2. nothing has come to their attention that caused them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

3. with respect to the aggregate amount of the disclosed continuing connected transactions, nothing has come to their attention that caused them to believe that the disclosed continuing connected transactions have exceeded the annual cap disclosed in the Prospectus in respect of the disclosed continuing connected transactions;

4. nothing has come to their attention that caused them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group.

The Audit Committee, comprising all three INEDs, reviewed the above continuing connected transactions and confirmed that:

1. the transactions disclosed above were entered into in the Group's ordinary and usual course of business and conducted on normal commercial terms or on terms no less favourable than terms from independent third parties;

2. the transactions disclosed above were conducted in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of shareholders of the Company as a whole;

3. the annual amount of the above continuing connected transactions for the year ended 31 December 2014 did not exceed the proposed annual cap amount of HK$2,035,000 as disclosed in the Prospectus.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of the system of internal control of the Group, and made suggestions to improve the system. The Board was satisfied that the internal control system of the Group, after implementing the suggested improvements, would be effective.

EXTERNAL AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group's financial statements for the Year is set out in the section headed "Independent Auditor's Report" in this annual report. The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The fees charged by the external auditor of the Company in respect of audit services and non-auditing services for the year ended 31 December 2014 amounted to HK$700,000 and HK$15,000 respectively. In addition, BDO Limited was appointed by the Company as the reporting accountant for its initial public offering of shares. The fee for listing services charged by the external auditor of the Company amounted to HK$1,570,000 during the year.

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary. The company secretary reports to the chairman on board governance matters, and is responsible for ensuring that Board and Board committees procedures are followed, and for facilitating communications among Directors, senior management as well as with shareholders of the Company.

On 13 March 2015, Mr. Ng Chi Wai resigned as the Company Secretary of the Company. The Company appointed Mr. Chow Kit Ting as the Company secretary of the Company on 24 March 2015. During the Year, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. In the event that any shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company would like to call for an extraordinary general meeting, please make a written requisition to the principal office of the Company in Hong Kong from time to time, making attention to "The Board of Directors and the company secretary".

There are no provisions allowing shareholders to put forward proposals at the general meetings under the memorandum and articles of association. If shareholders wish to do so, they may request to convene an extraordinary general meeting as stipulated above and specify the proposals in such written requisition. For any enquiries, shareholders are welcome to contact the Company by post to the principal office of the Company in Hong Kong, by phone at (852) 3521 1706 by fax at (852) 2180 7460.

INVESTOR RELATIONS

All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's corporate website (http://www.linkholdingslimited.com) as soon as practicable after their release. The Company's constitutional documents are also available on both websites. During the Year, there have not been any significant changes to the Company's constitutional documents.

EXECUTIVE DIRECTORS

Datuk Siew Pek Tho (拿督蕭柏濤) ("Datuk Siew"), aged 42, 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. Datuk Siew is the brother-in-law of Mr. Ngan Iek, the chairman and non-executive Director and Ms. Ngan Iek Peng, the non-executive Director.

Mr. Chen Changzheng (陳長征先生) ("Mr. Chen"), aged 46, 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 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. Wong Ip (黃曄先生) ("Mr. Wong"), aged 43, 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.

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 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 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.

Ms. Ngan Iek Peng (顏奕萍女士), aged 38, 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 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Thng Bock Cheng John (湯木清先生) ("Mr. Thng"), aged 63, 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.

Mr. Lai Yang Chau, Eugene (黎瀛洲先生) ("Mr. Lai"), aged 45, obtained his bachelor of laws degree from University of Hong Kong in 1992, a master of laws degree on Chinese laws from Renmin University of China in 1998, and an EMBA Global Asia degree conferred jointly by Columbia Business School, London Business School and University of Hong Kong in 2012. He has also completed class 2011 of the Senior Executive Program for China, jointly organized by Harvard Business School, Tsinghua University and China Europe International Business School. Mr. Lai is currently a practicing solicitor in Hong Kong and a partner of the Hong Kong office of an international law firm. He has experience in international corporate finance, cross border merger and acquisition, and securities laws in Hong Kong.

Mr. Chan So Kuen (陳素權先生) ("Mr. Chan"), aged 35, obtained his Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in 2001. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 12 years of experience in accounting, auditing, corporate governance and capital market in Hong Kong and the People's Republic of China. Since February 2014, Mr. Chan has been the chief financial officer and company secretary of Huazhang Technology Holding Limited (Stock Code: 1673), a company listed on the main board of the Stock Exchange.

The Directors are pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 27 to 29.

The Board does not recommend the payment of a final dividend for the Year.

USE OF NET PROCEEDS FROM THE COMPANY'S PLACING

As at 31 December 2014, the Company has utilised approximately HK$5.5 million out of the net proceeds of approximately HK$97.1 million raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus. Detail of the intended use and utilised amount are set out on page 8 of this Annual Report.

RESERVES

Movements in the reserves for the year are set out in the consolidated statement of changes in equity on page 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2014 calculated under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$79.8 million.

SHARE CAPITAL

Details of the movement in share capital of the Company during the year is set out in note 29 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

Details of the movements in property, plant and equipment and prepaid lease payments during the Year are set out in notes 16 and 18 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

The Group has revalued its investment properties at 31 December 2014. Details of movements during the Year are set out in note 17 to the consolidated financial statements.

INTEREST-BEARING BANK BORROWINGS

Details of the borrowings as at the end of the year 2014 are set out in note 26 to the consolidated financial statements.

REPORT OF THE DIRECTORS

CHARITABLE CONTRIBUTIONS

During the Year, the Group did not made charitable contributions.

THREE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out on page 92.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2014, the Group's sales to the largest customers and the five largest customers accounted for 4% and 15% of the Group's turnover. The Group's purchases from the largest suppliers and the five largest suppliers purchases accounted for 19% and 35% of the Group's purchases.

None of the Directors or any of their associates or any shareholders of the Company (the "Shareholders") (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Datuk Siew Pek Tho
Mr. Chen Shangzheng
Mr. Wong Ip

Non-executive Directors

Mr. Ngan Iek
Ms. Ngan Iek Peng

Independent Non-executive Directors ("INEDs")

Mr. Thng bock Cheng John
Mr. Chan So Kuen (appointed on 16 October 2014)
Mr. Lai Yang Chau, Eugene (appointed on 16 October 2014)
Mr. Wu Chi Keung (resigned on 3 October 2014)
Mr. Yen Yuen Ho, Tony (resigned on 16 October 2014)

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company with a term of three years which shall be terminated by either party by serving no less than three months' notice in writing subject to the terms and conditions of such service contract.

Each of the non-executive Directors, including the INEDs has signed an appointment letter with a fixed appointment term of three years.

Save as disclosed above, no Director proposed for re-election at 2014 AGM whose contract is not determinable by the Company within three years without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of Directors are set out on pages 17 to 18.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from 7 July 2014, the date on which the shares listed on the Stock Exchange up to 31 December 2014.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by public as at the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the Year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (Charter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, is as follows:

Long positions in shares of the Company

Name	Capacity	Total number of shares held	Percentage of shareholding
Vertic Holdings Limited ("Vertic")	Beneficial Owner	210,000,000	75%
Mr. Ngan Iek	Interest in controlled corporation *(Note 1)*	210,000,000	75%
Ms. Cheng Wing Shan	Interest of spouse *(Note 2)*	210,000,000	75%

Notes:

1. Vertic is a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in the shares of the Company held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic.

2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.

Long positions in Vertic, an associated corporation of the Company

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

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

Save as those disclosed above, as at 31 December 2014, none of the Directors had any interests or short positions in the shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.45 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December, 2014, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Year or at the end of the Year.

CONTINUING CONNECTED TRANSACTIONS

The Group entered into certain transactions which constituted continuing connected transactions of the Group pursuant to Chapter 20 of the GEM Listing Rules during the year under audit. A conditional waiver pursuant to Rule 20.103 of the GEM Listing Rules from compliance with the announcement requirement under Chapter 20 of the GEM Listing Rules was granted by the Stock Exchange. Details of the continuing connected transactions are summarized in the Corporate Governance Report on pages 14 to 15 and note 31 to the consolidated financial statements in this Annual Report.

MATERIAL RELATED PARTY TRANSACTIONS

During the Year, the Group entered into certain transactions with related parties as defined under the applicable accounting standard. Those related party transactions that also fell under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules and were subject to the related disclosure requirements were set out in the Corporate Governance Report on pages 14 to 15. Details of the related party transactions are disclosed in note 31 to the consolidated financial statements.

CONTRACTS OF SIGNIFICANCE

Save as the aforementioned continuing connected transaction and those otherwise disclosed, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year.

As at 31 December 2014, no contract of significance had been entered into between the Company, or any of its subsidiaries, and the controlling shareholders of the Company or any of its subsidiaries.

REPORT OF THE DIRECTORS

DEED OF NON-COMPETITION

The controlling shareholders of the Company entered into a deed of non-competition in favour of the Company dated 20 June 2014 ("Deed of Non-Competition") as set out in the section of Connected Transactions and Relationship with the Controlling Shareholders under the Prospectus. The controlling shareholders confirmed their compliance of all the undertakings provided under the Deed of Non-competition.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules for the period from 7 July 2014, the date on which the shares listed on the Stock Exchange, to 31 December 2014. The Corporate Governance Report is set out on pages 9 to 16 of this Annual Report.

AUDITOR

The financial statements for the year ended 31 December 2014 have been audited by BDO Limited which retires, and being eligible, offers itself for re-appointment at 2014 AGM. A resolution to re-appoint BDO Limited and to authorize the Directors to fix its remuneration will be proposed at 2014 AGM.

On behalf of the Board

Ngan Iek
Chairman
Hong Kong, 31 March 2015

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Link Holdings Limited
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Link Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 27 to 90, which comprise the consolidated and the company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$	2013 HK$
Revenue	7	**67,828,429**	78,433,094
Cost of sales		**(21,615,900)**	(24,807,845)
Gross profit		**46,212,529**	53,625,249
Other income	8	**1,140,999**	6,802,161
Selling expenses		**(2,455,865)**	(2,924,492)
Administrative expenses		**(40,022,407)**	(22,379,692)
Finance costs	9	**(5,397,877)**	(6,549,639)
Gain on changes in fair value of investment properties		**2,254,909**	–
Fair value gain/(loss) on derivative financial instruments		**135,243**	(554,290)
Profit before income tax expense	10	**1,867,531**	28,019,297
Income tax expense	12	**(3,350,947)**	(4,640,649)
(Loss)/Profit for the year		**(1,483,416)**	23,378,648
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(15,583,547)**	(3,641,586)
Total comprehensive income for the year		**(17,066,963)**	19,737,062
(Loss)/Profit attributable to:			
Owners of the Company		**(2,203,704)**	23,378,648
Non-controlling interests		**720,288**	–
		(1,483,416)	23,378,648
Total comprehensive income attributable to:			
Owners of the Company		**(17,015,538)**	19,737,062
Non-controlling interests		**(51,425)**	–
		(17,066,963)	19,737,062
(Losses)/Earnings per share			
– Basic and diluted (HK cents per share)	14	**(0.09)**	1.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	16	**79,171,863**	92,964,866
Investment properties	17	**137,012,996**	–
Prepaid lease payments	18	**78,874,387**	83,928,172
Deposits for acquisition of land and buildings	19	**–**	64,922,184
Total non-current assets		**295,059,246**	241,815,222
Current assets			
Hotel inventories	20	**164,190**	431,209
Trade and other receivables	21	**8,728,444**	9,845,777
Amount due from a related company	22	**–**	80,783,347
Amount due from a director	22	**776,037**	–
Cash and cash equivalents	23	**102,476,136**	56,390,284
Total current assets		**112,144,807**	147,450,617
Current liabilities			
Trade and other payables	24	**7,996,217**	11,118,055
Amount due to non-controlling interests	22	**23,012,351**	–
Obligations under finance leases	25	**–**	59,940
Interest-bearing bank borrowings	26	**134,560,166**	75,337,642
Provision for taxation		**4,533,878**	6,780,885
Derivative financial instruments	27	**2,294,296**	3,483,662
Total current liabilities		**172,396,908**	96,780,184
Net current (liabilities)/assets		**(60,252,101)**	50,670,433
Total assets less current liabilities		**234,807,145**	292,485,655

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$	2013 HK$
Non-current liabilities			
Interest-bearing bank borrowings	26	**80,199,009**	170,024,700
Deferred tax liabilities	28	**435,379**	229,337
Derivative financial instruments	27	**293,855**	3,104,509
Total non-current liabilities		**80,928,243**	173,358,546
Net assets		**153,878,902**	119,127,109
Equity			
Share capital	29	**2,800,000**	15
Reserves	30	**146,423,163**	114,419,930
		149,223,163	114,419,945
Non-controlling interests		**4,655,739**	4,707,164
Total equity		**153,878,902**	119,127,109

Approved and authorized for issue by the Board of Directors on 31 March 2015.

Director

Director

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2014

	Notes	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	16	**20,800**	–
Interests in subsidiaries	35	**15**	–
Total non-current assets		**20,815**	–
Current assets			
Prepayment	21	**–**	1,295,410
Amount due form a subsidiary	35	**81,956,458**	–
Cash and cash equivalents	23	**1,129,690**	9,850
Total current assets		**83,086,148**	1,305,260
Current liabilities			
Accruals and other payables	24	**522,280**	–
Amount due to a subsidiary	35	**–**	5,233,377
Total current liabilities		**522,280**	5,233,377
Net current assets/(liabilities)		**82,563,868**	(3,928,117)
Net assets/(liabilities)		**82,584,683**	(3,928,117)
Equity			
Share capital	29	**2,800,000**	1
Reserves	30	**79,784,683**	(3,928,118)
Total equity		**82,584,683**	(3,928,117)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company							
	Share capital HK$	Share premium HK$	Other reserve HK$ (Note)	Translation reserve HK$	Retained earnings HK$	Total HK$	Non-controlling interest HK$	Total equity HK$
At 1 January 2013	9	–	–	4,342,448	90,340,420	94,682,877	–	94,682,877
Profit for the year	–	–	–	–	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
Share issued	6	–	–	–	–	6	–	6
Share issued to non-controlling interests in a subsidiary	–	–	–	–	–	–	4,707,164	4,707,164
At 31 December 2013 and 1 January 2014	**15**	**–**	**–**	**700,862**	**113,719,068**	**114,419,945**	**4,707,164**	**119,127,109**
(Loss)/Profit for the year	**–**	**–**	**–**	**–**	**(2,203,704)**	**(2,203,704)**	**720,288**	**(1,483,416)**
Other comprehensive income								
– Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**(14,811,834)**	**–**	**(14,811,834)**	**(771,713)**	**(15,583,547)**
Total comprehensive income for the year	**–**	**–**	**–**	**(14,811,834)**	**(2,203,704)**	**(17,015,538)**	**(51,425)**	**(17,066,963)**
Elimination of share capital upon reorganisation	**(15)**	**–**	**15**	**–**	**–**	**–**	**–**	**–**
Shares issued	**1**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Capitalisation issue *(note 29(a))*	**2,099,999**	**(2,099,999)**	**–**	**–**	**–**	**–**	**–**	**–**
Placing of new shares *(note 29(b))*	**700,000**	**121,800,000**	**–**	**–**	**–**	**122,500,000**	**–**	**122,500,000**
Share issues expenses	**–**	**(12,054,306)**	**–**	**–**	**–**	**(12,054,306)**	**–**	**(12,054,306)**
Dividend declared and paid *(note 15)*	**–**	**–**	**–**	**–**	**(58,626,939)**	**(58,626,939)**	**–**	**(58,626,939)**
At 31 December 2014	**2,800,000**	**107,645,695**	**15**	**(14,110,972)**	**52,888,425**	**149,223,163**	**4,655,739**	**153,878,902**

Note: The other reserve of the Group represents the difference between the nominal value of the shares issued by the Company and the aggregate nominal value of the issued share capital of subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 HK$	2013 HK$
Cash flows from operating activities			
Profit before income tax expense		**1,867,531**	28,019,297
Adjustments for:			
Finance cost	9	**5,397,877**	6,549,639
Interest income	8	**(172,123)**	(6,257,757)
Depreciation of property, plant and equipment	10	**11,008,701**	4,542,282
Gain on changes in fair value of investment properties	17	**(2,254,909)**	–
Fair value (gain)/loss on derivative financial instruments	10	**(135,243)**	554,290
Impairment loss on trade receivables	10	**126,150**	–
Amortisation of prepaid lease payments	10	**1,585,420**	1,606,021
Gain on disposal of property, plant and equipment	10	**(52,029)**	–
		17,371,375	35,013,772
Decrease/(increase) in inventories		**260,128**	(112,312)
Decrease in trade and other receivables		**1,128,680**	5,648
Decrease in trade and other payables		**(3,328,220)**	(424,101)
Increase in amount due from a director		**(811,229)**	–
Cash generated from operations		**14,620,734**	34,483,007
Income taxes paid		**(5,493,118)**	(3,778,683)
Net cash flows generated from operating activities		**9,127,616**	30,704,324
Cash flows from investing activities			
Decrease in amount due from a related company		**22,329,485**	99,775,016
Settlement of derivative financial instruments	27	**(3,755,922)**	(4,168,893)
Deposit paid for the acquisition of land		**–**	(65,850,372)
Interest received		**172,123**	–
Proceeds from disposal of property, plant and equipment		**52,029**	–
Purchase of property, plant and equipment	16	**(684,930)**	(253,803)
Payments for investment properties		**(78,839,768)**	–
Net cash (used in)/generated from investing activities		**(60,726,983)**	29,501,948

	Notes	2014 HK$	2013 HK$
Cash flows from financing activities			
Net proceeds from issue of shares		**110,445,694**	–
Proceeds from issue of ordinary shares to non-controlling interests in a subsidiary		**–**	4,707,164
Repayment of finance lease obligation		**(60,017)**	(140,995)
Proceeds from borrowings		**18,363,300**	9,300,000
Repayment of borrowings		**(39,544,571)**	(17,472,708)
Increase in amount due to non-controlling interests		**24,055,923**	–
Interest paid		**(5,397,877)**	(6,549,639)
Net cash generated from/(used in) financing activities		**107,862,452**	(10,156,178)
Net increase in cash and cash equivalents		**56,263,085**	50,050,094
Cash and cash equivalents at beginning of year		**56,390,284**	8,009,458
Effect of exchange rate changes on cash and cash equivalents		**(10,177,233)**	(1,669,268)
Cash and cash equivalents at end of year	*23*	**102,476,136**	56,390,284

MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2014, pursuant to the resolution passed on 3 April 2014, dividends of approximately of HK$58.6 million attributable to the year ended 31 December 2013 were approved and the amount was settled by offsetting amount due from a related company.

1. CORPORATE INFORMATION AND THE REORGANISATION EXERCISE AND BASIS OF PRESENTATION

1.1 Corporate Information

Link Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Cap 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has been registered in Hong Kong under Part XI of the Companies Ordinance as an overseas company on 5 August 2013. The ordinary shares of the Company (the "Shares") have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 July 2014.

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 35 to the financial statements.

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 31 March 2015.

1.2 The reorganisation exercise and basis of presentation

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Shares on the GEM of the Stock Exchange ("Reorganisation"), the Company became the holding company of the companies now comprising the Group on 20 June 2014.

Details of the Reorganisation are set out in the section headed "History, Development and Corporate Structure" in the prospectus of the Company dated 30 June 2014 (the "Prospectus").

The Reorganisation upon completion is accounted for as reorganisation under common control using the principle of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements as set out in this report for the years ended 31 December 2013 and 31 December 2014 have been prepared by adopting the merger basis of accounting. The consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 December 2013 and 31 December 2014 include the results and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the period of 2013, or since their respective dates of acquisition or incorporation/establishment, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2013 and 31 December 2014 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.

2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of new/revised IFRSs – effective 1 January 2014

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment entities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation 21	Levies

The adoption of these amendments has no material impact on the Group's consolidated financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

The following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
IFRS 9 (2014)	Financial Instruments[3]
IFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (cont'd)

(b) New/revised IFRSs that have been issued but are not yet effective (cont'd)

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Directors anticipated that the application of these new pronouncements will have no material impact on the Group's consolidated financial statements.

3 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as "IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and financial instruments, which are measured at fair values as explained in the accounting policies set out below. The significant accounting policies that have been used in the preparation of these financial statements are disclosed in note 4. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

During the year, the Group has incurred a loss of HK$1,483,416 and at the end of reporting period, its current liabilities exceeded its current assets by HK$60,252,101.

The consolidated financial statements have been prepared on a going concern basis as the directors are confident that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2014, on the basis that (a) the Group has been applying for extension of the repayment terms of the existing loan of approximately HK$88 million that will fall due in the coming twelve months and has confident that the application will be approved; (b) the Group has available facilities up to approximately HK$46.8 million; and (c) the Group's future operations can generate sufficient cash flows. The directors do not consider it probable that the bank will exercise its discretion to demand repayment of the loans within the next twelve months from 31 December 2014 as the Group continues to fulfil the covenants relating to drawn down facilities. Accordingly, the directors are of the opinion that, in the absence of unforeseen circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting date and it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2014 on a going concern basis notwithstanding the net current liabilities position of the Group.

The consolidated financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

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.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Business combination and basis of consolidation (cont'd)

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.

(b) Subsidiaries

A Subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability 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.

(c) 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 consolidated statement of comprehensive income 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 – 10 years
Motor vehicles	6 years

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant and equipment (cont'd)

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.

(d) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

(e) Prepaid land lease payments

Prepaid 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.

(f) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leasing (cont'd)

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 straight-line 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.

(g) 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 comprehensive 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 comprehensive income in the period in which it arises.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial Instruments (cont'd)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

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.

Gains 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 of financial liability and of allocating interest income or interest expenses over the relevant period. 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.

(i) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) 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.

(k) 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.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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 or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (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 year, 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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(m) 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. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including assets similar in nature to cash, which are not restricted as to use.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- interests in leasehold land held for own use under operating leases; and
- investments in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(u) Dividends

Interim dividends are recognised as a liability in the period in which they are declared. Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liability.

5. 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 statement of comprehensive income.

Generally, useful lives of buildings, leasehold improvements and furniture, fixtures and equipment are 60 years, 10-20 years and 5-15 years respectively. There is the change of useful lives in certain assets due to hotel renovation. This change in useful lives of the affected assets has increased the depreciation charge for the year by approximately of HK$6.4 million and for the year ending 31 December 2015 by approximately of HK$7.1 million.

(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 judgment. A considerable amount of judgment 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd)

(d) Fair value measurement

A number of asset and liability included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment property (note 17); and
- Derivative financial instruments (note 27)

For more detailed information in relation to the fair value measurement of the items above, please refer to the note 37.

6. 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. The chief operating decision marker considers the business primarily on the basis of the geographical locations. During the year, the Group acquired of land and buildings in Indonesia. The activities in Indonesia have become a new reportable and operating segment of the Group and are separately assessed by the chief operating decision marker. The Group has two reportable segments. The following summary describes the operations in each of the Group's reportable segments:

– Singapore
– Indonesia

(a) Reportable segments

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenues, incomes and gains, costs and expenditures directly attributable to each operating segment. Central administrative cost are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-marker for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment for the year:

Segment revenue and results

	Singapore *HK$*	Indonesia *HK$*	Total *HK$*
For the year ended 31 December 2014			
External Revenue	**65,992,099**	**1,836,330**	**67,828,429**
Segment profit	**14,677,750**	**1,755,654**	**16,433,404**
Corporate income			
– Others			**90,000**
Central administrative cost			**(14,791,116)**
Fair value gain on derivative financial instruments			**135,243**
Profit before income tax expense			**1,867,531**

6. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment revenue and results (cont'd)

	Singapore	Indonesia	Total
	HK$	*HK$*	*HK$*
For the year ended 31 December 2013			
External Revenue	78,433,094	–	78,433,094
Segment profit	29,908,125	–	29,908,125
Central administrative cost			(1,334,538)
Fair value loss on derivative financial instruments			(554,290)
Profit before income tax expense			28,019,297

Segment profit represents the profit earned by each segment without allocation of corporate income, which includes other income, fair value gain/(loss) on derivative financial instruments and central administrative cost. This is the information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

6. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment assets

All assets are allocated to reportable segments other than prepayment, amount due from a director and cash and cash equivalent.

	2014 *HK$*	2013 *HK$*
Singapore	**165,161,411**	266,657,961
Indonesia	**138,769,669**	64,922,184
Total segment assets	**303,931,080**	331,580,145
Unallocated	**103,272,973**	57,685,694
Consolidated assets	**407,204,053**	389,265,839

Segment liabilities

All liabilities are allocated to reportable segments other than derivative financial instruments, provision for taxation and deferred tax liabilities.

	2014 *HK$*	2013 *HK$*
Singapore	**222,233,112**	256,540,337
Indonesia	**23,012,351**	–
Total segment liabilities	**245,245,463**	256,540,337
Unallocated	**8,079,688**	13,598,393
Consolidated liabilities	**253,325,151**	270,138,730

6. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Other segment information

Amounts included in the measure of segment profit or segment assets:

	Singapore *HK$*	**Indonesia** *HK$*	**Total** *HK$*
For the year ended 31 December 2014			
Additions to property, plant and equipment	**664,130**	–	**664,130**
Depreciation of property, plant and equipment	**(11,008,701)**	–	**(11,008,701)**
Amortisation of prepaid lease payments	**(1,585,420)**	–	**(1,585,420)**
Gain on changes in Fair value of investment properties	–	**2,254,909**	**2,254,909**
Gain on disposal of property, plant and equipment	**52,029**	–	**52,029**
Impairment loss on trade receivables	**(126,150)**	–	**(126,150)**
Interest income	**172,123**	–	**172,123**
Interest expenses	**(5,397,877)**	–	**(5,397,877)**

Amounts included in the measure of segment profit or segment assets:

	Singapore *HK$*	Indonesia *HK$*	Total *HK$*
For the year ended 31 December 2013			
Additions to property, plant and equipment	253,803	–	253,803
Depreciation of property, plant and equipment	(4,542,282)	–	(4,542,282)
Amortisation of prepaid lease payments	(1,606,021)	–	(1,606,021)
Interest income	6,257,757	–	6,257,757
Interest expenses	(6,549,639)	–	(6,549,639)

6. OPERATING SEGMENT INFORMATION (cont'd)

(b) Geographical information

The Group's revenue is derived from activities located in Singapore and Indonesia. The following table provides an analysis of the Group's non-current assets.

	Non-current assets As at 31 December	
	2014	2013
	HK$	*HK$*
Singapore	**158,025,450**	176,893,038
Indonesia	**137,012,996**	64,922,184
Hong Kong	**20,800**	–
	295,059,246	241,815,222

(c) Information about major customers

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

7. REVENUE

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

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
Hotel room	**54,656,272**	64,056,992
Food and beverage	**5,564,154**	8,290,223
Rental income from hotel properties	**3,967,294**	3,838,984
Rental income from investment properties	**1,836,330**	–
Others *(note 1)*	**1,804,379**	2,246,895
	67,828,429	78,433,094

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

8. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December 2014 HK$	2013 HK$
Interest income *(note 1)*	**–**	6,257,757
Government grants *(note 2)*	**303,422**	200,120
Interest income from bank deposits	**172,123**	–
Others	**665,454**	344,284
	1,140,999	6,802,161

Note 1: The amount represents interest income from a related company. The directors confirmed that the above transaction had been discontinued from 1 January 2014.

Note 2: The government grants represent Special Employment Credit and Productivity and Innovation Credit received from Singapore Government and Inland Revenue Authority of Singapore respectively during the year. There are no unfulfilled conditions or contingencies attached to these grants.

9. FINANCE COSTS

	Year ended 31 December 2014 HK$	2013 HK$
Interest on bank borrowings		
– Wholly repayable within five years	**3,018,148**	3,185,452
– Not wholly repayable within five years	**2,105,924**	2,341,764
Bank overdraft interest	**273,021**	1,015,274
Finance leases interest	**784**	7,149
	5,397,877	6,549,639

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 2014 and 2013, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,187,618 and HK$1,916,649 respectively.

10. PROFIT BEFORE INCOME TAX EXPENSE

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

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
Staff costs (excluding directors' remuneration *(note 11)*)		
Wages and salaries	**12,911,110**	16,133,584
Short-term non-monetary benefits	**1,177,800**	1,284,759
Contributions to defined contribution plans	**2,185,403**	2,365,007
	16,274,313	19,783,350
Depreciation of property, plant and equipment		
– Owned	**10,852,205**	4,406,898
– Held under finance leases	**156,496**	135,384
	11,008,701	4,542,282
Gain on changes in fair value of investment properties	**(2,254,909)**	–
Gain on disposal of property, plant and equipment	**(52,029)**	–
Fair value (gain)/loss on derivative financial instruments	**(135,243)**	554,290
Auditor's remuneration	**899,364**	223,222
Amortisation of prepaid lease payments	**1,585,420**	1,606,021
Impairment loss on trade receivables	**126,150**	–
Listing expenses	**10,635,770**	2,401,232
Singapore property taxes	**3,018,314**	3,280,737

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors remuneration disclosed pursuant to Section 78(1) of Schedule 11 of the Hong Kong Companies Ordinance Cap. 622 which requires compliance with Section 161 of the Hong Kong Companies Ordinance Cap. 32 is as follows:

	Year ended 31 December 2014										
	Siew Pek Tho	Chen Changzheng	Wong Ip	Ngan Iek	Ngan Iek Peng	Thng Bock Cheng John	Chan So Kuen	Lai Yang Chau, Eugene	Wu Chi Keung	Yen Yuen Ho, Tony	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
							(Note 1)	*(Note 1)*	*(Note 2)*	*(Note 3)*	
Fees	–	–	–	–	–	90,000	37,500	37,500	45,000	52,500	262,500
Salaries allowances and benefits in kind	–	832,923	–	–	–	–	–	–	–	–	832,923
Contributions to defined contribution plans	–	44,427	–	–	–	–	–	–	–	–	44,427
Total	–	877,350	–	–	–	90,000	37,500	37,500	45,000	52,500	1,139,850

Notes:

1. Mr. Chan So Kuen and Mr. Lai Yang Chau, Eugene were appointed on 16 October 2014.

2. Mr. Wu Chi Keung resigned on 3 October 2014.

3. Mr. Yen Yuen Ho, Tony resigned on 16 October 2014.

None of directors received any fees or emoluments in respect of their services to the Group for the year ended 31 December 2013.

(b) Five highest paid employees

The five highest paid individuals whose emoluments were the highest in the Group for the year ended 31 December 2014 included 1 directors (2013: Nil) and their emoluments are reflected in note 11(a). The emoluments of the remaining 4 highest paid individuals (2013: 5) for the year ended 31 December 2014 are as follows:

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
Salaries, allowances and benefits in kind	**2,477,091**	4,709,258
Contributions to defined contribution plans	**186,365**	366,195
	2,663,456	5,075,453

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (cont'd)

(b) Five highest paid employees (cont'd)

The number of non-directors, highest paid employees whose remuneration fell within the bands is as follows:

	Year ended 31 December 2014 HK$	2013 HK$
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	2
	4	5

During the year ended 31 December 2014, no remuneration was paid by the Group to the directors or any of the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). None of the directors, nor the five highest paid employees has waived or agreed to waive any emoluments during the year (2013: Nil).

The remuneration paid or payable to members of senior management was within the following bands:

	Year ended 31 December 2014 HK$	2013 HK$
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
	2	2

12. 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 year (2013: Nil). Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2013: 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 subsidiary in Indonesia is subject to final income tax at a rate of 10% (2013: 10%) on its gross rental income as determined in accordance with the relevant Indonesia income tax rules and regulations.

12. INCOME TAX EXPENSE (cont'd)

The amount of taxation in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
Current – Singapore Corporate Income Tax		
– Tax for the year	**2,835,018**	4,640,649
– Under provision in respect of prior year	**106,807**	–
Current – Indonesia Corporate Income Tax		
– Tax for the year	**183,633**	–
	3,125,458	4,640,649
Deferred tax *(note 28)*		
– Current year	**225,489**	–
Total income tax expense for the year	**3,350,947**	4,640,649

The income tax expense for the year can be reconciled to the profit before income tax expense per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
Profit before income tax expense	**1,867,531**	28,019,297
Tax at Singapore Corporate Income Tax rate of 17%	**317,480**	4,763,280
Effect of different tax rate of subsidiary operating in other jurisdictions	**(280,744)**	–
Tax effect of expense not deductible for tax purpose	**4,006,589**	1,369,756
Tax effect of income not taxable for tax purpose	**(691,005)**	(620,407)
Effect of tax exemptions	**(824,892)**	(874,495)
Tax effect of tax loss not recognised	**691,108**	–
Under provision in prior year	**106,807**	–
Others	**25,604**	2,515
Income tax expense for the year	**3,350,947**	4,640,649

No deferred tax has been recognised as in respect of unused tax loss due to the unpredictability of future profit stream. The unused tax loss can be carried forward indefinitely.

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Loss attributable to shareholders includes an amount of HK$14,701,116 (2013: HK$2,443,118) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount of the Company's loss and total comprehensive income for the year:

	2014	2013
	HK$	*HK$*
Loss attributable to shareholders which has been dealt with in the financial statements of the Company	**(14,701,116)**	(2,443,118)
Exchange losses arising from the amount due from a subsidiary	**(9,231,778)**	–
Company's loss and total comprehensive income for the year	**(23,932,894)**	(2,443,118)

14. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic (losses)/earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$	*HK$*
(Losses)/Earnings		
(Losses)/Earnings for the purpose of basic earnings per share	**(2,203,704)**	23,378,648

		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note (a))*	**2,454,794,521**	2,100,000,000

Notes:

(a) Weighted average of 2,454,794,521 (2013 (restated): 2,100,000,000) ordinary shares are derived from 2,800,000,000 ordinary shares, being the number of shares in issue during the year (2013 (restated): 2,100,000,000) ordinary shares, being the number of shares in issue after the completion of capitalisation issue immediately before the completion of share placing).

(b) For the purpose of calculation of basic (losses)/earnings per share for the years ended 31 December 2014 and 2013, the share subdivision being effective on 16 October 2014 (note 29(c)) was deemed to be effective throughout the period from 1 January 2013 to 31 December 2014.

The diluted (losses)/earnings per share for the years are the same as basic (losses)/earnings per share as there are no dilutive ordinary shares.

15. DIVIDEND

On 3 April 2014, the Group declared a final dividend for the year ended 31 December 2013 in the aggregate amount of approximately HK$58,627,000, for partial settlement of amount due from a related company. The Directors do not recommend payment of final dividend for the year ended 31 December 2014.

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 1 January 2013	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
Additions	–	–	155,690	119,040	410,200	684,930
Disposal	–	–	–	–	(218,952)	(218,952)
Exchange differences	(3,151,656)	(1,508,507)	(28,419)	(552,560)	(51,257)	(5,292,399)
At 31 December 2014	**71,641,356**	**34,290,363**	**2,884,463**	**13,980,832**	**1,159,495**	**120,414,822**
Accumulated depreciation						
At 1 January 2013	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
Depreciation charge for the year	5,144,807	3,641,001	102,645	1,934,559	185,689	11,008,701
Disposal	–	–	–	–	(218,952)	(218,952)
Exchange differences	(551,043)	(765,139)	(13,767)	(459,048)	(34,170)	(1,823,167)
At 31 December 2014	**12,375,012**	**17,298,362**	**2,552,994**	**11,780,573**	**777,705**	**41,242,959**
Net book value						
At 31 December 2013	67,011,764	21,376,370	293,076	4,109,290	174,366	92,964,866
At 31 December 2014	**59,266,344**	**16,992,001**	**331,469**	**2,200,259**	**381,790**	**79,171,863**

The net carrying amount of a motor vehicle at 31 December 2014 includes amounts of HK$Nil (2013: 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 2014, certain property, plant and equipment with net carrying amount of approximately HK$76,258,000 (2013: HK$88,388,000) were pledged to the bank for banking facilities granted to the Group (Note 26).

16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company

The property, plant and equipment represents computer software with a carrying amount of HK$20,800 as at 31 December 2014 (2013: Nil).

17. INVESTMENT PROPERTIES

The Group transferred the deposits for acquisition of land and buildings to investment properties with fair value of approximately HK$145,742,000 (equivalent of SG$23,500,000) as evidence by having obtained the legal title of the land and buildings in June 2014.

Group

	Year ended 31 December 2014 *HK$*
At 1 January	–
Transferred from deposits for acquisition of land and buildings	**145,742,300**
Change in fair value *(note 10)*	**2,254,909**
Exchange differences	**(10,984,213)**
At 31 December	**137,012,996**

The fair value of the Group's investment properties as at 31 December 2014 has been arrived at on the basis of a valuation carried out at the end of reporting period by Colliers International (Hong Kong) Limited, independent qualified professional valuers not connected to the Group. They have relevant professional qualifications and recent experience in the location and category of the investment properties being valued.

The valuations of the vacant parcels of land are determined based on direct comparison approach and leasehold land and buildings are determined based on income capitalisation approach.

In relation to direct comparison approach, the valuation is based on the market comparable approach that reflects recent transaction prices for similar properties. Prices of comparable properties in close proximity are adjusted for differences in key attributes regarding property location, size, time, accessability, surrounding environment and other relevant factors.

In respect of income capitalisation approach, the valuation is determined using the discounted cash flow method, based on the estimated rental value of the property. The valuation takes account of expected occupancy rates and annual growth in average daily room rate of the properties. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

17. INVESTMENT PROPERTIES (cont'd)

Group (cont'd)

Significant unobservable inputs

Direct comparison approach (Level 3):	
Market unit rate with adjustment for property location, size, time, accessability, surrounding environment and other relevant factors – per square meter	**HK$231**
Income capitalisation approach (Level 3):	
Market unit rent	**HK$384**
Annual growth rate	**5%**
Occupancy rate on available room basis	**64%**
Discount rate	**12.9%**
Capitalisation rate	**9%**

The higher the market unit rent, annual growth rate, occupancy rate, the higher the fair value, and vice versa. The higher the discount rate and capitalisation rate, the lower the fair value, and vice versa.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. During the year ended 31 December 2014, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2013: Nil). The directors estimated that the effect on the fair value of investment properties in response to reasonably possible changes in key inputs would be insignificant for the year ended 31 December 2014.

The investment properties are located outside Hong Kong and held under medium-term lease.

18. PREPAID LEASE PAYMENTS

Group

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	
	2014	2013
	HK$	*HK$*
At 1 January	**83,928,172**	88,598,714
Amortisation *(note 10)*	**(1,585,420)**	(1,606,021)
Exchange differences	**(3,468,365)**	(3,064,521)
At 31 December	**78,874,387**	83,928,172

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.

19. DEPOSITS FOR ACQUISITION OF LAND AND BUILDINGS

Group

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. The Group transferred the deposits for acquisition of land and buildings to investment properties in June 2014.

20. HOTEL INVENTORIES

Group

Hotel inventories comprise food and beverage and other consumables.

21. TRADE AND OTHER RECEIVABLES

Group and Company

	Group At 31 December		**Company At 31 December**	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Trade receivables *(note)*	**7,543,741**	7,267,157	**–**	–
Less: Allowance for impairment loss	**–**	(25,382)	**–**	–
	7,543,741	7,241,775	**–**	–
Prepayments	**318,435**	525,625	**–**	–
Prepayments for listing costs	**–**	1,295,410	**–**	1,295,410
Deposits	**644,504**	638,674	**–**	–
Other receivables	**221,764**	144,293	**–**	–
	8,728,444	9,845,777	**–**	1,295,410

Note: As at 31 December 2014, trade receivables included an amount of approximately HK$1,757,000 (2013: Nil), which was receivable from non-controlling interests, who held 20% equity interest in the Company's subsidiary, PT Hang Huo Investment.

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.

21. TRADE AND OTHER RECEIVABLES (cont'd)

Group

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

	At 31 December	
	2014	2013
	HK$	*HK$*
Current to 30 days	**4,074,354**	3,518,300
31 to 60 days	**1,441,247**	2,307,295
61 to 90 days	**674,720**	705,055
Over 90 days	**1,353,420**	736,507
	7,543,741	7,267,157
Less: Allowance for impairment loss	**–**	(25,382)
	7,543,741	7,241,775

The below table reconciled the impairment loss of trade receivables for the year:

	Year ended 31 December	
	2014	2013
	HK$	*HK$*
At 1 January	**25,382**	79,566
Impairment loss recognised *(note 10)*	**126,150**	–
Bad debts written off	**(151,571)**	(51,409)
Exchange differences	**39**	(2,775)
At 31 December	**–**	25,382

Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that are in significant difficulty and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group recognises impairment loss in accordance with the policy in note 4(h)(ii). The Group's credit policy is set out in note 37.

21. TRADE AND OTHER RECEIVABLES (cont'd)

Group (cont'd)

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

	At 31 December	
	2014	2013
	HK$	*HK$*
Neither past due nor impaired	**3,668,801**	3,367,291
Within 1 month past due	**1,482,388**	2,300,061
1 to 3 months past due	**1,165,097**	863,300
3 to 12 months past due	**762,975**	466,180
More than 1 year past due	**464,480**	244,943
	7,543,741	7,241,775

Trade receivables that were neither past due nor impaired relate to a large number of diversified independent customers for whom there was no recent history of default.

Trade receivables that were neither 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.

22. AMOUNT DUE FROM A RELATED COMPANY, A DIRECTOR AND DUE TO NON-CONTROLLING INTERESTS

Group

	At 31 December	
	2014	2013
	HK$	*HK$*
(a) Amount due from a related company		
Hang Huo Enterprise Group Limited		
– Interest bearing *(note 1)*	–	43,873,422
– Non-interest bearing *(note 2)*	–	36,909,925
	–	80,783,347
(b) Amount due from a director		
Mr. Ngan Iek *(note 3)*	**776,037**	–
(c) Amount due to non-controlling interests *(note 4)*	**23,012,351**	–

Related company is controlled by the common directors of the Group.

Note 1: The amount due from a related company is 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 company as at 31 December 2013 was fully repaid in April 2014.

Note 2: The amount due from a related company balances is 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 company as at 31 December 2013 was fully repaid in April 2014.

Note 3: Amount due from a director – Mr. Ngan Iek is unsecured, interest-free and repayable on demand.

Note 4: Amount due to non-controlling interests is unsecured, interest-free and repayable on demand.

22. AMOUNT DUE FROM A RELATED COMPANY, A DIRECTOR AND DUE TO NON-CONTROLLING INTERESTS (cont'd)

Group (cont'd)

Amount due from a related company and a director disclosed pursuant to Section 78(1) of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 which requires compliance with Section 161B of the Companies Ordinance, Cap. 32 are as follows:

	At 1 January 2014 *HK$*	**Maximum amount outstanding during the year** *HK$*	**At 31 December 2014** *HK$*
Amount due from a related company			
Hang Huo Enterprise Group Limited	**80,783,347**	**80,783,347**	**–**
Amount due from a director			
Mr. Ngan Iek	**–**	**776,037**	**776,037**

	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	–

23. CASH AND CASH EQUIVALENTS

Group and Company

	Group At 31 December		**Company At 31 December**	
	2014 *HK$*	2013 *HK$*	**2014** *HK$*	2013 *HK$*
Cash at bank and on hand	**102,476,136**	50,288,821	**1,129,690**	9,850
Non-pledged time deposit	**–**	6,101,463	**–**	–
	102,476,136	56,390,284	**1,129,690**	9,850

For the year ended 31 December 2013, the effective interest rate on non-pledged time deposits was 2.8% per annum.

Cash at bank and on hand are denominated in SG$ and HK$, 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.

24. TRADE AND OTHER PAYABLES

Group and Company

	Group		Company	
	At 31 December		At 31 December	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Trade payables *(note)*	**1,273,186**	2,562,914	**–**	–
Receipt in advance	**1,425,605**	442,054	**–**	–
Accruals and other payables	**5,297,426**	8,113,087	**522,280**	–
	7,996,217	11,118,055	**522,280**	–

Note: 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 reporting period, based on the invoice dates, is as follows:

	At 31 December	
	2014	2013
	HK$	*HK$*
Current to 30 days	**1,137,803**	1,407,898
31 – 60 days	**94,553**	934,372
61 – 90 days	**1,401**	104,909
Over 90 days	**39,429**	115,735
	1,273,186	2,562,914

25. OBLIGATIONS UNDER FINANCE LEASES

Group

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 2013 *HK$*	Interest 2013 *HK$*	Present value 2013 *HK$*
Not later than one year	60,719	779	59,940

The present value of future lease payments are analysed as:

	At 31 December	
	2014	2013
	HK$	*HK$*
Current liabilities	–	59,940

The finance lease term is 5 years. The effective interest rate charged is 5.19% (2013: 5.00%) 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 reporting period, the fair value of the Group's finance lease obligation approximate their carrying amounts.

26. INTEREST-BEARING BANK BORROWINGS

Group

	At 31 December 2014 HK$	2013 HK$
Current		
Secured		
– bank borrowings due for repayment within one year	**99,426,806**	20,318,842
– bank borrowings due for repayment which contain a repayment on demand clause	**35,133,360**	55,018,800
	134,560,166	75,337,642
Non-Current		
Secured		
– bank borrowings due for repayment after one year	**80,199,009**	170,024,700
	214,759,175	245,362,342

Bank borrowings bear interest at 1.25% (2013: 1.25%) per annum above the bank's Singapore swap offer rate. The effective interest rate ranged from 2.17% to 2.25% (2013: 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$76,258,000 (2013: HK$88,388,000) as at 31 December 2014 (Note 16);

– a fixed and floating charge on all of the Group's assets and undertakings;

– corporate guarantees from the Company and the Company's subsidiary; and

– a charge over an operating account of the Company's subsidiary.

26. INTEREST-BEARING BANK BORROWINGS (cont'd)

Group (cont'd)

At 31 December 2014, total current and non-current bank borrowings were scheduled to repay as follows:

	At 31 December	
	2014	2013
	HK$	*HK$*
On demand or within one year	**134,560,166**	75,337,642
More than one year, but not exceeding two years	**11,414,829**	86,378,905
More than two years, but not exceeding five years	**30,955,963**	34,070,086
After five years	**37,828,217**	49,575,709
	214,759,175	245,362,342

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 the reporting period 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 37. As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: Nil).

27. DERIVATIVE FINANCIAL INSTRUMENTS

Group

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 period:

	Contracted fixed interest rate	**Fair value at 31 December 2014** *HK$*	Fair value at 31 December 2013 *HK$*	**Maturity date**
Swap #1	2.63%	**766,508**	1,766,898	14 March 2016
Swap #2	2.63%	**1,129,913**	2,604,590	14 March 2016
Swap #3	2.01%	**691,730**	2,216,683	7 September 2015
Total		**2,588,151**	6,588,171	
Less: Current portion		**(2,294,296)**	(3,483,662)	
Non-current portion		**293,855**	3,104,509	

At 31 December 2014, the notional amount of the outstanding interest rate swap contracts were approximately HK$157.4 million (2013: HK$181.4 million).

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 37.

27. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Group (cont'd)

The below table reconciled the amount of the derivative financial instruments during the year:

	At 31 December	
	2014	2013
	HK$	*HK$*
At 1 January	**6,588,171**	10,518,327
Fair value (gain)/loss on derivative financial instruments during the year *(note 10)*	**(135,243)**	554,290
Settlement during the year	**(3,755,922)**	(4,168,893)
Exchange differences	**(108,855)**	(315,553)
At 31 December	**2,588,151**	6,588,171

28. DEFERRED TAX LIABILITIES

Group

The major deferred tax liabilities recognised by the Group, and movements thereon during the year are as follows:

	Revaluation of investment properties	**Accelerated tax depreciation**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2013	–	237,616	237,616
Exchange differences	–	(8,279)	(8,279)
At 31 December 2013	–	229,337	229,337
Charge to profit or loss for the year	225,489	–	225,489
Exchange differences	(9,781)	(9,666)	(19,447)
At 31 December 2014	**215,708**	**219,671**	**435,379**

29. SHARE CAPITAL

Group

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

Company

The movements in the issued ordinary share capital during the year are as follows:

	At 31 December	
	2014	2013
	HK$	*HK$*
Authorised:		
50,000,000,000 (2013: 38,000,000) ordinary shares of HK$0.001 (2013: HK$0.01) each	**50,000,000**	380,000
Issued and fully paid:		
2,800,000,000 (2013: 100) ordinary shares of HK$0.001 (2013: HK$0.01) each	**2,800,000**	1

The movements in issued share capital were as follows:

	2014		2013	
	Number of shares in issue	**Issued share capital**	Number of shares in issue	Issued share capital
		HK$		*HK$*
At 1 January	**100**	**1**	1	0.01
Issue of shares to shareholders	**–**	**–**	99	0.99
Capitalisation issue *(note a)*	**209,999,900**	**2,099,999**	–	–
Placing of new shares *(note b)*	**70,000,000**	**700,000**	–	–
Share subdivision *(note c)*	**2,520,000,000**	**–**	–	–
At 31 December	**2,800,000,000**	**2,800,000**	100	1

(a) Pursuant to the written resolution passed by the shareholders on 20 June 2014, the directors were authorised to allot and issue a total of 209,999,900 shares by way of capitalisation of the sum of HK$2,099,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 209,999,900 shares for allotment and issue to the shareholders in proportion to their respective shareholdings.

29. SHARE CAPITAL (cont'd)

Company (cont'd)

(b) In connection with the Company's placing completed on 30 June 2014, the Company issued 70,000,000 shares of HK$0.01 each at a price of HK$1.75 per share for a total subscription price (before related fees and expenses) of HK$122,500,000. Dealings in the shares on the GEM of the Stock Exchange commenced on 7 July 2014.

(c) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting of the Company held on 15 October 2014, each existing share of the Company was subdivided into ten subdivided shares. Immediately upon the share subdivision became effective on 16 October 2014, the Company had 2,800,000,000 shares in issue and fully paid.

All new shares issued during the year rank pari passu in all respects with the then existing shares.

30. RESERVES

Group

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Share premium

The share premium account of the Group represents the premium arising from the issuance of shares at premium.

Translation reserve

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 consolidated statement of changes in equity.

Company

	Share premium	Accumulated losses	Total
	HK$	*HK$*	*HK$*
At 1 January 2013	–	(1,485,000)	(1,485,000)
Loss for the year and total comprehensive income for the year	–	(2,443,118)	(2,443,118)
At 31 December 2013 and 1 January 2014	**–**	**(3,928,118)**	**(3,928,118)**
Share capitalisation *(note 29 (a))*	**(2,099,999)**	**–**	**(2,099,999)**
Placing of new shares *(note 29 (b))*	**121,800,000**	**–**	**121,800,000**
Share issue expenses	**(12,054,306)**	**–**	**(12,054,306)**
Loss for the year and total comprehensive income for the year	**–**	**(23,932,894)**	**(23,932,894)**
At 31 December 2014	**107,645,695**	**(27,861,012)**	**79,784,683**

31. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions detailed elsewhere in this Annual Report, the Group had the following material transactions with related parties during the year:

Names of related party	Nature of transaction	Year ended 31 December **2014** *HK$*	2013 *HK$*
Mr. Tjiagus Thamrin			
Non-controlling interests	Rental income (a)	**1,836,330**	–
Hang Huo Enterprise Group Limited			
Ultimate holding company	Interest income (b)	**–**	6,257,757

(a) The related party transactions were carried out on terms mutually agreed between the Group and the non-controlling interests, and conducted in the ordinary and usual course of the Group's business.

(b) 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 11 to the consolidated financial statements is as follows:

	Year ended 31 December **2014** *HK$*	2013 *HK$*
Salaries, allowances and benefits in kind	**1,793,807**	1,507,986
Contributions to defined contribution plans	**99,586**	74,407
	1,893,393	1,582,393

(iii) At 31 December 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. During the year, the personal guarantees executed by directors was replaced by the Company's corporate guarantees.

(iv) Details of the Group's balances with related parties are disclosed in note 22 to the consolidated financial statements.

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 year ended 31 December 2014 regarding related party balances (2013: Nil).

32. OPERATING LEASE ARRANGEMENTS

As lessee

Group and Company

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases of office rental which are payable as follows:

	At 31 December	
	2014	2013
	HK$	*HK$*
Within one year	**671,440**	645,120
In the second to fifth years inclusive	**49,187**	376,320
	720,627	1,021,440

For the year ended 31 December 2014, the minimum leases payments recognised by the Group are HK$483,840 (2013: HK$53,760).

As lessor

Group

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.

The Group leases certain investment properties under operating lease arrangements for a term of 1.5 years. The terms of leases generally also require the tenants to pay security deposits.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 31 December	
	2014	2013
	HK$	*HK$*
Within one year	**4,685,999**	2,540,862
In the second to fifth years inclusive	**–**	167,215
	4,685,999	2,708,077

Company

The Company did not have any minimum lease receivables under non-cancellable operating leases as at 31 December 2014 (2013: Nil).

33. CAPITAL COMMITMENTS

Group

At 31 December 2014, the Group had the following capital commitments:

	At 31 December	
	2014	2013
	HK$	*HK$*
Contracted, but not provided for, in respect of		
Hotel renovation	**731,945**	–
Acquisition of land and buildings *(note)*	**–**	78,738,016

Note: The acquisition of land and buildings located in Bintan, Indonesia was completed and legal title of the land and buildings was obtained in June 2014.

Company

The Company did not have any significant capital commitment as at 31 December 2014 (2013: Nil).

34. CONTINGENT LIABILITIES

Group

The Group did not have any contingent liabilities as at 31 December 2014 (2013: Nil).

Company

At 31 December 2014, the Company has given a guarantee in respect of banking facilities of the wholly-owned subsidiary to the extent of HK$374,755,840 (2013: HK$Nil), of which HK$214,759,175 were utilised (2013: HK$Nil). At 31 December 2014, no provision was made for the Company's obligations under the guarantee as the directors did not consider it is probable that the subsidiary would default on their loans. The director assessed the fair value of the guarantee and concluded that it was not material and not required to be recognised.

35. INTERESTS IN SUBSIDIARIES

Company

	At 31 December	
	2014	2013
	HK$	*HK$*
Unlisted shares, at cost	**15**	–
Amount due from/(to) a subsidiary	**81,956,458**	(5,233,377)
	81,956,473	(5,233,377)

The amount due from/(to) a subsidiary is unsecured, interest-free and with no fixed repayment term.

35. INTERESTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Company name	Place, date of incorporation/ establishment and kind of legal entity	Particulars of issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities and place of operation
Subsidiaries					
Duchess Global Limited[1]	British Virgin Islands, 3 April 2013, limited liability company	1 share of United States dollar ("US$") 1 per share	100	–	Investment holding, Indonesia
Sliverine Pacific Ltd[1]	British Virgin Islands, 18 April 2005, limited liability company	1 share of US$1 per share	100	–	Investment holding, Republic of Singapore
Hang Huo Investment Pte. Ltd.[2]	Republic of Singapore, 4 May 2004, limited liability company	3,000,000 shares of Singapore dollar ("SG$") 1 per share	–	100	Hotel ownership, Republic of Singapore
Link Hotels International Pte. Ltd.[2]	Republic of Singapore, 21 May 2007, limited liability company	1,000,000 shares of SG$1 per share	–	100	Operation of hotel services, Republic of Singapore
PT Hang Huo Investment[3]	Indonesia, 27 July 2013, limited liability company	3,000,000 shares of US$1 per share	–	80	Accommodation (hotel and cottage) and real estate, Indonesia

Notes:

1 No statutory audited financial statements have been prepared for this subsidiary since the date of its incorporation as there is no statutory requirement and the subsidiary has not yet been involved in any significant business transactions.

2 The statutory financial statements for the year ended 31 December 2014 were audited by BDO LLP, a certified public accountants registered in Singapore.

3 The statutory financial statements for the year ended 31 December 2014 were audited by BDO Indonesia, a certified public accountants registered in Indonesia.

4 None of the subsidiaries had issued any debt securities at the end of the year.

36. NON-CONTROLLING INTERESTS

PT Hang Huo Investment, a 80% – owned subsidiary of the Company, has material non-controlling interests (NCI).

Summarised financial information in relation to the NCI of the subsidiary, before intra-group eliminations, is presented below:

	2014 *HK$*	2013 *HK$*
For the year ended 31 December		
Revenue	**1,836,330**	–
Profit for the year	**3,601,441**	–
Total comprehensive income	**(771,713)**	–
Profit allocated to NCI	**720,288**	–
For the year ended 31 December		
Cash flows used in operating activities	**(80,676)**	(360,036)
Cash flows used in investing activities	**(78,839,768)**	(21,341,953)
Cash flows from financing activities	**78,297,377**	23,872,188
Net cash (outflows)/inflows	**(623,067)**	2,170,199
As at 31 December		
Current assets	**3,210,098**	2,139,620
Non-current assets	**137,013,937**	64,922,184
Current liabilities	**(117,659,235)**	(43,880,947)
Non-current liabilities	**(215,709)**	–
Net assets	**22,349,091**	23,180,857
Accumulated non-controlling interests	**4,655,739**	4,707,164

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

(a) Categories of financial instruments

	Group At 31 December		Company At 31 December	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Financial assets				
Loan and receivables:				
Trade receivables	**7,543,741**	7,241,775	**–**	–
Deposits and other receivable	**866,268**	782,967	**–**	–
Amount due from a related company	**–**	80,783,347	**–**	–
Amount due from a director	**776,037**	–	**–**	–
Amount due from a subsidiary	**–**	–	**81,956,458**	–
Cash and cash equivalents	**102,476,136**	56,390,284	**1,129,690**	9,850
	111,662,182	145,198,373	**83,086,148**	9,850
Financial liabilities				
Financial liability at fair value through profit or loss:				
Derivative financial liabilities	**2,588,151**	6,588,171	**–**	–
Financial liabilities measured at amortised cost:				
Trade payables	**1,273,186**	2,562,914	**–**	–
Accruals and other payables	**5,297,426**	8,113,087	**522,280**	–
Interest-bearing bank borrowings, secured	**214,759,175**	245,362,342	**–**	–
Amount due to a subsidiary	**–**	–	**–**	5,233,377
Obligation under finance lease	**–**	59,940	**–**	–
Amount due to non-controlling interests	**23,012,351**	–	**–**	–
	244,342,138	256,098,283	**522,280**	5,233,377

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value

The Group's principal financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as amount due from a related company and a director, amount due to non-controlling interests derivative financial instruments and obligation under finance lease.

It is, and has been, through the year ended 31 December 2014, 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 Company's major subsidiaries are carried out in SG$, which is the functional currency of the major subsidiaries. Therefore, the risk on foreign currency risk is minimal.

The Group is exposed to foreign currency risk primarily through transactions that are denominated in currencies other than the functional currency of the group entities. The currency giving arise to this risk is primarily SGD. The Company has amount due from/(to) a subsidiary denominated in SGD.

The carrying amounts of each of the group entities' foreign currency denominated assets/liabilities at the end of reporting period are as follows:

Company

	Assets 2014 *HK$*	**Liabilities 2014 *HK$***	Assets 2013 *HK$*	Liabilities 2013 *HK$*
Singapore dollars	**81,956,458**	**–**	–	(5,233,377)

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

Foreign currency risk (cont'd)

The following table indicates the sensitivity to a reasonably possible change in the exchange rate of currency, with all other variables held constant, of the Group's and the Company's results after tax and other component of equity:

Group

	2014		2013	
	Effect on profit or loss after tax	**Effect on other component of equity**	Effect on profit or loss after tax	Effect on other component of equity
	HK$	***HK$***	*HK$*	*HK$*
SGD to HK$:				
Appreciates by 5% (2013: 5%)	**–**	**4,097,823**	–	(261,669)
Depreciates by 5% (2013: 5%)	**–**	**(4,097,823)**	–	261,669

Company

	2014		2013	
	Effect on profit or loss after tax	**Effect on other component of equity**	Effect on profit or loss after tax	Effect on other component of equity
	HK$	***HK$***	*HK$*	*HK$*
SGD to HK$:				
Appreciates by 5% (2013: 5%)	**4,097,823**	**–**	(261,669)	–
Depreciates by 5% (2013: 5%)	**(4,097,823)**	**–**	261,669	–

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amount due from a related company and a director, and cash and cash equivalents. There was no history of default for amounts due from a related party, a director and other receivables. 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 2014, the trade receivables from the five largest debtors represented 20% (2013: 23%) of the total trade receivables respectively, while the largest debtor represented 7% (2013: 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. To manage the floating interest rates, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the floating interest rate to fixed contract rate amounts calculated by reference to the agreed notional amount. 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 (loss)/profit after income tax:

	Year ended 31 December			
	2014		2013	
	HK$	***HK$***	*HK$*	*HK$*
	+1%	**-1%**	+1%	-1%
Increase/(decrease) in (loss)/profit after tax for the year	**351,334**	**(351,334)**	550,188	(550,188)

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

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 the reporting period 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.

Group 2014	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	Within 1 year or on demand *HK$*	More than 1 year but less than 5 years *HK$*	More than 5 years *HK$*
Trade payables	1,273,186	1,273,186	1,273,186	–	–
Accruals and other payables	5,297,426	5,297,426	5,297,426	–	–
Derivative financial liabilities	2,588,151	2,588,151	2,294,297	293,854	–
Interest-bearing bank borrowings subject to a repayment on demand clause	35,133,360	35,219,550	35,219,550	–	–
Other interest-bearing bank borrowings	179,625,815	191,681,698	102,807,982	49,351,180	39,522,536
Amount due to non-controlling interests	23,012,351	23,012,351	23,012,351	–	–
Total	246,930,289	259,072,362	169,904,792	49,645,034	39,522,536

Company 2014	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	Within 1 year or on demand *HK$*	More than 1 year but less than 5 years *HK$*	More than 5 years *HK$*
Accruals and other payables	522,280	522,280	522,280	–	–
Financial guarantees issued: Maximum amount guaranteed *(note 34)*	214,759,175	214,759,175	214,759,175	–	–
	215,281,455	215,281,455	215,281,455	–	–

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

Liquidity risk (cont'd)

Group 2013	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	Within 1 year or on demand *HK$*	More than 1 year but less than 5 years *HK$*	More than 5 years *HK$*
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	55,054,399	55,054,399	–	–
Other interest-bearing bank borrowings	190,343,542	205,045,449	24,645,341	128,043,413	52,356,695
Total	262,686,454	278,233,003	94,448,323	131,427,985	52,356,695

Company 2013	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	Within 1 year or on demand *HK$*	More than 1 year but less than 5 years *HK$*	More than 5 years *HK$*
Amount due to a subsidiary	5,233,377	5,233,377	5,233,377	–	–

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.

The table below summarises the maturity analysis of interest-bearing bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "within 1 year or on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such interest-bearing bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The Group and Company	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	within 1 year or on demand *HK$*
31 December 2014	35,133,360	35,219,550	35,219,550
31 December 2013	55,018,800	55,054,399	55,054,399

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

Fair values

The fair value of derivative financial instruments as disclosed in note 27 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 consolidated statements of financial position in accordance with the fair value hierarchy are described below. The hierarchy groups financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of theses financial liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Group's financial instruments in the consolidated statement of financial position is approximately HK$2,588,000 (2013: HK$6,588,000) as at 31 December 2014 are grouped into level 2 (2013: Level 2) of the fair value hierarchy.

During the year ended 31 December 2014, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2013: Nil).

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.

37. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

(b) Financial risk management and fair value (cont'd)

Capital management (cont'd)

The Group's net debt to equity ratio at the end of reporting period was:

	At 31 December	
	2014	2013
	HK$	*HK$*
Obligations under finance leases	–	59,940
Interest-bearing bank borrowings	**214,759,175**	245,362,342
Less: Cash and cash equivalents	**(102,476,136)**	(56,390,284)
Net debts	**112,283,039**	189,031,998
Total equity	**153,878,902**	119,127,109
Net debt to equity ratio	**73%**	159%

PARTICULARS OF PROPERTIES

INVESTMENT PROPERTIES IN INDONESIA

Location	Use	Lease expiry	Approximate site area sq.ft.	Group's interest %
62 parcels of land and constructions located at Malang Rapat, Gunung Kijang, Bintan, Riau Island, Indonesia	**Commercial**	**2044**	**465,285**	**80**

FINANCIAL SUMMARY

A summary of the results and of the financial position of Link Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the last three financial years, are extracted from the published audited financial statements, is set out below:

	Year ended 31 December		
	2014	2013	2012
	HK$	*HK$*	*HK$*
Revenue	**67,828,429**	78,433,094	87,174,172
Profit before income tax expense	**1,867,531**	28,019,297	34,993,852
(Loss)/profit for the year	**(1,483,416)**	23,378,648	28,496,486
Total comprehensive income for the year	**(17,066,963)**	19,737,062	32,815,235

	As at 31 December		
	2014	2013	2012
	HK$	*HK$*	*HK$*
Total assets	**407,204,053**	389,265,839	404,880,282
Total liabilities	**(253,325,151)**	(270,138,730)	(310,197,405)
Non-controlling interests	**(4,655,739)**	(4,707,164)	–
	149,223,163	114,419,945	94,682,877

Note:

The summary of the consolidated results of the Group for each of two years ended 31 December 2012 and 2013 and of the assets and liabilities as at 31 December 2012 and 2013 have been extracted from the prospectus of the Company dated 30 June 2014. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

The consolidated results of the Group for each of the two years ended 31 December 2013 and 2014 and the consolidated assets and liabilities of the Group as at 31 December 2013 and 2014 are those set out on pages 27 to 29 of this Annual Report. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

The financial information for the year ended 31 December 2010 and 2011 was not disclosed as consolidated financial statements for the Group have not been prepared for those years. The summary above does not form part of the audited financial statements.