



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

First Quarterly Report

2021

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Lin Jianguo
Mr. Zhao Guoming
Ms. Zhang Shuo

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Tong Hing Wah, HKICPA

COMPLIANCE OFFICER

Datuk Siew Pek Tho

AUDIT COMMITTEE

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

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CORPORATE INFORMATION

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STOCK CODE

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COMPANY'S WEBSITE

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FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2021 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2020 as set out below. This quarterly report has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

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

- revenue of the Group from hotel operation amounted to approximately HK\$11.3 million (2020: approximately HK\$12.1 million), representing a decrease of approximately 6.2% as compared to the corresponding period in 2020.
- loss attributable to owners of the Company amounted to approximately HK\$12.3 million (2020: loss of approximately HK\$11.7 million).
- basic losses per share was approximately HK0.35 cents (2020: basic losses per share of approximately HK0.34 cents).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	Notes	(Unaudited)	
		For three months ended 31 March	
		2021 HK\$	2020 HK\$ (Restated)
Revenue	3	11,328,553	12,078,847
Cost of sales		(6,011,346)	(6,264,178)
Gross profit		5,317,207	5,814,669
Loss from distressed debt assets at amortised cost	3	(3,109,365)	(5,125,654)
Other income, other gains and losses		1,576,888	205,360
Selling expenses		(370,792)	(638,053)
Administrative expenses		(9,146,083)	(10,393,501)
Finance costs		(6,320,812)	(2,763,364)
Share of results of an associate	4	–	–
Loss before income tax	5	(12,052,957)	(12,900,543)
Income tax (expense)/credit	6	(298,036)	1,173,197
Loss for the period		(12,350,993)	(11,727,346)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		(16,902,836)	(41,410,111)
Loss on cash flow hedges		(1,011,364)	–
Other comprehensive income for the period, net of tax		(17,914,200)	(41,410,111)
Total comprehensive income for the period		(30,265,193)	(53,137,457)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		(Unaudited)	
		For three months ended	
		31 March	
		2021	2020
Notes		HK\$	HK\$
		(Restated)	
Loss for the period attributable to:			
	Owners of the Company	(12,331,045)	(11,700,505)
	Non-controlling interest	(19,948)	(26,841)
		(12,350,993)	(11,727,346)
Total comprehensive income attributable to:			
	Owners of the Company	(30,018,253)	(52,235,370)
	Non-controlling interest	(246,940)	(902,087)
		(30,265,193)	(53,137,457)
Losses per share			
	Basic (HK cents per share)	(0.35)	(0.34)
	Diluted (HK cents per share)	(0.35)	(0.34)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to owners of the Company										
	Share capital	Share premium	Hotel properties		Convertible				Non-controlling interests	Total equity	
			revaluation reserve	Other reserve	Translation reserve	bonds reserve	Hedging reserve	Retained earnings			
			<i>HKS</i>	<i>HKS</i>	<i>HKS</i>	<i>HKS</i>	<i>HKS</i>	<i>HKS</i>			<i>HKS</i>
	<i>(note a)</i>	<i>(note b)</i>	<i>(note c)</i>	<i>(note d)</i>	<i>(note e)</i>	<i>(note f)</i>					
Balance at 1 January 2020 (as previously reported)	3,490,000	333,122,249	69,358,928	2,014,251	(29,944,068)	10,698,249	(4,394,641)	12,993,519	397,338,487	5,625,527	402,964,014
Prior year adjustments <i>(note g)</i>	-	-	(261,930)	-	178,641	-	-	(11,909,188)	(11,992,477)	-	(11,992,477)
At 1 January 2020 (as restated)	3,490,000	333,122,249	69,096,998	2,014,251	(29,765,427)	10,698,249	(4,394,641)	1,084,331	385,346,010	5,625,527	390,971,537
Loss for the period	-	-	-	-	-	-	-	(11,700,505)	(11,700,505)	(26,841)	(11,727,346)
Other comprehensive expense											
- Exchange difference on translating foreign operations	-	-	-	-	(40,534,865)	-	-	-	(40,534,865)	(875,246)	(41,410,111)
Total comprehensive expense for the period	-	-	-	-	(40,534,865)	-	-	(11,700,505)	(52,235,370)	(902,087)	(53,137,457)
Balance at 31 March 2020 (unaudited)	3,490,000	333,122,249	69,096,998	2,014,251	(70,300,292)	10,698,249	(4,394,641)	(10,616,174)	333,110,640	4,723,440	337,834,080
Balance at 1 January 2021	3,490,000	333,122,249	49,688,766	2,014,251	(26,176,550)	25,040,738	(4,203,822)	(45,814,823)	337,160,809	5,475,041	342,635,850
Loss for the period	-	-	-	-	-	-	-	(12,331,045)	(12,331,045)	(19,948)	(12,350,993)
Other comprehensive income											
- Exchange difference on translating foreign operations	-	-	-	-	(16,599,062)	-	(76,782)	-	(16,675,844)	(226,992)	(16,902,836)
Loss on cash flow hedges	-	-	-	-	-	-	(1,011,364)	-	(1,011,364)	-	(1,011,364)
Total comprehensive income for the period	-	-	-	-	(16,599,062)	-	(1,088,146)	(12,331,045)	(30,018,253)	(246,940)	(30,265,193)
Balance at 31 March 2021 (unaudited)	3,490,000	333,122,249	49,688,766	2,014,251	(42,775,612)	25,040,738	(5,291,968)	(58,145,868)	307,142,556	5,228,101	312,370,657

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2021

Notes:

- a. The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- b. The hotel properties revaluation reserve represents the gains arising from the revaluation of hotel buildings of the Group and the associate (other than investment property).
- c. The other reserve of the Group represents the difference between the nominal value of shares issued by the Company and the aggregate nominal value of the issued share capital of the subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014. The other reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the consideration and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired.
- d. Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).
- f. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.
- g. Please refer to the Company's 2020 annual report – note 47 to the consolidated financial statements for the year ended 31 December 2020 for details of the prior year adjustments.

NOTES TO THE FINANCIAL INFORMATION

1 CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial information for the Review Period has been prepared in accordance with the International Accounting Standard issued by the International Accounting Standards Board and the applicable disclosure requirements of the GEM Listing Rules.

The basis of preparation and the accounting policies applied are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2020 included in the Company's 2020 annual report, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2021.

The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

NOTES TO THE FINANCIAL INFORMATION

3 REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

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

	(Unaudited)	
	For three months ended 31 March	
	2021	2020
	HK\$	HK\$
<i>Hotel operations:</i>		
Hotel room	8,846,563	7,667,532
Food and beverage	2,200,552	2,491,669
Rental income from hotel properties	–	1,470,876
Others (<i>Note a</i>)	281,438	448,770
	11,328,553	12,078,847

	(Unaudited)	
	For three months ended 31 March	
	2021	2020
	HK\$	HK\$
Income from distressed debt assets at amortised cost	–	2,965,037
Less: modification loss (<i>Note b</i>)	(3,109,365)	(8,090,691)
	(3,109,365)	(5,125,654)

Notes:

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

NOTES TO THE FINANCIAL INFORMATION

(b) Disaggregation of revenue:

For the three months ended 31 March (Unaudited)

	Hotel business		Distressed debt asset management	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Primary geographical markets				
Singapore	10,011,506	8,890,476	-	-
Japan	1,317,047	3,188,371	-	-
The People's Republic of China (the "PRC")	-	-	(3,109,365)	(5,125,654)
Total	11,328,553	12,078,847	(3,109,365)	(5,125,654)

4 SHARE OF RESULTS OF AN ASSOCIATE

For the last review period, due to the travel restrictions implemented by government authority during the COVID-19 pandemic, the management of the associate was unable to provide financial information for the last review period to the Company to facilitate the accounting for its interest in an associate using the equity method in accordance with International Accounting Standard 28 "Investments in Associates and Joint Ventures". As such, the Company did not account for the share of results of an associate and the share of other comprehensive income of an associate in the preparation of the unaudited consolidated financial statements for the last review period. However, it was impracticable for the Company to quantify the effects of this non-compliance.

In December 2020, the Group completed the disposal of its interests in an associate.

NOTES TO THE FINANCIAL INFORMATION

5 LOSS BEFORE INCOME TAX

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

	(Unaudited)	
	For three months ended 31 March	
	2021	2020
	HK\$	HK\$
Staff costs (<i>Note</i>)	5,199,869	6,134,619
Depreciation of property, plant and equipment	3,331,213	3,226,967
Depreciation of right-of-use assets	772,904	688,920
Singapore property taxes	909,187	928,480

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

6 INCOME TAX (EXPENSE)/CREDIT

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 three months ended 31 March 2021 (2020: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the three months ended 31 March 2021 (2020: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits for the three months ended 31 March 2021 as determined in accordance with the relevant Indonesia income tax rules and regulations (2020: 25%).

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

NOTES TO THE FINANCIAL INFORMATION

The major components of the income tax (expense)/credit for the periods are as follows:

	(Unaudited)	
	For three months ended 31 March	
	2021	2020
	HK\$	HK\$
Current tax expense		
– Singapore Corporate Income Tax	(298,036)	(108,216)
Deferred tax credit	–	1,281,413
Total income tax (expense)/credit for the period	(298,036)	1,173,197

7 LOSSES PER SHARE

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

	(Unaudited)	
	For three months ended 31 March	
	2021	2020
	HK\$	HK\$
Losses		
Losses for the purpose of basic losses per share	(12,331,045)	(11,700,505)
Interest expenses on convertible bonds	493,116	–
Losses for the purpose of diluted losses per share	(11,837,929)	(11,700,505)

NOTES TO THE FINANCIAL INFORMATION

	For three months ended 31 March	
	2021	2020
	<i>Shares</i>	<i>Shares</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic losses per share	3,490,000,000	3,490,000,000
Effect of potential dilutive ordinary shares on convertible bonds	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted losses per share	3,490,000,000	3,490,000,000

Ordinary shares are derived from 3,490,000,000 ordinary shares, being the number of shares in issue during the three months ended 31 March 2021 (2020: 3,490,000,000 ordinary shares).

For the three months ended 31 December 2021 and 2020, diluted losses per share is the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share.

8 DIVIDEND

The Directors do not recommend the payment of quarterly dividend for the three months ended 31 March 2021 (2020: Nil).

NOTES TO THE FINANCIAL INFORMATION

9 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

10 EFFECT OF COVID-19

The outbreak of COVID-19 had affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments and brought unprecedented challenges and added uncertainties to the economy. COVID-19 affected the financial performance and position of the industry of hotel business including the room rate and occupancy rate of hotel businesses, construction progress of Bintan resort business, and the fair value of hotel buildings and investment properties. The Directors are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021.

As the global COVID-19 situation remains very fluid as at the date these condensed financial statements were authorized for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write-downs in the subsequent financial periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the Review Period, the Group continued to stay focused on the operation of its hotel business, and the development of the resort hotel situated in Bintan, Indonesia pursuant to the master plan of the development of the Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the "Prospectus")). Save as disclosed in this quarterly report, there is no material change in the Group's businesses during the Review Period. The operation of Link Hotel in Singapore continued to generate the main source of income for the Group during the Review Period.

FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue from hotel operation of approximately HK\$11.3 million (2020: approximately HK\$12.1 million), representing a decrease of approximately 6.2% as compared to the corresponding period in the last year, which was mainly due to the adverse effect on the Group's hotel business in Japan caused by the outbreak of the COVID-19 pandemic since early 2020 and the snowstorm in Japan in early 2021 which resulted in the substantial decline of revenue of the Group's spa hotel in Japan, while such decline was partly offset by the increase in the revenue from the Group's Link Hotel in Singapore as a result of the obtaining of government contracts for using the hotel as quarantine accommodation which provided stable revenue for the Group in the first quarter of 2021.

For the Review Period, loss attributable to owners of the Company was approximately HK\$12.3 million (2020: loss of approximately HK\$11.7 million). Such loss situation was mainly due to (i) the recognition of loss from the Group's distressed debt assets (i.e. income from distressed debt assets at amortised cost less modification loss) of approximately HK\$3.1 million for the Review Period as compared to the loss of approximately HK\$5.1 million recorded for the corresponding period in the last year; (ii) the incurring of operating loss of approximately HK\$0.6 million (2020: operating loss of approximately HK\$2.5 million) for Link Hotel in Singapore as a result of the subsisting COVID-19 pandemic, and hence the hotel operation has yet to normalize during the Review Period; (iii) the incurring of operating loss of approximately HK\$2.8 million (2020: operating loss of approximately HK\$2.7 million) for the Group's spa hotel in Japan amid the COVID-19 pandemic and further affected by the snowstorm which happened in early 2021; and (iv) the incurring of penalty interest of approximately HK\$2.5 million due to the default on redemption of convertible bonds which matured in November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Basic losses per share for the Review Period was approximately HK cents 0.35 (2020: basic losses per share of approximately HK cents 0.34).

Hotel operation

For the Review Period, room revenue amounted to approximately HK\$8.8 million (2020: approximately HK\$7.7 million), accounting for approximately 78.1% (2020: approximately 63.5%) of the Group's total revenue from hotel operation. Room revenue mainly represents revenue generated from hotel accommodation in Link Hotel, which accounted for approximately 92.4% of total room revenue for the Review Period (2020: approximately 80.4%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Review Period also included a minor contribution from the Group's spa hotel in Japan which commenced operation in September 2019.

During the Review Period, although the normal business of Link Hotel in Singapore was adversely affected by worldwide travel restrictions and lockdown measures due to the COVID-19 pandemic, the hotel has been used as quarantine accommodation for local residents since the second quarter of 2020. As such, the adverse effect was mitigated and the hotel was able to sustain its operation. Nevertheless, the use of Link Hotel as quarantine accommodation is subject to periodic renewal of the relevant contracts with the Singapore government. Should Link Hotel be unable to renew such contracts or the contracts are renewed with less favourable terms due to competition with other local hotel players, while the lockdown measures due to the COVID-19 pandemic subsist and restrict the normal business of the hotel, the income of Link Hotel will be adversely affected going forward.

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

	Three months ended	
	31 March	
	2021	2020
Total available room nights	24,660	24,660
Occupancy rate	97%	39%
Average room rate (HK\$)	309.3	575.3
RevPAR (HK\$)	301.4	224.7

MANAGEMENT DISCUSSION AND ANALYSIS

For the Review Period, food and beverage (“F&B”) revenue was approximately HK\$2.2 million (2020: approximately HK\$2.5 million), representing approximately 19.4% (2020: approximately 20.6%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group’s hotels.

The Group leases shop units in its Link Hotel in Singapore and receives rental income from hotel tenants. For the Review Period, there was no rental income from hotel tenants (2020: approximately HK\$1.5 million, representing approximately 12.2% of the total revenue from hotel business) since the shop units of Link Hotel cannot be leased out when it was used as COVID-19 quarantine accommodation during the Review Period.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company’s announcement dated 29 September 2016). During 2020 and the Review Period, due to the tight financial resources and the COVID-19 pandemic, the construction progress was substantially suspended. Based on the assessment of the Group’s financial resources available, the Group made certain design changes in order to accommodate for a reduced budget of the overall construction cost. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic has affected the supply chains of various sectors worldwide, including the supply of construction materials. At the same time, as the tourism industry worldwide shall take time to recover and normalise, aiming at providing a newly furnished resort for tourists’ enjoyment shortly after the COVID-19 pandemic, the Company expected that, on the basis of having adequate funding, the completion of the construction of the resort project shall be postponed to the end of 2022.

Distressed debt assets management business

During the Review Period, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK\$3.1 million (2020: loss of approximately HK\$5.1 million). Due to the outbreak of the COVID-19 pandemic and the consequent economic downturn and decrease in investment sentiments in the PRC, the execution plan on recovering the distressed debt assets was adversely affected during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Measures to address the going concern issue

During the Review Period and up to the date of this quarterly report, in order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the audit qualification on going concern (as disclosed in the independent auditor's report for the year ended 31 December 2020) in the financial year ending 31 December 2021, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

- (1) the Group cooperated with the review by its principal lending bank (the "Lending Bank") on its loans, and passed the annual credit assessment conducted by the Lending Bank in March 2021, and the next credit assessment will be conducted in March 2022;
- (2) the Group arranged smooth rollover/renewal of its revolving loans during the period from January to March 2021, and made the interest payment for the revolving loans as requested by the Lending Bank on time;
- (3) the Group successfully negotiated with the Lending Bank to partially defer the principal repayments of its instalment loans for the period from February to June 2021;
- (4) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Subject to the relief of travel restrictions of Indonesia to allow the PRC construction team of the contractor to travel there to conduct on-site surveying works and ascertain the bills of quantities (which is a pre-requisite for further negotiation), it is expected that further details will be discussed with the contractor in around mid-2021;
- (5) the Group's Link Hotel in Singapore obtained government contracts for using the hotel as COVID-19 quarantine accommodation since the second quarter of 2020 and has successfully renewed such contracts upon periodic review by the Singapore government authority. The latest government contract for such usage has been extended to mid-May 2021. The Group will continue to apply for renewal of the contracts with the government should the COVID-19 pandemic subsist, so as to allow the hotel to earn a stable income to sustain its operation;
- (6) the Group will continue to apply for COVID-19 related government subsidies applicable to its hotels in Singapore and Japan, including salary subsidies, levy fee for foreign workers and costs of hotel sterilization, which will reduce the operation costs of the Group to a certain extent;

MANAGEMENT DISCUSSION AND ANALYSIS

- (7) the Group will negotiate with potential purchaser(s) regarding the disposal of its distressed debt assets in order to generate working capital and strengthen the Group's liquidity position; and
- (8) the Company will continue its negotiation with the convertible bond holder for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020.

OUTLOOK

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

Although the Group is facing challenges arising from the outbreak of the COVID-19 pandemic since January 2020 which has led to the travel restrictions of tourists from Hong Kong, China and certain countries, and affected the Group's hotel business in Asia, the Directors consider such unfavorable market conditions could be progressively relieved upon the effective implementation of vaccination programmes worldwide, and will not affect the Group's hotel business in the medium to long run. The Group will continue to explore potential projects for expanding its business horizon to the Greater China region and other Asian countries in order to capture the opportunities arising from the growth in the tourism industry in the PRC and other areas in Asia. Nevertheless, the Group will take a cautious approach when seeking potential acquisition opportunities to maximise shareholders' value.

OTHER INFORMATION

AUDIT COMMITTEE

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

The condensed consolidated financial statements for the Review Period have not been audited by the auditors of the Company. The Audit Committee has reviewed the basis of preparation, the accounting principles and policies adopted by the Group and the unaudited financial results for the Review Period.

COMPETING INTEREST

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period. Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Review Period.

OTHER INFORMATION

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

As at 31 March 2021, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Charter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long position in shares of the Company

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

Note: These shares are registered in the name of Vertic Holdings Limited ("Vertic"), a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Mr. Ngan Iek is deemed to be interested in the shares of the Company held by Vertic under Part XV of the SFO. Mr. Ngan Iek is a director of Vertic. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

OTHER INFORMATION

Long position in Vertic, an associated corporation of the Company

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

Notes:

1. Datuk Siew Pek Tho is the spouse of Ms. Ngan Iek Chan who is the owner of 25% shareholdings in Vertic. Datuk Siew Pek Tho is deemed to be interested in the 25% shareholdings in Vertic held by Ms. Ngan Iek Chan under Part XV of the SFO.
2. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.

Save as those disclosed above, as at 31 March 2021, none of the Directors had any interests or short positions in the shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

OTHER INFORMATION

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

As at 31 March 2021, 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 <i>(Note 1)</i>	54.44%
Ms. Cheng Wing Shan	Interest of spouse	1,900,000,000 <i>(Note 2)</i>	54.44%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Asia Asset Management Company Limited* (Formerly known as "Minsheng (Shanghai) Asset Management Company Limited*") 中民投亞洲資產管理有限公司 (前稱「民生(上海)資產管理有限公司」)("CMI Asia")	Interest of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Minsheng Investment Group Corporation Limited* (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 <i>(Note 3)</i>	19.77%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 <i>(Note 4)</i>	8.88%

OTHER INFORMATION

Notes:

1. Vertic is a company owned as to 50% by Mr. Ngan Iek, 25% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng. Mr. Ngan Iek is the elder brother of Ms. Ngan Iek Chan and Ms. Ngan Iek Peng. Pursuant to a Hong Kong court order dated 9 December 2019, Vertic was ordered to be wound-up. For details, please refer to the announcement of the Company dated 9 December 2019.
2. Ms. Cheng Wing Shan is the spouse of Mr. Ngan Iek. Ms. Cheng Wing Shan is deemed to be interested in all the Shares in which Mr. Ngan Iek is interested in under Part XV of the SFO.
3. Such shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the shares held by CMI Hong Kong under Part XV of the SFO.
4. Pursuant to the notices of disclosure of interest filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

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

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (Note 1)
CMI Hong Kong (Note 2)	Beneficial owner	HK\$25,278,000	76,600,000	2.19%
CMI Asia (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
China Minsheng Investment (Note 2)	Interest of controlled corporation	HK\$25,278,000	76,600,000	2.19%
Ng Meng Chit	Beneficial owner	HK\$25,128,000	698,000,000	20.00%

Notes:

1. As at 31 March 2021, the Company has a total number of 3,490,000,000 shares in issue.
2. Such underlying shares are held by CMI Hong Kong, a company wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO

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

Hong Kong, 13 May 2021

- # 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.