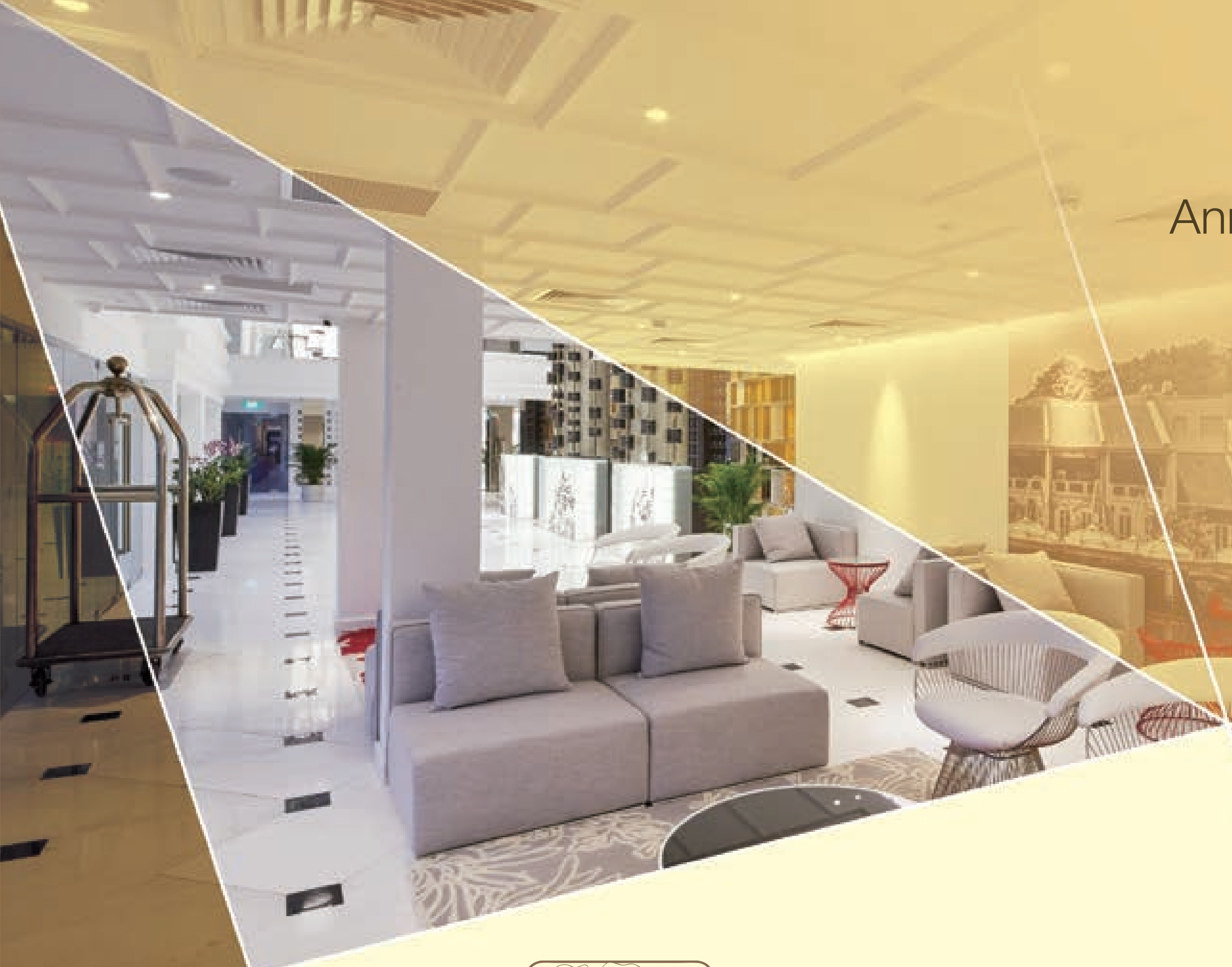
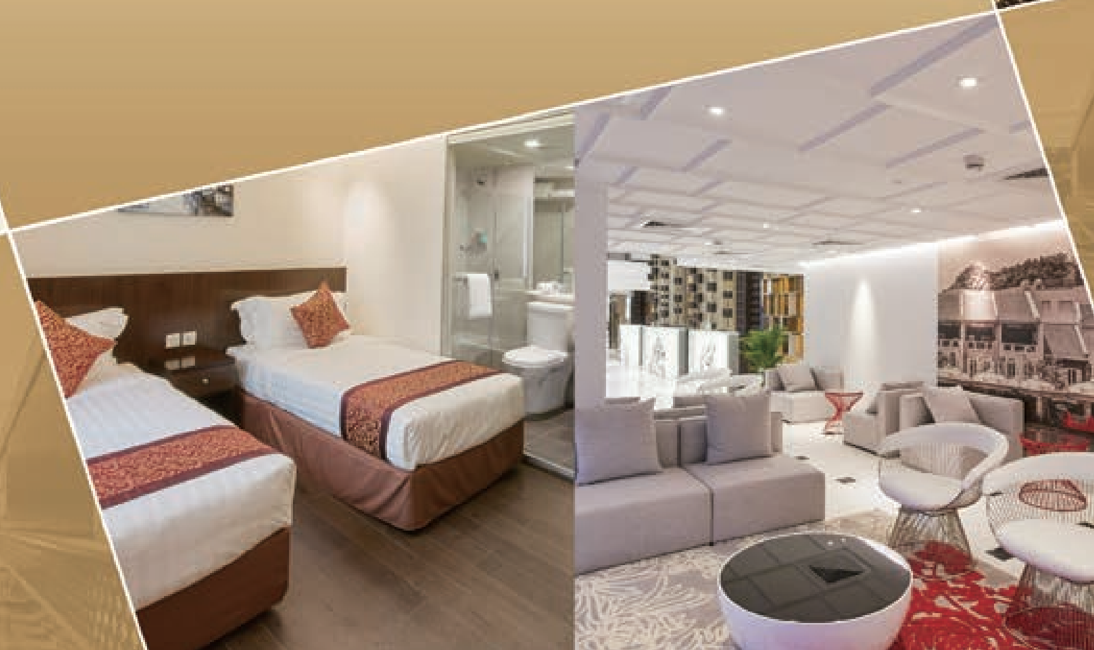
2015
Annual Report



Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8237



* *For identification purposes only*

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

Mr. Ngan Iek *(Chairman)* (redesignated as executive Director on 2 March 2016)
Datuk Siew Pek Tho
Mr. Chen Changzheng
Mr. Wong Ip (resigned on 2 March 2016)

Non-executive Directors

Ms. Ngan Iek Peng
Ms. Feng Xiaoying (appointed on 30 November 2015)
Mr. Liu Tianlin (appointed on 7 December 2015)

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene
Mr. Lu Nim Joel (appointed on 30 November 2015)

COMPANY SECRETARY

Mr. Lau Tak Shing (appointed on 25 January 2016)
Mr. Chow Kit Ting (resigned on 4 January 2016)

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

Mr. Chan So Kuen *(Chairman)*
Mr. Thng Bock Cheng John
Mr. Lai Yang Chau, Eugene

REMUNERATION COMMITTEE

Mr. Lai Yang Chau, Eugene *(Chairman)*
Mr. Ngan Iek
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Thng Bock Cheng John

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ngan Iek *(Chairman)*
Datuk Siew Pek Tho
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene
Mr. Thng Bock Cheng John

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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West Tower of
Shun Tak Centre
No.168-200 Connaught Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

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

COMPLIANCE ADVISER

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

AUDITOR

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

STOCK CODE

8237

COMPANY'S WEBSITE

www.linkholdingslimited.com

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Link Holdings Limited (the "Company"), together with its subsidiaries, (the "Group"), I am pleased to present the results report of the Company for the year ended 31 December 2015 (the "Year").

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in operation of hotel services and properties rental in the Southeast Asia region.

In 2015, the global economic and investment market have been in a generally downward trend with uncertainties. Peer competition was intensified in worldwide hotel industry. However, Singapore sustains an annual growth in international visitor arrivals from the efforts of promotion by the Singapore Tourism Board. In view of this, the Group considers that the prospect of the tourism and hotel markets in Singapore remain promising.

In late October 2015, Link Hotel was awarded as the 2015 World Luxury Hotel Awards country winner in the "Best General Manager" category of Singapore, by World Luxury Hotel Awards, a recognisable global organization providing luxury hotels with recognition for their world class facilities and service excellence.

For the Year, the Group recorded a profit of approximately HK$1.3 million, representing an increase of 187.4% from the year ended 31 December 2014. Loss for the year ended 31 December 2014 was largely due to the non-recurring listing expenses. For the Year, the Group has closed down two blocks of Link Hotel for renovation and thus the profit has been significantly affected by this non-recurring event, although the Group could still maintain a positive profit.

Following the listing of shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong (the "Stock Exchange") on 7 July 2014, the Group continue to seek improvement on its profile and financial flexibility. In December 2015, the Group has successfully obtained equity capital from a subsidiary of China Minsheng Investment Corporation Limited# (中國民生投資股份有限公司) ("China Minsheng Investment"), in the view that it is a financially strong and well-experienced investor which could be the Group's strategic investor for strengthening the Group's overall investment capability and network.

Subsequent to the Year, in February 2016, the Group has also signed a conditional sale and purchase agreement to acquire 42.3% of equity interest of a company located in Guangxi Zhuang Autonomous Region in China, which is principally engaged in the business of providing tourism services and operation of hotels and accommodation. The Group considers that the acquisition will diversify the business of the Group into tourist sightseeing park and hotel operations in China, and will broaden the Group's profit streams.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, 2016 will be a year full of opportunities. We will expedite the planning process of the master development plan of the Bintan Assets in Indonesia and carry out the construction of first stage of first phase, in order to achieve rapid appreciation of Bintan Assets and the business development of a resort hotel. We will continue to strive for business development by adhering to pragmatic and prudent principles. By expediting the upgrading of the standard of the Group's management and its core competitiveness, we will also strive to extend the Group's geographical coverage and enhance its multinational operating capability. We will further maximise the Group's overall return on assets and its corporate value, with a goal to becoming a leader in hotel and tourism industry in Southeast Asia that possesses international competitive strengths.

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 all of our shareholders, investors, business partners and stakeholders of the Group for their continued and strong support to the Group. I deeply thank for their recognition of our vision and strategies towards future development.

Ngan Iek
Chairman and Executive Director

31 March 2016

In this report, translated English names of Chinese entities for which no official English translation exist are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year, the Company continued to stay focus on the operation of Link Hotel in Singapore and devise the master plan of the development of Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the"Prospectus"). Moreover, the Company raised its capital by issuing new shares and convertible bonds to CMI Financial Holding Company Limited ("CMI Hong Kong").

FINANCIAL HIGHLIGHTS

For the Year, the Group recorded a revenue of approximately HK$42.0 million (2014: HK$67.8 million), accounting for a decrease of 38.1% from the year ended 31 December 2014. The performance of the Group increased by 187.4% from a loss of HK$1.5 million in 2014 to a profit of HK$1.3 million in 2015. Loss for the year ended 31 December 2014 was largely due to the non-recurring listing expenses. For the Year, the Group has closed down two blocks of Link Hotel for renovation and thus the revenue and profit has been significantly affected by this non-recurring event, although the Group could still maintain a positive profit.

Loss attributable to owners of the Company was HK$1,979,068 (2014: loss of HK$2,203,704). Basic losses per share was HK$0.07 cents (2014: losses per share of HK$0.09 cents). The Board does not recommend the payment of any dividend for the Year (2014: Nil).

Following the listing of the shares of the Company on GEM, the Group has further raised new equity capital of HK$250.2 million by issuing 690,000,000 new shares and convertible bonds in the principal amount of HK$25,278,000 convertible into 76,600,000 new shares at the conversion price of HK$0.33 per conversion share as disclosed in the announcement dated 30 November 2015. As at 31 December 2015, cash and cash equivalents was HK$325,996,570 (2014: HK$102,476,136).

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$30,542,602 (2014: HK$54,656,272) accounting for 72.8% (2014: 80.6%) of the Group's total revenue. Room revenue represents revenue generated from hotel accommodation in Link Hotel and depends in part on the achieved average room rate and occupancy rate.

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

	2015	2014
Total available room nights	**55,884**	103,498
Occupancy rate	**71.3%**	57.5%
Average room rate *(HK$)*	**697.4**	834.0
RevPAR *(HK$)*	**497.1**	479.6

For the Year, F&B revenue was HK$2,950,175 (2014: HK$5,564,154), representing 7.0% (2014: 8.2%) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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$3,805,276 (2014: HK$3,967,294) representing 9.1% (2014: 5.9%) of the total revenue.

Other income mainly comprises of interest income amounted to HK$83,045 (2014: HK$172,123) and Singapore government grants of HK$242,046 (2014: HK$303,422).

Bintan Asset

The Company has completed the acquisition of Bintan Assets in Indonesia during the year ended 31 December 2014 and classified the Bintan Assets as investment properties and rented it to a connected person since then. For the year, rental income amounted to HK$3,385,380 (2014: HK$1,836,330) accounting for 8.1% (2014: 2.7%) of the Group's total revenue. The development plans of the Bintan Assets is still under discussion.

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 2015, the Group had net current assets of HK$193,112,891 (2014: net current liabilities of HK$60,252,101), including cash and cash equivalents of HK$325,996,570 (2014: HK$102,476,136) and interest-bearing bank borrowing of HK$58,572,830 (2014: HK$134,560,166).

The gearing ratio calculated based on our total debts (being interest-bearing bank borrowings, convertible bonds and payable incurred not in the ordinary course of business) divided by our total equity and multiplied by 100% as at 31 December 2015 was 48.5% (2014: 139.6%).

On 8 October 2015, the Company entered into a subscription agreement with CMI Hong Kong, an indirect wholly-owned subsidiary of China Minsheng Investment, in which CMI Hong Kong could subscribe for (i) 690,000,000 new shares at a price of HK$0.33 per subscription share and (ii) the convertible bonds in the principal amount of HK$25,278,000. The subscription was completed on 30 November 2015 and there was no conversion or redemption of the convertible bonds during the Year. As such, the outstanding principal amount of the convertible bonds remained approximately HK$25,278,000 with the maturity date due on 30 November 2020.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2014: Nil).

Material acquisitions and disposals

During the Year, the Group has entered into a land acquisition agreement (details as disclosed in the Company's announcement dated 30 December 2015) in relation to the further acquisition of lands located in Bintan Island, Indonesia.

Contingent liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: Nil).

Employees and remuneration policies

As at 31 December 2015, the Group engaged a total of 56 employees (2014: a total of 60). Total staff costs excluding Directors' remuneration for the Year amounting to approximately HK$15.7 million (2014: HK$16.3 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. As at 31 December 2015, no options had been granted under the share option scheme.

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 2015, certain properties of the Group located in Singapore with an aggregate net carrying amount of approximately HK$185.5 million (2014: HK$76.3 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 (2014: Nil).

Use of proceeds in the Placing

Listed on GEM on 7 July 2014, the Group raised net proceeds of approximately HK$97.1 million from the Placing (as defined in the Prospectus).

Pursuant to the announcements of the Company dated 16 June 2015 and 30 June 2015 in relation to the reallocation and change in use of proceeds, the Board has resolved to reallocate and change the use of proceeds from the Placing to pay for the implementation cost of the Bintan Development Plan (as defined in the Prospectus) and for working capital and general corporate purpose of the Group.

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 2015** *HK$ (million)*	**Actual approximate amount utilised up to 31 December 2015** *HK$ (million)*
Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation	22.8	22.8	22.8
Devising a master plan for the future development of the Bintan Assets and the construction of the beachfront resort according to the preliminary first phase of the master development plan	51.3	30.2	0.7
Identifying and pursuing business diversification opportunities in hotel management and franchising business in Southeast Asian countries	6.0	2.0	1.0
	80.1	55.0	24.5

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors plan to use the remaining net proceeds of approximately HK$17.0 million for working capital and other general corporate purpose. As at 31 December 2015, approximately HK$6.4 million have already been utilized for working capital and other general corporate purpose.

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.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. Our main operation, Link Hotel in Singapore has introduced various steps and procedures to ensure all resources are efficiently utilized by adhering to "Environmental 4Rs", Reduce, Reuse, Recycle and Replace.

Reducing usage of paper in work place

The operation reinforces paperless working environment to reduce the production of used paper and printed material. We make use of the server storage in order to reduce the paper file storage. Moreover, our hotel visitors can choose if daily cleaning of the hotel room is necessary for the purpose of encouraging the hotel visitors to reuse the hotel room materials and minimize the disposal of the material.

Efficient use of energy

Committed to energy reduction, Link Hotel only uses electrical appliances that bear the energy-efficiency label. Link Hotel replaced all the lights to LED (light-emitting diode) systems for shopfront signs and lights for the lobbies, hotel rooms and restaurant. We also installed automated temperature-controlled air conditioners to all the hotel areas. Also, solar panels were installed to certain areas, such as car park and installed in order to reduce the use of electricity.

Moreover, the main lobby of the Link Hotel was surrounded by glass windows affixed with insulation paste during the renovation in 2015. It can help to incorporate the light to reduce the use of light during day time. On the other hand, the insulation paste can reduce the heat penetrated to the indoor area which could help to reduce the use of air conditioner.

Recycling

In addition to paperless solutions, recycling is another of the hotel's environmental protection efforts. Recycled paper was introduced to the staff to reduce the paper usage. The hotel actively engages in recycling and has recently installed recycling bins in public area and backstage, and encourages employees and visitors to go the extra mile for the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore and Indonesia while the Company itself is listed on GEM. Our establishment and operations accordingly shall comply with relevant laws and regulations in Singapore, Indonesia and Hong Kong. During the Year and up to the date of this report, we have complied with all the relevant laws and regulations in Singapore, Indonesia and Hong Kong.

KEY RELATIONSHIPS

(i) Employees

Human resources are one of the greatest assets of a successful hotel business and the Group regards the personal development of its employees as highly important. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides on-the-job training and development opportunities to our staff members. The training programs cover areas such as managerial skills, hospitality services, service quality control, workplace ethics and training of other areas relevant to the industry.

The Group is an equal opportunity employer and encourages diversity regardless of age, gender, marital status and race. Our employees come from different races.

The Group provides competitive remuneration package and incentive to attract and motivate the employees. It offers competitive remuneration, incentive, medical benefits, insurance and leave entitlement commensurate to market standards, and we regularly review the remuneration package of employees and make necessary adjustments to conform to the market standards. The Group has employee handbooks for staff at the frontier, outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees' rights and benefits. We establish and implement policies that promote a harmonious and productive workplace.

The Group provided health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues. To provide a safe working environment, risk assessments of workstations for all users are performed at regular intervals. Upgrades and maintenance of tools, office and I.T. equipment are performed to cope with the needs and demands of employees. Cleaning of carpets and air conditioning systems are carried out at regular intervals in order to provide a hygienic and healthy working environment to all staff. Employees are also expected to take all practical measures to ensure a safe and healthy working environment, in keeping with their defined responsibilities and applicable laws. The Group is concerned with the well-being of its employees, and provides employees with adequate health coverage, staff are entitled to medical insurance benefits.

(ii) Suppliers

We have developed long-standing relationships with a number of our suppliers and take great care to ensure that they share our commitment to quality and ethics. We carefully select our caterer and hotel supplies supplier in order to provide our visitors a memorable stays.

(iii) Customers

We are committed to offer a distinctive experience during the visitors' stay at our hotel. Furthermore, our marketing team stay connected with our frequent customers, who are from corporate, shipping company and travel agency through various channels like the Company's website, telephone, direct mail, marketing materials and social media.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

Enhancing the performance and upgrading the quality of Link Hotel by undergoing overall renovation

The renovation has been substantially completed during the Year. The total cost of the renovation amounted to HK$50.8 million.

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. As disclosed in the announcement of the Company dated 30 June 2015, the preliminary first stage of the first phase of the Bintan Development Plan comprising the construction of a beachfront resort, has been devised. According to the revised working schedule of the first stage of the first phase of the Bintan Development Plan, the construction of a beachfront resort will commence in the first half of 2016.

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 sales and marketing team members has increased from an averagely four members to eight members during the Year. Besides this Link Hotel has also started to sell its room on the internet by joining some famous travel agencies' online platform. Traveller could easily spot out Link Hotel by typing keyword. It helps to promote the reputation and room sale for Link Hotel.

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

On 30 December 2015, PT Hang Huo International, (the "JV Company") (being the proposed purchaser), and Tjiagus Thamrin, Siti Maryam Mucti, Verdy Veriady Thamrin, Ira Karmila Tharmin, Yeo Bing Hong, Pretty Ariestawati, Novita, Tri Noviardi Thamrin and Agus Setiawan (being the proposed vendors) entered into an acquisition agreement, pursuant to which the JV Company conditionally agreed to purchase from the proposed vendors 10 parcels of land situated at Gunung Kijang Village, Gunung Kijang District in Bintan, Indonesia at the consideration of S$2,000,000. The Group had paid the refundable earnest money in the sum of S$2,000,000 (equivalent to approximately HK$10,987,400), funded by the internal resources of the Group, to the independent representatives nominated by the proposed vendors in cash, pursuant to the non-legally binding memorandum of understanding entered into between Mr. Tjiagus Thamrin and the Group in January 2015 for the purpose of facilitating further negotiation for the acquisition. The acquisition was expected to be completed on 31 December 2016.

Other than disclosed above, the Group continues in seeking acquisition opportunities to expand our hotel business in Southeast Asian countries.

COMPLIANCE ADVISER

As updated and notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), except for the professional fees for acting as the compliance adviser and the financial adviser pursuant to the separate agreements entered into between Guotai Junan and the Company, none of Guotai Junan, or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company as at 31 December 2015 pursuant to Rule 6A.32 of the GEM Listing Rules.

OUTLOOKS

In view of the uncertain economic prospects for 2016, the Group adopts an optimistic attitude to cope with challenges and capture opportunities in a positive way, and is confident in its future growth. In order to achieve steady development, the Group is always committed to quality improvement and efficiency enhancement. Specifically, it lays emphasis on the adjustment to shareholder structure, strengthening of marketing activities on e-commerce platform, and optimisation of operational efficiency of its hotels.

Looking forward to 2016, the Group will expedite the planning process of the master development plan of the Bintan Assets in Indonesia and carry out the construction of first stage of first phase of the Bintan Development Plan, in order to achieve rapid appreciation of Bintan Assets and the business development of a resort hotel. By taking our advantage as a professional hotel as well as integrating the hotel and tourism industry chain, the Group will further improve the overall return of its assets and its enterprise value, with an aim to be a leader of vacation and resort industry in Southeast Asia with international competitiveness.

CORPORATE GOVERNANCE REPORT

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 Year, 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 Year.

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 2015, the Board comprised eleven Directors, including three executive Directors, four non-executive Directors ("NEDs") and four independent non-executive Directors ("INEDs").

During the period from 1 January 2015 up to the date of this report, there have been changes in the composition of the Board. The Board comprised ten Directors, including three executive Directors, three NEDs and four INEDs. The list of all Directors and the aforesaid changes in Board members are set out below:

Executive Directors

Mr. Ngan Iek (Chairman) (redesignated as executive Director on 2 March 2016)
Datuk Siew Pek Tho
Mr. Chen Changzheng
Mr. Wong Ip (resigned on 2 March 2016)

Non-executive Directors

Ms. Ngan Iek Peng
Ms. Feng Xiaoying (appointed on 30 November 2015)
Mr. Liu Tianlin (appointed on 7 December 2015)

Independent non-executive Directors

Mr. Thng Bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene
Mr. Lu Nim Joel (appointed on 30 November 2015)

Each of the independent non-executive Directors, namely Mr. Chan So Kuen, Mr. Lai Yang Chau, Eugene, Mr. Thng Bock Cheng John and Mr. Lu Nim Joel have appropriate professional qualifications, or accounting or legal 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 Year, the Board held four regular board meetings and two 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	4/4	2/2
Mr. Chen Changzheng	4/4	2/2
Mr. Wong Ip (resigned on 2 March 2016)	4/4	2/2
Non-executive Directors		
Mr. Ngan Iek (redesigned as executive Director on 2 March 2016)	4/4	2/2
Ms. Ngan Iek Peng	4/4	2/2
Ms. Feng Xiaoying (appointed on 30 November 2015)	N/A	N/A
Mr. Liu Tianlin (appointed on 7 December 2015)	N/A	N/A
Independent non-executive Directors		
Mr. Chan So Kuen	4/4	2/2
Mr. Lai Yang Chau, Eugene	4/4	2/2
Mr. Thng Bock Cheng John	4/4	2/2
Mr. Lu Nim Joel (appointed on 30 November 2015)	N/A	N/A

Biographical details of the Directors are set out in the section of "Biographical Details of Directors" on pages 20 to 22. Mr. Ngan Iek, the chairman and executive Director of the Company, is the elder brother of Ms. Ngan Iek Peng, a non-executive Director. Datuk Siew Pek Tho, an executive Director, 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 2015, 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, three NEDs and four INEDs.

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 Year, 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, risk management and internal control systems of the Company, nominate and monitor external auditors and provide advice and comments to the Directors.

The Audit Committee comprises three INEDs, 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, risk management and financial reporting matters including the review of this report and financial statements of the Group for the Year. During the Year, the Audit Committee held six meetings. The attendance records of the Audit Committee meetings during the year ended 31 December 2015 are set out below:

	Attendance
Mr. Chan So Kuen *(Chairman)*	6/6
Mr. Thng Bock Cheng John	6/6
Mr. Lai Yang Chau, Eugene	6/6

During the Year, the Audit Committee reviewed with the management or 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 quarterly, half-yearly and annual results). The audited consolidated results of the Group for the Year 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 Year, the Remuneration Committee held three meetings. Details of the attendance of the Remuneration Committee meeting during the Year are set out below:

	Attendance
Mr. Lai Yang Chau, Eugene *(Chairman)*	3/3
Mr. Ngan Iek	3/3
Datuk Siew Pek Tho	3/3
Mr. Thng Bock Cheng John	3/3
Mr. Chan So Kuen	3/3

During the Year, 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 year ended 31 December 2015, the Nomination and Corporate Governance Committee held three meetings. Details of the attendance of the Nomination Committee meeting are set out below:

	Attendance
Mr. Ngan Iek *(Chairman)*	3/3
Datuk Siew Pek Tho	3/3
Mr. Chan So Kuen	3/3
Mr. Lai Yang Chau, Eugene	3/3
Mr. Thng Bock Cheng John	3/3

During the Year, 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 2015 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**	**2015** ***HK$***	2014 *HK$*
Rental income	Mr. Tjiagus Thamrin	**3,385,380**	1,836,330

Connected person:

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 Company's Board of Directors;

2. for transactions involved the provision of goods or services by the Group, nothing has come to their attention that caused them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

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

4. 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 as set by the Company.

The Audit Committee, comprising 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 and 2015 did not exceed the proposed annual cap amount of HK$2,035,000 and HK$4,100,000 as disclosed in the Prospectus respectively.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility for the internal control and risk management systems of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining such systems to safeguard the interests of the shareholders and the assets of the Company. The Board reviews the effectiveness of the Group's material internal controls and risk management systems and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate, effective and sufficient.

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 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 amounted to HK$500,000 (2014: HK$700,000) and HK$15,000 (2014: HK$15,000) respectively.

In addition BDO Limited was appointed by the Company as the reporting accountant for its major acquisition of 42.3% equity interest in an associate. The fee for this service charged by BDO Limited of the Company amounted to HK$820,000 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 ("Mr. Chow") as the company secretary of the Company on 24 March 2015. As at 31 December 2015, the company secretary undertook over 15 hours of professional training to update his skills and knowledge.

Subsequent to the year ended 31 December 2015, on 4 January 2016, Mr. Chow has resigned as the company secretary and on 25 January 2016, Mr. Lau Tak Shing ("Mr. Lau") has been appointed as the company secretary. Mr. Lau undertook over 15 hours of professional training to update his skills and knowledge for the Year.

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.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Ngan Iek (**顏奕先生**), aged 44, was appointed as our Director on 15 May 2012. He was subsequently redesignated as a non-executive Director and was appointed as the chairman of our Company on 24 February 2014. Further on 2 March 2016, he was redesignated as an executive Director. He is one of the founders of our Group. He is responsible for formulating development strategies and overseeing the overall business of our Group. He is also a member of the remuneration committee and the chairman of the nomination and corporate governance committee. He obtained a Bachelor of Business degree from University of New England in Australia in March 1997.

Mr. Ngan 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 obtained a registered accountant licence from the Financial Services Bureau of the Government of Macau in June 2000. He 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 is also 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會員). Mr. Ngan 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.

Datuk Siew Pek Tho (拿督蕭柏濤) ("Datuk Siew"), aged 43, 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 executive Director and Ms. Ngan Iek Peng, the non-executive Director.

Mr. Chen Changzheng (陳長征先生) ("Mr. Chen"), aged 47, 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.

NON-EXECUTIVE DIRECTORS

Ms. Ngan Iek Peng (顏奕萍女士), aged 39, 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 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.

Ms. Feng Xiaoying (**封曉瑛女士**), aged 36, was appointed as our non-executive Director on 30 November 2015. She obtained her Bachelor degree in Management from the School of Economics and Management of the Tsinghua University in 2001. She is a Chartered Professional Accountant of Canada and also a Certified Public Accountant of China. She is currently the head of strategic investments of CMI Capital Company Limited ("CMI Capital"). Prior to her current position, she worked at China Minsheng Bank, Deloitte and PricewaterhouseCoopers.

Mr. Liu Tianlin (**劉天凜先生**), aged 41, was appointed as our non-executive Director on 7 December 2015. He obtained his Bachelor degree in Economics from the Capital University of Economics and Business in 1998, a Master of Science degree in Investment Management from the Lubin School of Business of the Pace University in 2003 and a Master of Science degree in Accounting from the Lubin School of Business of the Pace University in 2005. Mr. Liu is currently the executive director and president of CMI Capital. Prior to his current position, Mr. Liu worked at China Minsheng Bank, Citigroup and Standard Chartered Bank.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Thng Bock Cheng John (湯木清先生) ("Mr. Thng"), aged 64, 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 46, 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 36, 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Lu Nim Joel (**盧念祖先生**), aged 57, was appointed as our independent non-executive Director on 1 December 2015. He obtained his Bachelor of Science and Master of Business Administration from the University of Toronto in Canada. Mr. Lu is a Chartered Financial Analyst, and is also the holder of licenses as a responsible officer to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO in Hong Kong. Mr. Lu has been a managing director and the head of investments at Rothschild Wealth Management (Hong Kong) Limited since June 2012. Prior to his current position, Mr. Lu served as a director in Asset Management Division at Credit Suisse (Hong Kong) Limited and managing director at Barclays Private Bank Department of Barclays Bank PLC in Hong Kong.

COMPANY SECRETARY

Mr. Lau Tak Shing (**劉德成先生**) ("**Mr. Lau**"), aged 34, is the company secretary of the Group. Mr. Lau obtained his Bachelor's degree of Business Administration with honours in Accountancy from City University of Hong Kong in November 2004. He was admitted as a member of Hong Kong Institute of Certified Public Accountants in March 2009. Mr. Lau has over 10 years' working experience in various sizable certified public accountants firms from May 2004 to January 2016. From January 2012 to January 2016, Mr. Lau worked in the audit department in Deloitte Touche Tohmatsu and his last position was a manager.

REPORT OF THE DIRECTORS

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 34 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 35 to 37.

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

USE OF NET PROCEEDS FROM THE COMPANY'S PLACING

After the change of use of proceeds as disclosed in the Company's announcements on 16 June 2015 and 30 June 2015, and as at 31 December 2015, the Company has utilised approximately HK$30.9 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 7 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 38 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2015 calculated under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$436.3 million.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year is set out in note 28 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the movement in convertible bonds of the Company during the Year is set out in note 27 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 15 and 17 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

The Group has revalued its investment properties at 31 December 2015. Details of movements during the Year are set out in note 16 to the consolidated financial statements.

REPORT OF THE DIRECTORS

INTEREST-BEARING BANK BORROWINGS

Details of the borrowings as at the end of the year 2015 are set out in note 24 to the consolidated financial statements.

CHARITABLE CONTRIBUTIONS

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

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 106.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the Group's sales to the largest customers and the five largest customers accounted for 4% and 16% of the Group's turnover. The Group's purchases from the largest suppliers and the five largest suppliers purchases accounted for 5% and 30% 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

Mr. Ngan Iek (redesignated as executive director on 2 March 2016)
Datuk Siew Pek Tho
Mr. Chen Shangzheng
Mr. Wong Ip (resigned on 2 March 2016)

Non-executive Directors

Ms. Ngan Iek Peng
Ms. Feng Xiaoying (appointed on 30 November 2015)
Mr. Liu Tianlin (appointed on 7 December 2015)

Independent Non-executive Directors

Mr. Thng bock Cheng John
Mr. Chan So Kuen
Mr. Lai Yang Chau, Eugene
Mr. Lu Nim Joel (appointed on 30 November 2015)

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.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Save as disclosed above, no Director proposed for re-election at 2015 annual general meeting ("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 20 to 22.

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 for the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this report.

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 2015, 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
Mr. Ngan Iek	Interest in controlled corporation *(Note)*	1,900,000,000	54.44%

Note:

These shares are registered in the name of Vertic, 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.

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 2015, 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' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Vertic	Beneficial owner	1,900,000,000 *(Note 1)*	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 *(Note 2)*	54.44%
CMI Hong Kong	Beneficial owner	690,000,000 *(Note 3)*	19.77%
Minsheng (Shanghai) Assets Management Company Limited ("Minsheng Shanghai")	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%
China Minsheng Investment	Interest of controlled corporation	690,000,000 *(Note 3)*	19.77%

Notes:

1. Vertic is a company beneficially owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng.

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

3 Such Shares are held by CMI Hong Kong, which is wholly-owned by Minsheng Shanghai, which is in turned wholly-owned by China Minsheng Investment. Both Minsheng Shanghai and China Minsheng Investment are deemed to be interested in all the Shares held by CMI Hong Kong by virtue of the SFO.

Long position in and the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company
CMI Hong Kong	Beneficial owner	HK$25,278,000	76,600,000	2.19%
Minsheng Shanghai	Interest of controlled corporation	HK$25,278,000	76,600,000	2.19%
China Minsheng Investment	Interest of controlled corporation	HK$25,278,000	76,600,000	2.19%

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

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

Save as disclosed above, as at 31 December 2015, so far as the Directors are aware, no person or company (not being a director or chief executive of the Company) had any interests and/or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTEREST

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

SHARE OPTION SCHEME

The principal terms of the share option scheme (the "**Share Option Scheme**") are set out as follows:

Purpose

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest ("**Invested Entity**").

Participants

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

(1) any employee (whether full-time or part-time) of our Company, any of our subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of our Group or any Invested Entity;

(4) any customer of our Group or any Invested Entity; and

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity.

Total number of Shares available for issue

(1) The maximum number of shares of the Company (the "**Shares**") which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 10% of the total number of Shares in issue, without prior approval from the Company's shareholders (the "**Shareholders**").

As at 31 December 2015, the outstanding number of options available for grant under the Share Option Scheme is 349,000,000 options to subscribe for Shares, representing 10% of the number of Shares in issue.

Maximum entitlement of each participants

The total number of Shares issued and to be issued upon exercise of the options granted and may be granted to any participants in any 12-month period must not exceed 1% of the Shares in issue (as for connected persons, not exceed 0.1% of the Shares in issue or the value of HK$5 million), unless prior approval is obtained from the Shareholders.

Time of acceptance and exercise of an option

Any offer made to a participant for an option must be taken up within 21 days from the date (the "**Offer Date**") as specified in the offer letter issued by our Company, upon payment of HK$1. Option may be exercised in whole or in part at any time before the expiry of the period to be determined and notified by the Board, which shall not be longer than 10 years from the Offer Date.

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before an option can be exercised.

The subscription price

The subscription price for any Share under the Share Option Scheme is determined by the Board, and shall be at least the highest of: (i) the closing price of a Share on the Offer Date; (ii) the average closing price of a Share for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme on 20 June 2014.

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 2015.

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 12 to 19 and note 30 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 12 to 19. Details of the related party transactions are disclosed in note 30 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 2015, 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.

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 Year. The Corporate Governance Report is set out on pages 12 to 19 of this Annual Report.

REPORT OF THE DIRECTORS

EVENTS AFTER REPORTING PERIOD

1. On 1 February 2016, Star Adventure Investment Limited, an indirect wholly-owned subsidiary of the Company, and Bi Jingjun, an independent third party entered into an equity transfer agreement pursuant to which Star Adventure Investment Limited has conditionally agreed to acquire and Bi Jingjun has conditionally agreed to sell the 42.3% of the entire equity interests in the 珠海市康明德投資有限公司 (in English, for identification purpose only, as Zhuhai Kang Ming De Investment Limited). The consideration for the acquisition is RMB21,150,000, which shall be payable in cash. Completion of the acquisition was expected to be 31 July 2016.

2. On 11 March 2016, Duchess Global Ltd., the wholly-owned subsidiary of the Company (as proposed purchaser) and Mr. Tjiagus Thamrin (as proposed vendor) for the conditional sale and purchase of 360,000 shares each having a nominal value of IDR9,867 in the paid-up capital of PT. Hang Huo Investment (an indirect non wholly-owned subsidiary of the Company) and the shareholder's loan in the sum of S$2,358,000 (approximately HK$12,969,000) owed by PT. Hang Huo Investment to Mr. Tjiagus Thamrin for a cash consideration of S$2,820,000 (approximately HK$15,510,000).

AUDITOR

The financial statements for the Year have been audited by BDO Limited which retires, and being eligible, offers itself for re-appointment at 2015 AGM. A resolution to re-appoint BDO Limited and to authorize the Directors to fix its remuneration will be proposed at 2015 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 35 to 104, which comprise the consolidated statement of financial position as at 31 December 2015, 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 these 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 financial position of the Group as at 31 December 2015, and of its financial performance 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 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$	2014 HK$
Revenue	7	**41,961,139**	67,828,429
Cost of sales		**(16,605,745)**	(21,615,900)
Gross profit		**25,355,394**	46,212,529
Other income	8	**708,584**	1,140,999
Selling expenses		**(1,909,729)**	(2,455,865)
Administrative expenses		**(32,767,629)**	(40,022,407)
Finance costs	9	**(6,277,119)**	(5,397,877)
Gain on changes in fair value of investment properties		**14,889,738**	2,254,909
Fair value gain on derivative financial instruments		**274,571**	135,243
Profit before income tax credit/(expense)	10	**273,810**	1,867,531
Income tax credit/(expense)	12	**1,023,185**	(3,350,947)
Profit/(loss) for the year		**1,296,995**	(1,483,416)
Other comprehensive income that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**76,818,222**	–
Tax expense related to gain on revaluation of properties		**(13,059,098)**	–
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(11,437,213)**	(15,583,547)
Other comprehensive income for the year, net of tax		**52,321,911**	(15,583,547)
Total comprehensive income for the year		**53,618,906**	(17,066,963)
(Loss) /Profit attributable to:			
Owners of the Company		**(1,979,068)**	(2,203,704)
Non-controlling interests		**3,276,063**	720,288
		1,296,995	(1,483,416)
Total comprehensive income attributable to:			
Owners of the Company		**50,176,310**	(17,015,538)
Non-controlling interests		**3,442,596**	(51,425)
		53,618,906	(17,066,963)
Losses per share			
– Basic and diluted (HK cents per share)	13	**(0.07)**	(0.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$	2014 HK$
Non-current assets			
Property, plant and equipment	15	**192,136,997**	79,171,863
Investment properties	16	**142,642,525**	137,012,996
Prepaid lease payments	17	**72,397,016**	78,874,387
Deposits paid in connection with the acquisition of an associate	38	**1,662,721**	–
Deposits for acquisition of lands	18	**10,956,600**	–
Total non-current assets		**419,795,859**	295,059,246
Current assets			
Hotel inventories	19	**103,619**	164,190
Trade and other receivables	20	**8,081,901**	8,728,444
Amount due from a director	21	**–**	776,037
Cash and cash equivalents	22	**325,996,570**	102,476,136
Total current assets		**334,182,090**	112,144,807
Current liabilities			
Trade and other payables	23	**31,029,543**	7,996,217
Amount due to non-controlling interests	21	**21,379,555**	23,012,351
Interest-bearing bank borrowings	24	**58,572,830**	134,560,166
Amount due to a director	21	**29,500,000**	–
Provision for taxation		**377,337**	4,533,878
Derivative financial instruments	25	**209,934**	2,294,296
Total current liabilities		**141,069,199**	172,396,908
Net current assets/(liabilities)		**193,112,891**	(60,252,101)
Total assets less current liabilities		**612,908,750**	234,807,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$	2014 HK$
Non-current liabilities			
Interest-bearing bank borrowings	24	**143,160,547**	80,199,009
Deferred tax liabilities	26	**11,559,366**	435,379
Derivative financial instruments	25	**–**	293,855
Convertible bonds	27	**13,653,792**	–
Total non-current liabilities		**168,373,705**	80,928,243
Net assets		**444,535,045**	153,878,902
Equity			
Share capital	28	**3,490,000**	2,800,000
Reserves		**432,774,276**	146,423,163
		436,264,276	149,223,163
Non-controlling interests		**8,270,769**	4,655,739
Total equity		**444,535,045**	153,878,902

Approved and authorized for issue by the Board of Directors on 31 March 2016.

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital *HK$*	Share premium *HK$* *(note 1)*	Hotel properties revaluation reserve *HK$* *(note 2)*	Other reserve *HK$* *(note 3)*	Translation reserve *HK$* *(note 4)*	Convertible bonds reserve *HK$* *(note 5)*	Retained earnings *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
At 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 28(a))*	2,099,999	(2,099,999)	–	–	–	–	–	–	–	–
Placing of new shares *(note 28(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 14)*	–	–	–	–	–	–	(58,626,939)	(58,626,939)	–	(58,626,939)
At 31 December 2014 and 1 January 2015	**2,800,000**	**107,645,695**	**–**	**15**	**(14,110,972)**	**–**	**52,888,425**	**149,223,163**	**4,655,739**	**153,878,902**
(Loss)/Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(1,979,068)**	**(1,979,068)**	**3,276,063**	**1,296,995**
Other comprehensive income										
– Gain on revaluation of properties	**–**	**–**	**76,818,222**	**–**	**–**	**–**	**–**	**76,818,222**	**–**	**76,818,222**
– Tax expense related to gain on revaluation of properties	**–**	**–**	**(13,059,098)**	**–**	**–**	**–**	**–**	**(13,059,098)**	**–**	**(13,059,098)**
– Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(11,603,746)**	**–**	**–**	**(11,603,746)**	**166,533**	**(11,437,213)**
Total comprehensive income for the year	**–**	**–**	**63,759,124**	**–**	**(11,603,746)**	**–**	**(1,979,068)**	**50,176,310**	**3,442,596**	**53,618,906**
Shares issued	**690,000**	**227,010,000**	**–**	**–**	**–**	**–**	**–**	**227,700,000**	**–**	**227,700,000**
Shares issues expenses	**–**	**(1,533,446)**	**–**	**–**	**–**	**–**	**–**	**(1,533,446)**	**–**	**(1,533,446)**
Shares issued to non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**172,434**	**172,434**
Issue of convertible bonds	**–**	**–**	**–**	**–**	**–**	**10,698,249**	**–**	**10,698,249**	**–**	**10,698,249**
At 31 December 2015	**3,490,000**	**333,122,249**	**63,759,124**	**15**	**(25,714,718)**	**10,698,249**	**50,909,357**	**436,264,276**	**8,270,769**	**444,535,045**

Note:

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

2. Hotel properties revaluation reserve represents the gains arising on the revaluation of the Group's leasehold land and buildings (other than investment property). The balance on this reserve is wholly undistributable.

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

4. Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

5. Amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 HK$	2014 HK$
Cash flows from operating activities			
Profit before income tax expense		**273,810**	1,867,531
Adjustments for:			
Finance cost	9	**6,277,119**	5,397,877
Interest income	8	**(83,045)**	(172,123)
Depreciation of property, plant and equipment	10	**11,999,748**	11,008,701
Gain on changes in fair value of investment properties	10	**(14,889,738)**	(2,254,909)
Fair value gain on derivative financial instruments	10	**(274,571)**	(135,243)
Impairment loss on trade receivables	10	**–**	126,150
Amortisation of prepaid lease payments	10	**1,437,461**	1,585,420
Gain on disposal of property, plant and equipment	10	**–**	(52,029)
		4,740,784	17,371,375
Decrease in hotel inventories		**60,571**	260,128
Decrease in trade and other receivables		**1,437,344**	1,128,680
Increase/(decrease) in trade and other payables		**1,958,485**	(3,328,220)
Decrease/(increase) in amount due from a director		**776,037**	(811,229)
Cash generated from operations		**8,973,221**	14,620,734
Income taxes paid		**(4,706,564)**	(5,493,118)
Net cash flows generated from operating activities		**4,266,657**	9,127,616
Cash flows from investing activities			
Decrease in amount due from a related company		**–**	22,329,485
Settlement of derivative financial instruments	25	**(2,003,101)**	(3,755,922)
Deposit paid for the acquisition of lands		**(10,956,600)**	–
Interest received		**83,045**	172,123
Proceeds from disposal of property, plant and equipment		**–**	52,029
Purchase of property, plant and equipment	15	**(32,950,811)**	(684,930)
Payments for investment properties		**–**	(78,839,768)
Deposit paid for acquisition of an associate		**(1,662,721)**	–
Net cash used in investing activities		**(47,490,188)**	(60,726,983)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 HK$	2014 HK$
Cash flows from financing activities			
Net proceeds from issue of shares		**226,166,554**	110,445,694
Proceeds from issue of ordinary shares to non-controlling interests in a subsidiary		**172,434**	–
Net proceeds from issue of convertible bonds		**24,201,748**	–
Increase in amount due to a director		**29,500,000**	–
Repayment of finance lease obligation		**–**	(60,017)
Proceeds from borrowings		**20,126,141**	18,363,300
Repayment of borrowings		**(19,291,261)**	(39,544,571)
Increase in amount due to non-controlling interests		**150,164**	24,055,923
Interest paid		**(6,126,615)**	(5,397,877)
Net cash generated from financing activities		**274,899,165**	107,862,452
Net increase in cash and cash equivalents		**231,675,634**	56,263,085
Cash and cash equivalents at beginning of year		**102,476,136**	56,390,284
Effect of exchange rate changes on cash and cash equivalents		**(8,155,200)**	(10,177,233)
Cash and cash equivalents at end of year	*22*	**325,996,570**	102,476,136

MAJOR NON-CASH TRANSACTIONS

The Group recorded construction payables of HK$22,180,952 to construction contractor as at 31 December 2015 for additions to property, plant and equipment during the year then ended.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The ordinary shares of the Company (the "Shares") are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 31 March 2016.

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

(a) Adoption of new/revised IFRS

IFRSs (Amendments)	Annual Improvements 2010-2012 cycle
IFRSs (Amendments)	Annual Improvements 2011-2013 cycle
Amendments to IAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Except as explained below, the adoption of these amendments has no material impact on the Group's 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

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.

IFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
IFRS 9 (2014)	Financial Instruments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidated Exception[1]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Lease[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
* No mandatory effective date yet determined but it is available for immediate adoption

Amendments to IAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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)

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.

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 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 fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss 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 fair value through profit or loss, 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.

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)

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to IFRS 10, IFRS 12 and IAS 28 in relation to applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by IFRS 12.

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 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 financial statements.

The disclosure requirements set out in the Rule Governing the Listing of Securities on the GEM of the Stock Exchange (the "Listing Rules") regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

(c) Change in accounting policy

In previous years, the Group's buildings were carried in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. In accordance with IAS 16 Property, Plant and Equipment, leasehold land and buildings can either be accounted for using the cost model or the revaluation model after their initial recognition. The Directors reassessed the appropriateness of this accounting policy during the year and concluded that by using the revaluation model under IAS 16, the consolidated financial statements world provide more appropriate and relevant information about the Group's results and financial position. Consequently, the Group changed its accounting policies of buildings to follow the revaluation model under IAS 16 with effect from 30 June 2015. The change in accounting policy of buildings from the cost model to the revaluation model is accounted for prospectively.

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 Listing Rules and the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, hotel buildings 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.

4 SUMMARY OF 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 or revaluation 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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.

Increase in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Impairment of non financial 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.

Value in use is based on the estimated future cash flows expected to be derived from the asset, 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.

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 made based on a percentage of the employee's basic salaries and are recognised as an expense in profit or loss in the period in which the related service is performed. The Group's employer contributions vest fully with the employees when contributed into the Central Provident Fund scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(q) 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)

(r) 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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)

(s) 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.

(t) Convertible bonds

Convertible bonds contain liability and equity components

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share capital and share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds usings the effective interest method.

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.

(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 assets 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:

- Hotel buildings (note 15);
- Investment properties (note 16); and
- Derivative financial instruments (note 25)

For more detailed information in relation to the fair value measurement of the items above, please refer to the note 36.

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. 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 2015			
External Revenue	**38,575,759**	**3,385,380**	**41,961,139**
Segment (loss)/profit	**(10,444,247)**	**18,119,127**	**7,674,880**
Corporate income			
– Others			**51,579**
Central administrative cost			**(7,727,220)**
Fair value gain on derivative financial instruments			**274,571**
Profit before income tax credit			**273,810**

6. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Segment revenue and results (cont'd)

	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

Segment results represents the profit/(loss) earned by each segment without allocation of corporate income, which includes other income, fair value gain 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 deposits paid in connection with the acquisition of an associate, prepayment of legal and professional fees for the acquisition, amount due from a director and cash and cash equivalent.

	2015	2014
	HK$	*HK$*
Singapore	**272,083,776**	165,161,411
Indonesia	**153,599,126**	138,769,669
Total segment assets	**425,682,902**	303,931,080
Unallocated	**328,295,047**	103,272,973
Consolidated assets	**753,977,949**	407,204,053

Segment liabilities

All liabilities are allocated to reportable segments other than derivative financial instruments, provision for taxation, accruals of corporate expenses, amount due to a director, convertible bonds and deferred tax liabilities.

	2015	2014
	HK$	*HK$*
Singapore	**229,579,420**	222,233,112
Indonesia	**21,395,420**	23,012,351
Total segment liabilities	**250,974,840**	245,245,463
Unallocated	**58,468,064**	8,079,688
Consolidated liabilities	**309,442,904**	253,325,151

6. OPERATING SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Other segment information

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

	Singapore *HK$*	**Indonesia** *HK$*	**Total** *HK$*
For the year ended 31 December 2015			
Additions to property, plant and equipment	**54,646,439**	**–**	**54,646,439**
Depreciation of property, plant and equipment	**(11,945,123)**	**–**	**(11,945,123)**
Amortisation of prepaid lease payments	**(1,437,461)**	**–**	**(1,437,461)**
Gain on changes in fair value of investment properties	**–**	**14,889,738**	**14,889,738**
Interest income	**34,390**	**–**	**34,390**
Interest expenses	**(6,126,615)**	**–**	**(6,126,615)**

Amounts included in the measure of segment results 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)

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	
	2015	2014
	HK$	*HK$*
Singapore	**264,082,513**	158,025,450
Indonesia	**153,599,126**	137,012,996
Hong Kong	**2,114,220**	20,800
	419,795,859	295,059,246

(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 mainly 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	
	2015	2014
	HK$	*HK$*
Hotel room	**30,542,602**	54,656,272
Food and beverage	**2,950,175**	5,564,154
Rental income from hotel properties	**3,805,276**	3,967,294
Rental income from investment properties	**3,385,380**	1,836,330
Others *(note)*	**1,277,706**	1,804,379
	41,961,139	67,828,429

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

8. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December 2015 HK$	2014 HK$
Government grants *(note)*	**242,046**	303,422
Interest income from bank deposits	**83,045**	172,123
Others	**383,493**	665,454
	708,584	1,140,999

Note: 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 2015 HK$	2014 HK$
Interest on bank borrowings		
– Wholly repayable within five years	**2,865,607**	3,018,148
– Not wholly repayable within five years	**3,000,801**	2,105,924
Bank overdraft interest	**260,207**	273,021
Finance leases interest	**–**	784
Convertible bonds	**150,504**	–
	6,277,119	5,397,877

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 year ended 31 December 2015, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,390,800 (2014: HK$1,187,618).

10. PROFIT BEFORE INCOME TAX CREDIT/(EXPENSE)

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Staff costs (excluding directors' remuneration *(note 11)*)		
Wages and salaries	**12,311,550**	12,911,110
Short-term non-monetary benefits	**1,028,580**	1,177,800
Contributions to defined contribution plans	**1,757,556**	2,185,403
	15,097,686	16,274,313
Depreciation of property, plant and equipment		
– Owned	**11,999,748**	10,852,205
– Held under finance leases	**–**	156,496
	11,999,748	11,008,701
Gain on changes in fair value of investment properties	**(14,889,738)**	(2,254,909)
Gain on disposal of property, plant and equipment	**–**	(52,029)
Fair value gain on derivative financial instruments	**(274,571)**	(135,243)
Auditor's remuneration	**562,000**	899,364
Amortisation of prepaid lease payments	**1,437,461**	1,585,420
Impairment loss on trade receivables	**–**	126,150
Listing expenses	**–**	10,635,770
Singapore property taxes	**2,463,428**	3,018,314

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' remuneration disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) (the Ordinance) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (the Regulation) is as follows:

	Year ended 31 December 2015											
	Siew Pek Tho *HK$*	Chen Changzheng *HK$*	Wong Ip *HK$*	Ngan Iek *HK$*	Ngan Iek Peng *HK$*	Thng Bock Cheng John *HK$*	Chan So Kuen *HK$*	Lai Yang Chau, Eugene *HK$*	Feng Xiaoying *HK$* *(Note 1)*	Lu Nim Joel *HK$* *(Note 1)*	Liu Tianlin *HK$* *(Note 2)*	Total *HK$*
Fees	–	–	–	–	–	180,000	180,000	180,000	–	15,000	–	555,000
Salaries allowances and benefits in kind	–	1,366,418	–	–	–	–	–	–	–	–	–	1,366,418
Contributions to defined contribution plans	–	71,939	–	–	–	–	–	–	–	–	–	71,939
Total	–	1,438,357	–	–	–	180,000	180,000	180,000	–	15,000	–	1,993,357

	Year ended 31 December 2014										
	Siew Pek Tho *HK$*	Chen Changzheng *HK$*	Wong Ip *HK$*	Ngan Iek *HK$*	Ngan Iek Peng *HK$*	Thng Bock Cheng John *HK$*	Chan So Kuen *HK$* *(Note 3)*	Lai Yang Chau, Eugene *HK$* *(Note 3)*	Wu Chi Keung *HK$* *(Note 4)*	Yen Yuen Ho, Tony *HK$* *(Note 5)*	Total *HK$*
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. Ms. Feng Xiaoying and Mr. Lu Nim Joel were appointed on 30 November 2015.
2. Mr. Liu Tian Lin was appointed on 7 December 2015.
3. Mr. Chan So Kuen and Mr. Lai Yang Chau, Eugene were appointed on 16 October 2014
4. Mr. Wu Chi Keung resigned on 3 October 2014
5. Mr. Yen Yuen Ho, Tony resigned on 16 October 2014

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

(b) Five highest paid employees

The five highest paid individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 included 1 director (2014: 1 director) and their emoluments are reflected in note 11(a). The emoluments of the remaining 4 highest paid individuals (2014: 4) for the year ended 31 December 2015 are as follows:

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Salaries, allowances and benefits in kind	**1,552,349**	2,477,091
Contributions to defined contribution plans	**138,914**	186,365
	1,691,263	2,663,456

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

During the year ended 31 December 2015, 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 (2014: Nil). None of the directors, nor the five highest paid employees has waived or agreed to waive any emoluments during the year (2014: Nil).

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Nil to HK$1,000,000	**3**	1
HK$1,000,001 to HK$1,500,000	**–**	1
	3	2

12. INCOME TAX CREDIT/(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 (2014: Nil). Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2014: 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 subsidiaries in Indonesia are subject to final income tax at rates of 10% and 25% on their gross rental income and assessable profits respectively as determined in accordance with the relevant Indonesia income tax rules and regulations (2014: 10% on its gross rental income).

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Current – Singapore Corporate Income Tax		
– Tax for the year	**(211,485)**	(2,835,018)
– Under provision in respect of prior year	**–**	(106,807)
Current – Indonesia Corporate Income Tax		
– Tax for the year	**(338,538)**	(183,633)
	(550,023)	(3,125,458)
Deferred tax *(note 26)*		
– Current year	**1,573,208**	(225,489)
Total income tax credit/(expense) for the year	**1,023,185**	(3,350,947)

12. INCOME TAX CREDIT/(EXPENSE) (cont'd)

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Profit before income tax credit/(expense)	**273,810**	1,867,531
Tax at Singapore Corporate Income Tax rate of 17%	**(46,548)**	(317,480)
Effect of different tax rate of subsidiary operating in other jurisdictions	**1,208,708**	280,744
Tax effect of expense not deductible for tax purpose	**(516,401)**	(4,006,589)
Tax effect of income not taxable for tax purpose	**76,313**	691,005
Effect of tax exemptions	**375,044**	824,892
Tax effect of deductible temporary differences not recognised	**1,091,136**	–
Tax effect of tax loss not recognised	**(1,165,067)**	(691,108)
Under provision in prior year	**–**	(106,807)
Others	**–**	(25,604)
Income tax credit/(expense) for the year	**1,023,185**	(3,350,947)

No deferred tax has been recognised in respect of unused tax losses of HK$10,918,676 (2014: HK$4,065,341) due to the unpredictability of future profit streams. The unused tax loss can be carried forward indefinitely.

13. LOSSES PER SHARE

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

	2015	2014
	HK$	*HK$*
Losses		
Losses for the purpose of basic earnings per share	**(1,979,068)**	(2,203,704)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,860,493,151**	2,454,794,521

Note: For the purpose of calculation of basic losses per share for the year ended 31 December 2014, the share subdivision being effective on 16 October 2014 (note 28(c)) was deemed to be effective throughout the period from 1 January 2014 to 31 December 2014.

Diluted losses per share for the year are the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share presented for the year ended 31 December 2015 (2014: diluted losses per share are the same as basic losses per share as there are no potential dilutive shares).

14. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2015 (2014: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost							
At 1 January 2014	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	–	123,956,509
Additions	–	49,192,571	799,028	4,607,673	–	532,491	55,131,763
Written off for the year	(7,783,306)	(7,839,897)	–	(4,657,831)	–	–	(20,281,034)
Surplus arising on revaluation	68,475,372	–	–	–	–	–	68,475,372
Exchange differences	(6,606,437)	(2,209,465)	(179,766)	(895,689)	(74,709)	–	(9,966,066)
At 31 December 2015	**125,726,985**	**73,433,572**	**3,503,725**	**13,034,985**	**1,084,786**	**532,491**	**217,316,544**
Accumulated depreciation							
At 1 January 2014	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	–	44,784,646
Depreciation charge for the year	4,434,927	5,435,448	174,161	1,881,354	73,858	–	11,999,748
Disposals	(7,783,306)	(7,839,897)	–	(4,657,831)	–	–	(20,281,034)
Write back on revaluation	(8,342,850)	–	–	–	–	–	(8,342,850)
Exchange differences	(683,783)	(1,271,313)	(163,472)	(809,602)	(52,793)	–	(2,980,963)
At 31 December 2015	**–**	**13,622,600**	**2,563,683**	**8,194,494**	**798,770**	**–**	**25,179,547**
Net book value							
At 31 December 2014	59,266,344	16,992,001	331,469	2,200,259	381,790	–	79,171,863
At 31 December 2015	**125,726,985**	**59,810,972**	**940,042**	**4,840,491**	**286,016**	**532,491**	**192,136,997**

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

On 30 June 2015, the Group decided to change its accounting policy of its buildings from cost model to revaluation model, in order to provide more appropriate and relevant information about the Group's result and financial position. The change in accounting policy is accounted for prospectively. The Group's buildings was valued on 31 December 2015 by AVISTA Valuation Advisory Limited, a qualified professional valuer not connected to the Group, who holds a recognised and relevant professional qualification and has recent experience in the location and category of property, plant and equipment being valued. The revaluation surplus of HK$76,818,222 net of applicable deferred income taxes of HK$13,059,098 was credited to hotel properties revaluation reserve in the amount of HK$63,759,124. If the buildings had not been revalued, it would have been included in the consolidated financial statements at historical cost of HK$51,141,555 as at 31 December 2015.

In estimating the fair value of the Group's buildings, the highest and best use of the buildings is their current use. The following table gives information about how the fair values of these buildings are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised level 3 based on the degree to which the key inputs to the fair value measurements is observable.

Element	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Buildings	Level 3	Discounted cash flow method Key inputs: – Room rate; – Occupation rate; – Discount rate; and – Annual growth	Room rate Occupancy rate Discount rate	The higher the occupancy rate and room rate, the higher the fair value The higher the discount rate, the lower the fair value

The Group's buildings are located in the Republic of Singapore under long term lease.

As at 31 December 2015, certain property, plant and equipment with net carrying amount of approximately HK$185,537,957 (2014: HK$76,258,000) were pledged to the bank for banking facilities granted to the Group (Note 24).

16. INVESTMENT PROPERTIES

	At 31 December	
	2015	2014
	HK$	*HK$*
At 1 January (level 3 recurring fair value)	**137,012,996**	–
Transferred from deposits for acquisition of land and buildings	**–**	145,742,300
Change in fair value *(note 10)*	**14,889,738**	2,254,909
Exchange differences	**(9,260,209)**	(10,984,213)
At 31 December (level 3 recurring fair value)	**142,642,525**	137,012,996

Amounts recognised in profit and loss for investment properties:

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
Rental income *(note 7)*	**3,385,380**	1,836,330
Direct operating expenses arising from investment properties that did not generate rental income during the year	**(18,884)**	(80,676)
	3,366,496	1,755,654

As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

The fair value of the Group's investment properties as at 31 December 2015 has been arrived at on the basis of a valuation carried out at the end of reporting period by AVISTA Valuation Advisory 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. Change in fair value of investment properties is recognised in line item "Gain on changes in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

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 annual growth rate and market unit rent of the property. 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.

16. INVESTMENT PROPERTIES (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$267**

Income capitalisation approach (Level 3):

Market unit rent	**HK$700**
Annual growth rate	**5%**
Capitalisation rate	**8.3%**

The higher the market unit rent, annual growth rate, the higher the fair value, and vice versa. The higher the 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 2015, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2014: 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 2015.

The investment properties are located in Indonesia and held under medium-term lease.

17. PREPAID LEASE PAYMENTS

The Group's interests in land use rights represented prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	At 31 December	
	2015	2014
	HK$	*HK$*
At 1 January	**78,874,387**	83,928,172
Amortisation *(note 10)*	**(1,437,461)**	(1,585,420)
Exchange differences	**(5,039,910)**	(3,468,365)
At 31 December	**72,397,016**	78,874,387

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.

18. DEPOSITS FOR ACQUISITION OF LANDS

The amount represents refundable earnest money to the independent representatives nominated by the Vendors, one of the vendors is non-controlling interests, pursuant to the non-legally binding memorandum of understanding for the acquisition of lands located in Bintan, Indonesia.

19. HOTEL INVENTORIES

Hotel inventories comprise food and beverage and other consumables.

20. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	HK$	*HK$*
Trade receivables *(note)*	**2,163,526**	7,543,741
Prepayments	**757,336**	318,435
Deposits	**4,965,856**	644,504
Other receivables	**195,183**	221,764
	8,081,901	8,728,444

Note: As at 31 December 2014, trade receivables included an amount of approximately HK$1,757,000, 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.

20. TRADE AND OTHER RECEIVABLES (cont'd)

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

	At 31 December	
	2015	2014
	HK$	*HK$*
Current to 30 days	**1,086,931**	4,074,354
31 to 60 days	**572,880**	1,441,247
61 to 90 days	**213,449**	674,720
Over 90 days	**290,266**	1,353,420
	2,163,526	7,543,741

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

	Year ended 31 December	
	2015	2014
	HK$	*HK$*
At 1 January	**–**	25,382
Impairment loss recognised *(note 10)*	**–**	126,150
Bad debts written off	**–**	(151,571)
Exchange differences	**–**	39
At 31 December	**–**	–

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 36.

20. TRADE AND OTHER RECEIVABLES (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	
	2015	2014
	HK$	*HK$*
Neither past due nor impaired	**1,659,811**	3,668,801
Within 1 month past due	**213,449**	1,482,388
1 to 3 months past due	**200,373**	1,165,097
3 to 12 months past due	**79,004**	762,975
More than 1 year past due	**10,889**	464,480
	2,163,526	7,543,741

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.

21. AMOUNT DUE FROM/(TO) A DIRECTOR, A RELATED COMPANY AND DUE TO NON-CONTROLLING INTERESTS

	At 31 December	
	2015	2014
	HK$	*HK$*
(a) Amount due (to)/from a director		
Mr. Ngan Iek *(note 1)*	**(29,500,000)**	776,037
(b) Amount due to non-controlling interests *(note 2)*	**(21,379,555)**	(23,012,351)

Note 1: Amount due (to)/from a director – Mr. Ngan Iek is unsecured, interest-free and repayable on demand.

Note 2: Amount due to non-controlling interests is unsecured, interest-free and repayable on demand.

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

Loans to directors of the Company disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	At 1 January 2015 *HK$*	**Maximum amount outstanding during the year** *HK$*	**At 31 December 2015** *HK$*
Amount due from/(to) a director			
Mr. Ngan Iek	**776,037**	**776,037**	**(29,500,000)**

	At 1 January 2014 *HK$*	Maximum amount outstanding during the year *HK$*	At 31 December 2014 *HK$*
Amounts 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

22. CASH AND CASH EQUIVALENTS

	At 31 December	
	2015 *HK$*	2014 *HK$*
Cash at bank and on hand	**325,996,570**	102,476,136

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

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.

23. TRADE AND OTHER PAYABLES

	At 31 December 2015 HK$	2014 HK$
Trade payables *(note)*	**1,265,502**	1,273,186
Receipt in advance	**108,586**	1,425,605
Accruals and other payables	**7,474,503**	5,297,426
Construction payables	**22,180,952**	–
	31,029,543	7,996,217

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 2015 HK$	2014 HK$
Current to 30 days	**956,836**	1,137,803
31 – 60 days	**154,233**	94,553
61 – 90 days	**–**	1,401
Over 90 days	**154,433**	39,429
	1,265,502	1,273,186

24. INTEREST-BEARING BANK BORROWINGS

	At 31 December 2015 HK$	2014 HK$
Current		
Secured		
– bank borrowings due for repayment within one year	**25,703,030**	99,426,806
– bank borrowings due for repayment which contain a repayment on demand clause	**32,869,800**	35,133,360
	58,572,830	134,560,166
Non-Current		
Secured		
– bank borrowings due for repayment after one year	**143,160,547**	80,199,009
	201,733,377	214,759,175

Bank borrowings bear interest from 1.25% to 2.00% (2014: 1.25%) per annum above the bank's Singapore swap offer rate. The effective interest rate ranged from 2.08% to 4.04% (2014: from 2.17% to 2.25%).

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$185,537,957 (2014: HK$76,258,000) as at 31 December 2015 (Note 15);

– 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 bank account of the Company's subsidiary.

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

At 31 December 2015, total current and non-current bank borrowings were scheduled to repay as follows:

	At 31 December	
	2015	2014
	HK$	*HK$*
On demand or within one year	**58,572,830**	134,560,166
More than one year, but not exceeding two years	**25,703,029**	11,414,829
More than two years, but not exceeding five years	**71,734,751**	30,955,963
After five years	**45,722,767**	37,828,217
	201,733,377	214,759,175

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 not less than a specific ratio to the outstanding balances of interest-bearing bank borrowings at the end of the reporting period. 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 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 36. As at 31 December 2015, none of the covenants relating to drawn down facilities had been breached (2014: Nil).

25. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments represent interest rate swap contracts held by the Group, in which the contracts period range from 5 to 7 years with the maturity dates on 7 September 2015 and 14 March 2016.

The following table details the interest rate swaps outstanding as at the end of the reporting period:

	Contracted fixed interest rate	**Fair value at 31 December 2015** *HK$*	Fair value at 31 December 2014 *HK$*	**Maturity date**
Swap #1	2.63%	**84,852**	766,508	14 March 2016
Swap #2	2.63%	**125,082**	1,129,913	14 March 2016
Swap #3	2.01%	–	691,730	7 September 2015
Total		**209,934**	2,588,151	
Less: Current portion		**(209,934)**	(2,294,296)	
Non-current portion		–	293,855	

At 31 December 2015, the notional amounts of the outstanding interest rate swap contracts were approximately HK$132.5 million (2014: HK$157.4 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 36.

25. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

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

	At 31 December 2015 HK$	2014 HK$
At 1 January	**2,588,151**	6,588,171
Fair value gain on derivative financial instruments during the year *(note 10)*	**(274,571)**	(135,243)
Settlement during the year	**(2,003,101)**	(3,755,922)
Exchange differences	**(100,545)**	(108,855)
At 31 December	**209,934**	2,588,151

26. DEFERRED TAX

Details of the deferred tax assets and deferred tax liabilities recognised, and movements during the year are as follows:

	Property revaluation HK$	Revaluation of investment properties HK$	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 January 2014	–	–	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
Charge/(credit) to profit or loss for the year	–	1,488,974	–	(3,062,182)	(1,573,208)
Charge to other comprehensive income	13,059,098	–	–	–	13,059,098
Exchange differences	(379,578)	(57,177)	(14,154)	89,006	(361,903)
At 31 December 2015	**12,679,520**	**1,647,505**	**205,517**	**(2,973,176)**	**11,559,366**

27. CONVERTIBLE BONDS

On 8 October 2015, the Group entered into a subscription agreement with CMI Financial Holding Company Limited ("CMI Hong Kong") to issue the 5-year Convertible Bonds with an aggregate principal amount of HK$25,278,000 (the "Convertible Bonds"). The subscription was completed on 30 November 2015 and the Group issued the Convertible Bonds.

The Convertible Bonds is denominated in Hong Kong dollars and is convertible at the option of the bondholder at any time after the date of issuance up to the date falling seven days prior to the maturity date of 30 November 2020 into new share of the Company at a price of HK$0.33 per share, subject to anti-dilutive adjustments.

The Convertible Bonds contain liability and equity components. The equity component is included in the equity headed "convertible bonds reserve".

The fair value of the liability component of the Convertible Bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate. The effective interest rate of the liability component is approximately 13.37% per annum. The Convertible Bonds are bearing interest at fixed rate of 0.01% per annum and is payable annually in arrears.

The Convertible Bonds recognised in the consolidated statement of financial position at the date of issuance on 30 November 2015 was calculated as follows:

	2015 ***HK$***
Face value of Convertible Bonds issued	**25,278,000**
Equity component on initial recognition upon issuance of Convertible Bonds	**11,174,000**
Capitalised expenses	**(475,751)**
Equity component of Convertible Bonds as at 30 November	**10,698,249**
Liability component on initial recognition upon issuance of Convertible Bonds	**14,104,000**
Capitalised expenses	**(600,501)**
Liability component of Convertible Bonds as at 30 November	**13,503,499**

27. CONVERTIBLE BONDS (cont'd)

The carrying value of the liability component of the Convertible Bonds recognised in the consolidated statement of financial position at the end of the reporting period is as follows:

	2015
	HK$
At 1 January	–
Issue of Convertible Bonds	**14,104,000**
Capitalised expenses	**(600,501)**
Effective interest expense for the year (note 9)	**150,504**
Accrual of interest expense on Convertible Bonds	**(211)**
At 31 December	**13,653,792**

The interest expense of Convertible Bonds for the year ended 31 December 2015 is calculated using the effective interest method by applying an effective interest rate of approximately 13.37% to the liability component.

28. SHARE CAPITAL

	At 31 December	
	2015	2014
	HK$	*HK$*
Authorised:		
50,000,000,000 (2014: 50,000,000,000) ordinary shares of HK$0.001 (2014: HK$0.001) each	**50,000,000**	50,000,000
Issued and fully paid:		
3,490,000,000 (2014: 2,800,000,000) ordinary shares of HK$0.001 (2014: HK$0.001) each	**3,490,000**	2,800,000

28. SHARE CAPITAL (cont'd)

The movements in issued share capital were as follows:

	2015		2014	
	Number of shares in issue	**Issued share capital** *HK$*	Number of shares in issue	Issued share capital *HK$*
At 1 January	**2,800,000,000**	**2,800,000**	100	1
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	–
Issue of shares to shareholders *(note d)*	**690,000,000**	**690,000**	–	–
At 31 December	**3,490,000,000**	**3,490,000**	2,800,000,000	2,800,000

(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.

(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.

(d) On 8 October 2015, the Company entered into a subscription agreement with CMI Hong Kong. On 30 November 2015, the subscription was completed. The Company issued 690,000,000 subscription shares with par value of HK$0.001 each at the subscription price of HK$0.33 each. The issued share capital of the Company was thus increased from HK$2,800,000 to HK$3,490,000. The excess of subscription proceeds over the nominal value of share capital issued net of the expenses incurred thereon was credited as share premium. The Company intended to apply the net proceeds for development of the Bintan Project.

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

29. RESERVES

Details of the movements in the reserves of the Company during the year are as follows:

	Share premium *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 January 2014	–	(3,928,118)	(3,928,118)
Share capitalisation *(note 28(a))*	(2,099,999)	–	(2,099,999)
Placing of new shares *(note 28(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 and 1 January 2015	**107,645,695**	**(27,861,012)**	**79,784,683**
Shares issued *(note 28(d))*	**227,010,000**	**–**	**227,010,000**
Shares issues expenses	**(1,533,446)**	**–**	**(1,533,446)**
Convertible bonds reserve *(note 27)*	**10,698,249**	**–**	**10,698,249**
Loss for the year and total comprehensive income for the year	**–**	**(12,208,352)**	**(12,208,352)**
At 31 December 2015	**343,820,498**	**(40,069,364)**	**303,751,134**

30. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Year ended 31 December	
		2015	2014
Name of related party	**Nature of transaction**	***HK$***	*HK$*
Mr. Tjiagus Thamrin			
Non-controlling interests	Rental income (a)	**3,385,380**	1,836,330

(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.

(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	
	2015	2014
	HK$	*HK$*
Salaries, allowances and benefits in kind	**2,377,953**	1,793,807
Contributions to defined contribution plans	**139,676**	99,586
	2,517,629	1,893,393

(iii) Details of the balances with related parties are disclosed in note 21 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 2015 regarding related party balances (2014: Nil).

31. OPERATING LEASE ARRANGEMENTS

As lessee

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases of office rental which are payable as follows:

	At 31 December	
	2015	2014
	HK$	*HK$*
Within one year	**1,070,902**	671,440
In the second to fifth years inclusive	**469,739**	49,187
	1,540,641	720,627

For the year ended 31 December 2015, the minimum leases payments recognised by the Group are HK$803,355 (2014: HK$483,840).

As lessor

The Group leases certain retail space and areas of its hotel properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 2 years. The terms of leases generally also require the tenants to pay security deposits and, in certain cases, provide for periodic rent adjustments according to the terms under the leases.

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 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 31 December	
	2015	2014
	HK$	*HK$*
Within one year	**2,496,736**	4,685,999
In the second to fifth years inclusive	**299,582**	–
	2,796,318	4,685,999

32. CAPITAL COMMITMENTS

At 31 December 2015, the Group had the following capital commitments:

	At 31 December 2015 HK$	2014 HK$
Authorised, but not contracted for, in respect of leasehold improvement	**5,084,602**	–
Contracted, but not provided for, in respect of leasehold improvement	**675,436**	731,945

33. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 December 2015 (2014: Nil).

34. INTERESTS IN SUBSIDIARIES

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	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	British Virgin Islands, 18 April 2005, limited liability company	1 share of US$1 per share	100	–	Investment holding, Republic of Singapore
Mandale Globe Limited	British Virgin Island, 3 April 2013, limited liability company	1 share of US$1 per share	100	–	Investment holding, Hong Kong

34. INTERESTS IN SUBSIDIARIES (cont'd)

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 (cont'd)					
Star Achieve Investments Limited	British Virgin Island, 8 July 2015, limited liability company	1 share of US$1 per share	100	–	Investment holding, Hong Kong
Hang Huo Investment Pte. Ltd.	Republic of Singapore, 4 May 2004, limited liability company	3,000,000 shares of Singapore dollar ("SG$") 1 per share	–	100	Hotel ownership, Republic of Singapore
Link Hotels International Pte. Ltd.	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	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
PT Hang Huo International	Indonesia, 29 May 2015, limited liability company	225,000 shares of US$1 per share	–	90	Property investment, Indonesia
Star Adventure Investment Limited	Hong Kong, 9 October 2015, limited liability company	Ordinary share of HK$1	–	100	Dormant, Hong Kong

35. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2015 is HK$8,270,769, among which HK$8,111,645 is attributable to PT Hang Huo Investment (2014: HK$4,655,739) and HK$159,124 is for PT Hang Huo International (2014: Nil).

Set out below are the summarised financial information for the subsidiaries including PT Hang Huo Investment and PT Hang Huo International that have non-controlling interests that are material to the Group, and the information below is the amount before inter-company elimination:

	PT Hang Huo Investment		**PT Hang Huo International**
	2015	2014	**2015**
	HK$	*HK$*	***HK$***
For the year/period ended 31 December			
Revenue	**3,385,380**	1,836,330	**–**
Profit/(loss) for the year	**16,448,860**	3,601,441	**(137,090)**
Total comprehensive income	**166,135**	(771,713)	**398**
Profit/(loss) allocated to non-controlling interests	**3,289,772**	720,288	**(13,709)**
For the year/period ended 31 December			
Cash flows generated from/(used in) operating activities	**5,079,323**	(80,676)	**(137,090)**
Cash flows used in investing activities	**–**	(78,839,768)	**(154,661)**
Cash flows generated from financing activities	**282,126**	78,297,377	**2,152,402**
Net cash inflows/(outflows)	**5,361,449**	(623,067)	**1,860,651**
As at 31 December			
Current assets	**8,208,871**	3,210,098	**3,508,636**
Non-current assets	**142,642,526**	137,013,937	**10,956,600**
Current liabilities	**(111,809,128)**	(117,659,235)	**(12,874,005)**
Non-current liabilities	**(1,647,504)**	(215,709)	**–**
Net assets	**37,394,765**	22,349,091	**1,591,231**
Accumulated non-controlling interests	**8,111,645**	4,655,739	**159,124**

36. 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

	At 31 December	
	2015	2014
	HK$	*HK$*
Financial assets		
Loan and receivables:		
Trade receivables	**2,163,526**	7,543,741
Deposits and other receivable	**5,161,039**	866,268
Amount due from a director	**–**	776,037
Cash and cash equivalents	**325,996,570**	102,476,136
	333,321,135	111,662,182
Financial liabilities		
Financial liability at fair value through profit or loss:		
Derivative financial liabilities	**209,934**	2,588,151
Financial liabilities measured at amortised cost:		
Trade payables	**1,265,502**	1,273,186
Accruals and other payables	**29,655,455**	5,297,426
Interest-bearing bank borrowings, secured	**201,733,377**	214,759,175
Amount due to a director	**29,500,000**	–
Amount due to non-controlling interests	**21,379,555**	23,012,351
Convertible bonds	**13,653,792**	–
	297,187,681	244,342,138

36. 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 payables, accruals and other payables, interest-bearing bank borrowings and convertible bonds. The Group has various other financial assets and liabilities such as balances with a director, amount due to non-controlling interests and derivative financial instruments.

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 regularly review relevant policies for managing each of these risks and they are summarised below.

Foreign currency risk

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.

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 a subsidiary denominated in SGD.

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 results after tax and other component of equity:

	At 31 December			
	2015		2014	
	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% (2014: 5%)	**–**	**3,394,576**	–	4,097,823
Depreciates by 5% (2014: 5%)	**–**	**(3,394,576)**	–	(4,097,823)

36. 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 director and cash and cash equivalents. There was no history of default for amounts due from 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 2015, the trade receivables from the five largest debtors represented 11% (2014: 20%) of the total trade receivables respectively, while the largest debtor represented 3% (2014: 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 after income tax:

	Year ended 31 December			
	2015		2014	
	HK$	***HK$***	*HK$*	*HK$*
	+1%	**-1%**	+1%	-1%
Increase/(decrease) in the results after tax for the year	**328,698**	**(328,698)**	351,334	(351,334)

36. 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.

2015	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	1,265,502	1,265,502	1,265,502	–	–
Accruals and other payables	29,655,455	29,655,455	29,655,455	–	–
Derivative financial liabilities	209,934	209,934	209,934	–	–
Interest-bearing bank borrowings subject to a repayment on demand clause	32,869,800	33,372,776	33,372,776	–	–
Other interest-bearing bank borrowings	168,863,577	188,865,509	30,982,192	110,185,756	47,697,561
Amount due to a director	29,500,000	29,500,000	29,500,000	–	–
Amount due to non-controlling interests	21,379,555	21,379,555	21,379,555	–	–
Convertible bonds	13,653,792	13,666,432	2,739	13,663,693	–
Total	297,397,615	317,915,163	146,368,153	123,849,449	47,697,561

36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

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

Liquidity risk (cont'd)

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

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.

36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

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

Liquidity risk (cont'd)

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.

	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	within 1 year or on demand *HK$*
31 December 2015	**32,869,800**	**33,372,776**	**33,372,776**
31 December 2014	35,133,360	35,219,550	35,219,550

Fair values

The fair value of derivative financial instruments as disclosed in note 25 is based on the management's best estimation. 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 statement 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).

36. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

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

Fair values (cont'd)

The Group's financial instruments in the consolidated statement of financial position is approximately HK$210,000 (2014: HK$2,588,000) as at 31 December 2015 are grouped into level 2 (2014: Level 2) of the fair value hierarchy.

During the year ended 31 December 2015, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy (2014: 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 and convertible bonds less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

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

	At 31 December	
	2015	2014
	HK$	*HK$*
Interest-bearing bank borrowings	**201,733,377**	214,759,175
Convertible bonds	**13,653,792**	–
Less: Cash and cash equivalents	**(325,996,570)**	(102,476,136)
Net debts *(note)*	**–**	112,283,039
Total equity	**444,535,045**	153,878,902
Net debt to equity ratio	**0%**	73%

Note: Net debt is zero when the amount of cash and cash equivalents is higher than the interest-bearing bank borrowings and convertible bonds.

37. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 HK$	2014 HK$
Non-current assets			
Property, plant and equipment		**451,499**	20,800
Interests in subsidiaries		**28**	15
Total non-current assets		**451,527**	20,815
Current assets			
Prepayment		**635,756**	–
Amounts due from subsidiaries		**69,554,239**	81,956,458
Cash and cash equivalents		**282,921,044**	1,129,690
Total current assets		**353,111,039**	83,086,148
Current liabilities			
Amount due to a subsidiary		**5**	–
Accruals and other payables		**3,167,635**	522,280
Amount due to a director		**29,500,000**	–
Total current liabilities		**32,667,640**	522,280
Net current assets		**320,443,399**	82,563,868
Total assets less current liabilities		**320,894,926**	82,584,683
Non-current liability			
Convertible bonds		**13,653,792**	–
Net assets		**307,241,134**	82,584,683
Equity			
Share capital		**3,490,000**	2,800,000
Reserves	29	**303,751,134**	79,784,683
Total equity		**307,241,134**	82,584,683

38. EVENTS AFTER THE REPORTING PERIOD

On 1 February 2016, the Group and an independent third party, Mr. Bi Jingjun, entered into the equity transfer agreement pursuant to which the Group has conditionally agreed to acquire and Mr. Bi Jingjun has conditionally agreed to sell 42.3% of the equity interest in the Zhuhai Kang Ming De Investment Limited, at the consideration of RMB21,150,000. The deposit paid in connection with the acquisition of an associate amounted to HK$1,662,721.

On 11 March 2016, the Group and non-controlling interests, Mr. Tjiagus Thamrin, entered into the sale and purchase agreement pursuant to which the Group has conditionally agreed to acquire and Mr. Tjiagus Thamrin has conditionally agreed to sell the paid-up capital of the subsidiary, PT Hang Huo Investment, and the loan owed by the subsidiary to Mr. Tjiagus Thamrin for a cash consideration of SG$2,820,000.

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 four financial years, are extracted from the published audited financial statements, is set out below:

	Year ended 31 December			
	2015	2014	2013	2012
	HK$	*HK$*	*HK$*	*HK$*
Revenue	**41,961,139**	67,828,429	78,433,094	87,174,172
Profit before income tax expense	**273,810**	1,867,531	28,019,297	34,993,852
Profit/(loss) for the year	**1,296,995**	(1,483,416)	23,378,648	28,496,486
Total comprehensive income for the year	**53,618,906**	(17,066,963)	19,737,062	32,815,235

	As at 31 December			
	2015	2014	2013	2012
	HK$	*HK$*	*HK$*	*HK$*
Total assets	**753,977,949**	407,204,053	389,265,839	404,880,282
Total liabilities	**(309,442,904)**	(253,325,151)	(270,138,730)	(310,197,405)
Non-controlling interests	**(8,270,769)**	(4,655,739)	(4,707,164)	–
	436,264,276	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 2014 and 2015 and the consolidated assets and liabilities of the Group as at 31 December 2014 and 2015 are those set out on pages 35 to 37 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 2011 was not disclosed as consolidated financial statement for the Group have not been prepared for this year. The summary above does not form part of the audited financial statements.