



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



2024

INTERIM REPORT



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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 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 herein or this report misleading.*

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. He Dingding (*Chief Executive Officer*)

Mr. Lui Tin Shun

Non-executive Directors

Mr. Chiu Kung Chik

Mr. Wong Chun Hung Hanson (*Chairman*)

Mr. Gao Zhaoyuan

(appointed on 1 March 2024)

Independent non-executive Directors

Ms. Chan Wai Ki, Joffee

Mr. Chan So Kuen

Ms. Liu Lu (resigned on 1 March 2024)

Ms. Tam Mei Chu

Mr. Thng Bock Cheng John

(retired on 23 February 2024)

Mr. Ho Sing Wai

(appointed on 1 March 2024)

COMPANY SECRETARY

Ms. Lam Hoi Ki, HKICPA

AUDIT COMMITTEE

Ms. Tam Mei Chu (*Chairman*)

Ms. Chan Wai Ki, Joffee

Ms. Liu Lu (resigned on 1 March 2024)

Mr. Chan So Kuen

Mr. Ho Sing Wai

(appointed on 1 March 2024)

REMUNERATION COMMITTEE

Ms. Chan Wai Ki, Joffee (*Chairman*)

Ms. Liu Lu (resigned on 1 March 2024)

Ms. Tam Mei Chu

Mr. Chan So Kuen

Mr. Ho Sing Wai

(appointed on 1 March 2024)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Chun Hung Hanson (*Chairman*)

(appointed on 1 March 2024)

Mr. Chiu Kung Chik (*Chairman*)

(ceased on 1 March 2024)

Ms. Chan Wai Ki, Joffee

Mr. Chan So Kuen

Ms. Tam Mei Chu

Corporate Information

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3503, 35/F
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
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PRINCIPAL BANKER

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AUDITOR

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Certified Public Accountants
25th Floor, Wing On Centre
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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 "**Director(s)**") 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 six months ended 30 June 2024 (the "**Review Period**") together with the comparative figures for the six months ended 30 June 2023 (the "**Last Corresponding Period**") as set out below. This interim 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\$22.1 million (2023: approximately HK\$26.0 million), representing a decrease of approximately 15.3% as compared to the Last Corresponding Period.
- loss attributable to owners of the Company amounted to approximately HK\$34.7 million (2023: approximately HK\$57.1 million).
- basic loss per share was approximately HK cents 0.829 (2023: basic loss per share of approximately HK cents 1.425).

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Revenue	3	22,067,238	26,042,379
Cost of sales		(11,316,422)	(8,161,943)
Gross profit		10,750,816	17,880,436
Loss from distressed debt assets at amortised cost	3	(18,981)	(51,450)
Other income, other gains and losses		472,142	768,601
Selling expenses		(622,814)	(621,022)
Administrative expenses		(18,760,583)	(55,541,999)
Finance costs		(25,087,571)	(17,746,668)
Loss before income tax expense	4	(33,266,991)	(55,312,102)
Income tax expense	5	(1,532,154)	(1,770,142)
Loss for the period		(34,799,145)	(57,082,244)
Other comprehensive expenses that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		(13,496,101)	(7,649,938)
Other comprehensive expenses for the period, net of tax		(13,496,101)	(7,649,938)
Total comprehensive expenses for the period		(48,295,246)	(64,732,182)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024	2023
		HK\$ (unaudited)	HK\$ (unaudited)
Loss for the period attributable to:			
Owners of the Company		(34,735,996)	(57,056,335)
Non-controlling interests		(63,149)	(25,909)
		(34,799,145)	(57,082,244)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		(48,154,026)	(64,769,529)
Non-controlling interests		(141,220)	37,347
		(48,295,246)	(64,732,182)
		HK cents	HK cents
Losses per share	6		
Basic		(0.829)	(1.425)
Diluted		(0.829)	(1.425)

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	At 30 June 2024 HK\$ (unaudited)	At 31 December 2023 HK\$ (audited)
	<i>Notes</i>	
Non-current assets		
Property, plant and equipment	285,312,681	303,378,397
Right-of-use assets	68,450,029	71,757,382
Investment properties	164,709,714	174,698,088
Prepayments for construction	749,123	796,063
Total non-current assets	519,221,547	550,629,930
Current assets		
Hotel inventories	289,357	321,332
Distressed debt assets at amortised cost	29,284,648	30,085,628
Trade and other receivables	8 5,273,613	9,864,779
Cash and cash equivalents	22,399,833	26,040,912
Total current assets	57,247,451	66,312,651
Current liabilities		
Trade and other payables	9 86,542,123	100,915,094
Amount due to a non-controlling shareholder of subsidiaries	7,445,916	7,912,478
Interest-bearing bank and other borrowings	364,951,201	344,391,479
Lease liabilities	401,123	947,219
Provision for taxation	283,589	2,302,231
Convertible bonds	32,861,400	32,861,400
Total current liabilities	492,485,352	489,329,901

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 HK\$ (unaudited)	At 31 December 2023 HK\$ (audited)
Net current liabilities		(435,237,901)	(423,017,250)
Total assets less current liabilities		83,983,646	127,612,680
Non-current liabilities			
Other payables	9	7,542,668	8,015,290
Interest-bearing bank and other borrowings		2,262,120	2,351,254
Amount due to controlling shareholder		32,001,613	25,760,980
Lease liabilities		309,202	482,139
Deferred tax liabilities		17,560,772	18,400,500
Total non-current liabilities		59,676,375	55,010,163
Net assets		24,307,271	72,602,517
Equity			
Share capital		4,188,000	4,188,000
Reserves		18,861,965	67,015,991
Equity attributable to owners of the Company		23,049,965	71,203,991
Non-controlling interests		1,257,306	1,398,526
Total equity		24,307,271	72,602,517

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company										Total equity
	Share capital	Share premium	Hotel properties		Convertible bonds			Accumulated losses	Total	Non-controlling interests	
			revaluation reserve	Other reserve	Translation reserve	reserve	Hedging reserve				
			HK\$	HK\$	HK\$	HK\$	HK\$				
		(Note a)	(Note b)	(Note c)	(Note d)	(Note e)	(Note f)				
At 1 January 2023 (audited)	3,490,000	333,122,249	71,927,381	2,014,251	(77,243,293)	25,040,738	1,397,370	(213,170,207)	146,578,489	1,694,447	148,272,936
Loss for the period	-	-	-	-	-	-	-	(57,056,335)	(57,056,335)	(25,909)	(57,082,244)
Other comprehensive income											
— Exchange differences arising on translation of foreign operations	-	-	-	-	(7,704,481)	-	(8,713)	-	(7,713,194)	63,256	(7,649,938)
Total comprehensive income for the period	-	-	-	-	(7,704,481)	-	(8,713)	(57,056,335)	(64,769,529)	37,347	(64,732,182)
Transaction with owners											
Contribution and distributions											
Conversion of convertible bonds	698,000	30,229,520	-	-	-	(14,342,469)	-	-	16,585,031	-	16,585,031
At 30 June 2023 (unaudited)	4,188,000	363,351,769	71,927,381	2,014,251	(84,947,774)	10,698,249	1,388,657	(270,226,542)	98,393,991	1,731,794	100,125,785

	Attributable to owners of the Company										Total equity
	Share capital	Share premium	Hotel properties		Convertible bonds			Accumulated losses	Total	Non-controlling interests	
			revaluation reserve	Other reserve	Translation reserve	reserve	Hedging reserve				
			HK\$	HK\$	HK\$	HK\$	HK\$				
		(Note a)	(Note b)	(Note c)	(Note d)	(Note e)	(Note f)				
At 1 January 2024 (audited)	4,188,000	363,351,769	71,927,381	2,014,251	(79,560,370)	10,698,249	-	(301,415,289)	71,203,991	1,398,526	72,602,517
Loss for the period	-	-	-	-	-	-	-	(34,735,996)	(34,735,996)	(63,149)	(34,799,145)
Other comprehensive income											
— Exchange differences arising on translation of foreign operations	-	-	-	-	(13,418,030)	-	-	-	(13,418,030)	(78,071)	(13,496,101)
Total comprehensive income for the period	-	-	-	-	(13,418,030)	-	-	(34,735,996)	(48,154,026)	(141,220)	(48,295,246)
At 30 June 2024 (unaudited)	4,188,000	363,351,769	71,927,381	2,014,251	(92,978,400)	10,698,249	-	(336,151,285)	23,049,965	1,257,306	24,307,271

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

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 properties).
- c. 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 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 the subsidiary acquired.
- d. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).
- f. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Net cash used in operating activities	(20,685,557)	(21,742,793)
Net cash used in investing activities	(540,311)	(45,848)
Net cash generated from financing activities	18,505,240	52,843,301
Net (decrease)/increase in cash and cash equivalents	(2,720,628)	31,054,660
Cash and cash equivalents at the beginning of period	26,040,912	(529,990)
Effect of exchange rate changes	(920,451)	(309,839)
Cash and cash equivalents at the end of period	22,399,833	30,214,831

Notes to the Condensed Consolidated Interim Financial Statements

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 unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") for the Review Period have been prepared in accordance with the International Accounting Standard ("**IFRSs**") issued by the International Accounting Standards Board and the applicable disclosure requirements of the GEM Listing Rules.

The preparation of the Interim Financial Statements requires to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs which collective term includes all applicable individual IFRSs issued by the International Accounting Standards Board. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "**2023 Audited Consolidated Financial Statements**").

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2023 Audited Consolidated Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

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 2024.

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 Condensed Consolidated Interim Financial Statements

3 REVENUE AND LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

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

	For the six months ended	
	30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
<i>Hotel operations:</i>		
Hotel room	16,117,193	21,381,940
Food and beverage	3,213,308	1,234,597
Rental income from hotel properties	2,364,073	3,137,323
Others (<i>Note a</i>)	372,664	288,519
	22,067,238	26,042,379
<i>Distressed debt assets:</i>		
Modification loss (<i>Note b</i>)	(18,981)	(51,450)

Notes:

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

Notes to the Condensed Consolidated Interim Financial Statements

3 REVENUE AND LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST (continued)

(b) Disaggregation of revenue:

	Hotel business	
	For the six months ended 30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
Primary geographical markets		
Singapore	15,967,162	26,042,379
Japan	6,100,076	–
Total	22,067,238	26,042,379

4 LOSS BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
Staff costs (Note)	6,365,357	9,729,474
Depreciation of property, plant and equipment	4,767,368	5,475,417
Depreciation of right-of-use assets	1,292,295	1,422,689
Singapore property tax	1,668,316	1,758,615

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

Notes to the Condensed Consolidated Interim Financial Statements

5 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2024 (2023: Nil).

Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the six months ended 30 June 2024 (2023: 17%).

The subsidiaries in Indonesia are subject to income tax of 22% on their assessable profits for the six months ended 30 June 2024 as determined in accordance with the relevant Indonesia income tax rules and regulations (2023: 22%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC (2023: 25%).

Subsidiary operating in Japan is subject to national corporate income tax, inhabitant tax, and enterprise tax (hereinafter collectively referred to as “**Japan Profits Tax**”) in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 34.59% for the year based on the existing legislation, interpretations and practices in respect thereof (2023: 34.59%). Japan Profits Tax is calculated based on the estimated assessable profit arising in Japan.

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

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

	For the six months ended 30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
Current tax expense		
— Singapore Corporate Income Tax	1,532,154	1,770,142

Notes to the Condensed Consolidated Interim Financial Statements

6 LOSSES PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
Losses		
Losses for the purpose of basic loss per share	(34,735,996)	(57,056,335)
Interest expenses on convertible bonds	–	364,435
Losses for the purpose of diluted loss per share	(34,735,996)	(56,691,900)

	For the six months ended 30 June	
	2024	2023
	Shares	Shares
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	4,188,000,000	4,002,895,028
Effect of potential dilutive ordinary shares on convertible bonds	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	4,188,000,000	4,002,895,028

Ordinary shares are derived from 4,188,000,000 ordinary shares, being the number of shares in issue at 30 June 2024 (2023: 4,188,000,000 ordinary shares).

For the six months ended 30 June 2024 and 2023, 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.

Notes to the Condensed Consolidated Interim Financial Statements

7 DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

8 TRADE AND OTHER RECEIVABLES

As at 30 June 2024, trade and other receivables comprised trade receivables of HK\$2,088,317 (31 December 2023: HK\$6,738,479).

Trade receivables, which generally have credit terms of 30 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

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

	At 30 June 2024 HK\$ (unaudited)	At 31 December 2023 HK\$ (audited)
Current to 30 days	994,834	3,854,308
31 to 60 days	1,084,168	2,796,581
61 to 90 days	6,908	74,108
Over 90 days	2,407	13,482
	2,088,317	6,738,479

Notes to the Condensed Consolidated Interim Financial Statements

9 TRADE AND OTHER PAYABLES

As at 30 June 2024, trade and other payables comprised trade payables of HK\$1,735,058 (31 December 2023: HK\$1,359,972).

The Group normally obtains credit terms of up to 30 days from its suppliers. Trade payables are interest-free. The aged analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	At 30 June 2024 HK\$ (unaudited)	At 31 December 2023 HK\$ (audited)
Current to 30 days	578,457	1,240,598
31 to 60 days	1,065,072	107,542
61 to 90 days	1,161	–
Over 90 days	90,368	11,832
	1,735,058	1,359,972

As at 30 June 2024, other payables comprised construction payables with current portion of HK\$41,467,852 (31 December 2023: HK\$44,004,020) and non-current portion of HK\$7,542,668 (31 December 2023: HK\$8,015,290).

Management Discussion and Analysis

BUSINESS REVIEW

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

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

The Group's principal hotel, namely Link Hotel, in Singapore resumed normal business in April 2022. The contract with the local government for using the annex block of the hotel as quarantine accommodation was terminated on 31 December 2023. The annex block is currently under renovation to enhance the value and the renovation is expected to be completed in the second half of 2024. Notwithstanding the above, the management of Link Hotel has been keen on seeking operation partner(s) to enhance the overall performance.

Regarding the Group's Hanatsubaki Spa Hotel in Japan, in view of the then expected difficult operating situation amid the subsisting and uncertain development of the COVID-19 pandemic in previous years, the Group's tight financial resources and its non-profitable situation at the material time, the Company temporarily closed the hotel in May 2022. Hanatsubaki Spa Hotel was reopened in the third quarter of 2023. However, due to the Group's tight financial and human resources and the damage due to the earthquake taken place in the Noto Peninsula of Ishikawa Prefecture in early 2024, the business of Hanatsubaki Spa Hotel is currently not performing as well as expected and therefore the Group may consider to explore possible options (including but not limited to the disposal of Hanatsubaki Spa Hotel) to reduce the Group's liquidity pressure.

FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue from hotel operation of approximately HK\$22.1 million (2023: approximately HK\$26.0 million), representing a decrease of approximately 15.3% as compared to the Last Corresponding Period, which was mainly due to the temporary renovation works on the annex block of Link Hotel in Singapore.

Management Discussion and Analysis

For the Review Period, loss attributable to owners of the Company was approximately HK\$34.7 million (2023: approximately HK\$57.1 million), representing a significant decrease in loss by approximately HK\$22.3 million or approximately 39.1 % as compared with that for the Last Corresponding Period.

This decrease in loss for the Review Period was mainly due to the tightened cost control measures being implemented by the Group across the operating segments and head office and the decrease in administrative expenses during the Review Period including the significant decrease in legal and professional fee but offset by (i) the decrease in revenue of approximately HK\$4.0 million and gross profit of approximately HK\$7.1 million primarily due to the temporary renovation works on the annex block of Link Hotel in Singapore and (ii) the increase in finance costs on the interest-bearing bank and other borrowings of approximately HK\$7.3 million.

Basic loss per share for the Review Period was approximately HK cents 0.829 (2023: basic loss per share of approximately HK cents 1.425).

Hotel operation

For the Review Period, room revenue amounted to approximately HK\$16.1 million (2023: approximately HK\$21.4 million), accounting for approximately 73.0% (2023: approximately 82.1%) 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 72.4% of total room revenue for the Review Period (2023: 100%), 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") of the Group's principal hotel, i.e. Link Hotel, for the periods indicated:

	For the six months ended	
	30 June	
	2024	2023
Total available room nights	26,754	49,594
Occupancy rate	47%	66%
Average room rate (HK\$)	835.3	601.9
RevPAR (HK\$)	391.2	391.9

Management Discussion and Analysis

For the Review Period, food and beverage (“**F&B**”) revenue was approximately HK\$3.2 million (2023: approximately HK\$1.2 million), representing approximately 14.6% (2023: approximately 4.7%) 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 hotel and received rental income from hotel tenants. For the Review Period, rental income from hotel tenants was approximately HK\$2.4 million (2023: approximately HK\$3.1 million), representing approximately 10.7% (2023: approximately 12.1%) of the total revenue from hotel business.

Following the termination of contract with local government for using the annex block of Link Hotel as quarantine accommodation on 31 December 2023, the annex block is currently closed for renovation to enhance the rental value of the property. The annex block is expected to reopen in the second half of 2024.

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company’s announcement dated 29 September 2016). Since 2020 and up to the Review Period, due to the tight financial resources and the COVID-19 pandemic in previous years, the construction progress was suspended. The Group currently is considering to seek potential investor(s) for capital injection for completion or an outright buyout of the Bintan Assets.

Distressed debt assets management business

During the Review Period, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK\$19,000 (2023: loss of approximately HK\$51,000). As at the date of this report, management is not aware of any issue regarding the ownership and collectability of the distressed debts assets.

Liquidity, financial resources and capital structure

During the Review Period, the Group mainly financed with its own working capital and other loans. As at 30 June 2024, the Group had net current liabilities of approximately HK\$435.2 million (2023: approximately HK\$423.0 million), including short-term interest-bearing bank and other borrowings of approximately HK\$365.0 million (2023: approximately HK\$344.4 million). As at 30 June 2024, the Group also had non-current interest-bearing bank and other borrowings of approximately HK\$2.3 million (2023: approximately HK\$2.4 million).

Management Discussion and Analysis

The Directors have been closely monitoring the working capital of the Group and considered appropriate funding such as internal operating fund, unutilised facilities and seeking new external funding. The Directors will manage the capital of the Group and ensure that the Group will have sufficient financial resources to finance its working capital requirements.

There was no cancellation, conversion or redemption of the convertible bonds during the Review Period. As such, the total outstanding amount of the 2015 Convertible Bonds (as defined below) (including the accreted principal amount of approximately HK\$32.8 million together with accrued and unpaid interests and/or default interests in respect of the convertible bonds which matured on 30 November 2020 but defaulted in repayment) was approximately HK\$44.1 million as at 30 June 2024 (31 December 2023: approximately HK\$55.3 million).

Measures to address the going concern issue

During the Review Period and up to the date of this interim report, in order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, 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 Company has been in active discussions with the constructor of the Bintan project over the settlement of the outstanding payable. The Company has appointed an advisor to formulate a viable solution to address the indebtedness position of the Bintan project;
- (2) the Company has sought financial support from its major shareholder in order to ease the pressure from immediate operating capital;
- (3) the Company is currently in active negotiations with current financiers, which include Swettenham Capital Pte. Ltd. and the holder of the convertible bond, to explore the possibilities of extending the term of the existing loan and standstill period and/or the restructuring of the convertible bond; and
- (4) the Company has initiated negotiations with multiple financial institutions and financiers to seek external debt financing with lower interest rate in order to generate sustainable profit.

Management Discussion and Analysis

Significant investments

The Group did not acquire or hold any significant investment during the Review Period (2023: nil).

Material acquisitions and disposals

During the Review Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Future plans for material investments and capital assets

Save as disclosed in this report, the Group did not have plans for material investments and capital assets as at the date of this report.

Gearing ratio

As at 30 June 2024, the Group's gearing ratio was approximately 1,811.1% (30 June 2023: approximately 398.3%), based on total debt of approximately HK\$440.2 million and total equity of approximately HK\$24.3 million. The increase was mainly attributable to the decrease in total equity.

Contingent liabilities

As at 30 June 2024, the management of the Group was not aware of any material claim which was threatened against the Group (31 December 2023: nil).

Employees and remuneration policies

As at 30 June 2024, the Group engaged a total of 55 employees (31 December 2023: 50). Total staff costs including Directors' remuneration for the Review Period amounted to approximately HK\$6.4 million (2023: approximately HK\$9.7 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 eligible participants include the Directors and employees of the Group.

Trainings are provided to the employees to equip them with practical knowledge and skills.

Management Discussion and Analysis

Share Option Scheme

A. 2014 Share Option Scheme

Pursuant to the written resolutions passed by the sole Shareholder dated 20 June 2014, the Company adopted a share option scheme (the “**2014 Share Option Scheme**”) for a period of 10 years. The 2014 Share Option Scheme has therefore expired on 19 June 2024.

During the term of the 2014 Share Option Scheme, a total of 52,350,000 options were granted thereunder to subscribe for an aggregate of up to 52,350,000 Shares. For details, please refer to the announcement of the Company dated 26 January 2024. Upon the expiry of the 2014 Share Option Scheme, no further option was granted but in respect of all options which remain exercisable at the end of such period, the provisions of the 2014 Share Option Scheme shall remain in full force and effect.

B. 2024 Share Option Scheme

In light of the expiry of the 2014 Share Option Scheme and the amendments to Chapter 23 of the GEM Listing Rules, which took effect on 1 January 2023, the Company has adopted a new share option scheme (the “**2024 Share Option Scheme**”), which is valid for 10 years from 31 May 2024, pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 31 May 2024. The following is a summary of the principal terms of the 2024 Share Option Scheme:

(a) Purpose

The purpose of the 2024 Share Option Scheme is to (a) allow the Company to grant share options to the eligible participants as rewards or incentives for their contributions to the Group; (b) enable the Group to attract and retain the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and (c) motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group.

(b) Participants

Participants include (i) employee participant(s), being director(s) and employee(s) (whether full-time or part-time) of any member of the Group, including persons who are granted share options under the 2024 Share Option Scheme as inducement to enter into employment contracts with any member of the Group; (ii) related entity participant(s), being director(s) and employee(s) (whether full-time or part-time) of any holding company, fellow subsidiary or

Management Discussion and Analysis

associated company of the Company; and (iii) service provider(s), being any person(s) (natural person or corporate entity) who provide(s) services to any member of the Group on a continuing or recurring basis in their respective ordinary and usual course of business, which are in the interests of the long-term growth of the Group, including but not limited to, (I) independent contractor(s), agent(s) or supplier(s) of services to any member of the Group; and (II) advisor(s) (professional or otherwise) or consultant(s) to any area of business or business development of the Group, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

(c) *Grant of share options*

An offer shall remain open for acceptance by the participant concerned for a period of 28 days from the date of grant. An offer shall be deemed to have been accepted when the Company receives from the grantee the duplicate offer letter comprising acceptance of the share option(s) duly signed by the grantee specifying the number of Shares in respect of which the offer is accepted and a remittance to the Company of HK\$1.00 as consideration for the grant of share option.

(d) *Exercise price*

The exercise price shall be determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares, provided that the exercise price may be subject to adjustment in accordance with the terms of the 2024 Share Option Scheme.

(e) *Time of exercise of share options*

Subject to the terms of the 2024 Share Option Scheme, a share option may be exercised in whole or in part by the grantee (or, as the case may be, his/her personal representative(s)) at any time during the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant but subject to the provisions for early termination of the 2024 Share Option Scheme.

Management Discussion and Analysis

(f) *Vesting period*

Save for the circumstances set out in the 2024 Share Option Scheme, a share option must be held by the grantee for at least twelve (12) months before it can be exercised.

The Board may at its discretion grant a shorter vesting period to an employee participant in the following circumstances: (a) grants of “make-whole” Option(s) to new employee participants to replace the share option(s) or award(s) they forfeited when leaving their previous employers; (b) grants to an employee participant whose employment is terminated due to death or occurrence of any event out of his/her control; (c) grants that are made in batches during a year for administrative and compliance reasons, which include share options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the share options would have been granted; (d) grants of share options with a mixed or accelerated vesting schedule such as where the share options may vest evenly over a period of twelve (12) months; or (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

(g) *Maximum number of shares available for issue*

(i) Subject to the GEM Listing Rules, the maximum number of Shares which may be issued upon the exercise of all share options which may be granted under the 2024 Share Option Scheme together with all options and awards which may be granted under any other share schemes of the Company shall not, in the absence of Shareholders’ approval, in aggregate exceed 10% of the total number of Shares in issue on the adoption date (the “**Scheme Mandate Limit**”). Share options lapsed in accordance with the terms of the 2024 Share Option Scheme and (as the case may be) such other share schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit (as defined below).

(ii) Subject to paragraph (i) above, within the Scheme Mandate Limit, the maximum number of Shares which may be issued to the service providers upon the exercise of all share options which may be granted under the 2024 Share Option Scheme together with all options and awards which may be granted under any other share schemes of the Company shall not, in the absence of Shareholders’ approval, in aggregate exceed 1% of the total number of Shares in issue on the adoption date (the “**Service Provider Sublimit**”).

Management Discussion and Analysis

- (iii) The Company may seek approval by the Shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit under the 2024 Share Option Scheme after three (3) years from the adoption date (or the date of Shareholders' approval for the last refreshment) provided that (I) the maximum number of Shares which may be issued upon exercise of all share options which may be granted under the 2024 Share Option Scheme under the Scheme Mandate Limit as refreshed together with all options and awards which may be granted under any other share schemes of the Company must not exceed 10% of the total number of Shares in issue as at the date of the Shareholders' approval of the refreshed Scheme Mandate Limit; (II) the maximum number of Shares which may be issued upon exercise of all share options which may be granted under the 2024 Share Option Scheme under the Service Provider Sublimit as refreshed must not exceed 1% of the total number of Shares in issue as at the date of the Shareholders' approval of the refreshed Service Provider Sublimit; and (III) any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit shall be subject to such Shareholders' approval and circular requirements as may be required by the GEM Listing Rules from time to time. Any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit to be made within three (3) years from the adoption date (or the date of Shareholders' approval for the last refreshment) shall be subject to independent Shareholders' approval pursuant to Rule 23.03C(1) of the GEM Listing Rules.

- (iv) The Company may grant share options beyond the Scheme Mandate Limit to participant(s) if (I) separate Shareholders' approval in general meeting has been obtained for granting share options beyond the Scheme Mandate Limit to participant(s) specifically identified by the Company before such Shareholders' approval is sought; (II) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to the Shareholders containing such information as may be required by the GEM Listing Rules then prevailing to be included in such circular; and (III) the number and terms of the share options to be granted to such participant(s) shall be fixed before the approval of the Shareholders (and the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price).

Management Discussion and Analysis

(h) *Maximum entitlement of each participant*

Where any grant of share options to a participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant share scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the Participant is a connected person) abstaining from voting, and the following provisions shall apply: (i) the grant is only to a participant specifically identified by the Company before the Shareholders' approval is sought; (ii) a circular, which must disclose the identity of the participant in question, the number and terms of the share options to be granted (and those options and awards previously granted to such Participant in the 12-month period), the purpose of granting share options to the participant and an explanation as to how the terms of the share options serve such purpose, shall be despatched to the Shareholders; and (iii) the number and terms of the share options to be granted to such participant must be fixed before the approval of the Shareholders (and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price).

(i) *Life of 2024 Share Option Scheme*

The 2024 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 31 May 2024).

(j) *Termination*

The Company, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the 2024 Share Option Scheme before the end of its life, and in such event, no further share option(s) may be granted but in all other respects the provisions of the 2024 Share Option Scheme shall remain in full force and effect in respect of share options which are granted during the life of the 2024 Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the 2024 Share Option Scheme. Share options granted prior to such termination but not exercised, or in respect of which Shares are not yet issued to the Grantee, shall continue to be valid and exercisable in accordance with the 2024 Share Option Scheme.

Management Discussion and Analysis

A table showing the summary of the share options granted under the 2014 Share Option Scheme during the Review Period is set out as follows:

Name or category of participant	Number of share options outstanding at 1 January 2024	Number of share options granted during the Review Period	Number of share options exercised during the Review Period	Number of share options lapsed or cancelled during the Review Period	Number of share options outstanding at 30 June 2024	Date of grant of share options	Exercise period of share options	Exercise price of share options (HK\$ per share)	Weighted average closing price of the Company's shares immediately before the exercise dates (HK\$ per share)
Employees									
Mr. Chen Chang Zheng	-	41,880,000	-	-	41,880,000	26/01/2024 (Note)	26/01/2025- 25/01/2034	0.04	-
Ms. Dong Han Kun	-	10,470,000	-	-	10,470,000	26/01/2024 (Note)	26/01/2025- 25/01/2034	0.04	-
	-	52,350,000	-	-	52,350,000				

Note: The closing price of the shares of the Company on the date of grant was HK\$0.034 per share.

The number of options available for grant under the scheme mandate limit as at 1 January 2024 was 280,000,000. The number of options available for grant under the scheme mandate and the service provider sublimit as at 30 June 2024 were 418,800,000 and 41,880,000, respectively.

The share option(s) granted during the Review Period divided by the weighted average number of shares issued by the Company for the Review Period is 1.25%.

Foreign currency exposure

Substantially all the transactions of the Group's subsidiaries in Singapore, Indonesia, Japan and the PRC are carried out in Singapore dollar, Indonesia Rupiah, Japanese Yen and Renminbi respectively, which are the functional currencies of the subsidiaries. Therefore, foreign currency risk for the respective currencies above are minimal. However, the translation of functional currencies for respective subsidiaries above to the presentation currency in Hong Kong dollar might be exposed to foreign currency risk. During the Review Period, the Group had not used any financial instruments for foreign currency risk hedging purposes.

Management Discussion and Analysis

Charges on group assets

As at 30 June 2024, certain property, plant and equipment of the Group with net carrying amount of approximately HK\$126.2 million (31 December 2023: approximately HK\$132.9 million) were pledged to secure for the banking facilities.

Dividend

The Directors do not recommend the payment of any dividend for the Review Period. (2023: Nil).

BREACH OF CONVERTIBLE BONDS BY THE COMPANY

Pursuant to the convertible bonds (the “**2015 Convertible Bonds**”) issued by the Company on 30 November 2015 in favour of the CB Holder, the Company was required to redeem the 2015 Convertible Bonds in the principal amount of approximately HK\$25.3 million on the maturity date, i.e. 30 November 2020. Given that the Group has failed to redeem the 2015 Convertible Bonds, which constituted an event of default, the CB Holder issued two letters in December 2020 and a further letter in November 2021 to the Company demanding for the immediate repayment of the principal sum and default penalty under the 2015 Convertible Bonds together with all default interest. As disclosed in the announcement of the Company dated 13 September 2023, the Company entered into the Standstill Agreement with the CB Holder, pursuant to which (i) the CB Holder shall not initiate or pursue any legal proceedings in respect of the defaults under the 2015 Convertible Bonds for a period from 13 September 2023 to 31 December 2023 (the “**Standstill Period**”), and (ii) the Company shall make partial repayments to the CB Holder in the manner specified therein.

As disclosed in the announcement of the Company dated 29 December 2023, the Company and the CB Holder agreed the following (i) the Standstill Period shall be extended to 16 February 2024; and (ii) the Company shall repay HK\$16,057,191.78 on or before 16 February 2024 as further partial repayment to the CB Holder for the principal amount of the 2015 Convertible Bonds together with accrued and unpaid interests and/or default interests thereon. As at the date of this report, the management of the Company is in active negotiation with the CB Holder to further extend the Standstill Period and to agree on a repayment plan and schedule for the remaining amount due under the 2015 Convertible Bonds.

Management Discussion and Analysis

SPECIFIC PERFORMANCE COVENANT ON CONTROLLING SHAREHOLDERS

Reference is made to the announcement (the “**June 2023 Announcement**”) of the Company dated 26 June 2023. On 16 June 2023 and 22 June 2023, Hang Huo Investment Pte. Ltd. (“**HHI**”), as borrower, and Links Hotel International Pte. Ltd. (“**LHI**”), as operating company and an obligor, entered into a facility agreement and supplemental agreement respectively (collectively the “**Facility Agreement**”) with Swettenham Capital Pte. Ltd. (the “**Lender**”), as lender. Under the Facility Agreement, the Lender shall make available a term loan facility (the “**Loan Facility**”) to HHI in an amount of S\$55 million bearing a fixed interest rate of 11% per annum. The Loan Facility together with accrued interest thereon shall become payable on the date falling one year from the date of drawdown. Each of HHI and LHI is an indirect wholly-owned subsidiary of the Company. The Lender is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Under the Facility Agreement, specific performance obligations are imposed as follows:

If Ace Kingdom Enterprises Corporation (“**Ace Kingdom**”) ceases to control, directly or indirectly (whether through direct or indirect shareholding, nominee arrangements, convertible loan agreements, conditional sale and purchase agreements and/or other arrangements or understanding), HHI, LHI and/or the Company:

- (i) HHI and LHI shall promptly notify the Lender upon becoming aware of that event; and
- (ii) within 30 days of receipt of notice under paragraph (i) above, the Lender may elect to, by not less than 15 calendar days’ notice to HHI, cancel the Loan Facility commitment and declare the Loan Facility, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement and any other relevant finance documents immediately due and payable.

For the purpose of the above “control” means: (i) the direct or indirect beneficial ownership of, or the right to exercise (or to control the exercise of), directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the shares or other equity securities of, such person; (ii) the right to, directly or indirectly, elect or control a majority of the board of directors or equivalent body governing the affairs of such person; or (iii) the power to direct its affairs or cause the direction of the management or policies of such person, in each case, whether by way of ownership of shares, proxy, contract, agency or otherwise. Please refer to the June 2023 Announcement for details.

Management Discussion and Analysis

FACILITY AGREEMENT

As disclosed in the announcement of the Company dated 29 December 2023, pursuant to the Facility Agreement, (i) HHI shall repay in full the loan facility together with accrued interest thereon on the date falling one year from the date of drawdown; (ii) an upfront interest payment on the loan facility of S\$3,025,000 (the **"Upfront Interest Payment"**), equivalent to six months of interest on the loan facility, shall be payable by HHI to the Lender on 26 December 2023; and (iii) interest of S\$513,835.62 accruing on the outstanding principal of the loan facility at such time shall be payable by HHI to the Lender on 26 January 2024 (the **"January 2024 Interest"**), had the Upfront Interest Payment been repaid on 26 December 2023.

On 20 December 2023, HHI, LHI and the Lender have agreed that (i) a deferment and waiver of the Upfront Interest Payment and the January 2024 Interest payment until 26 February 2024 shall be granted; and (ii) on 26 February 2024, HHI shall pay S\$4,114,257.67, which comprises the Upfront Interest Payment, the January 2024 Interest and interest accrued on each of the Upfront Interest Payment, the January 2024 Interest and the outstanding principal of the Loan Facility at the rate of 11% per annum.

As disclosed in the announcement of the Company dated 26 February 2024, on 25 February 2024, HHI, LHI and the Lender have entered into a supplemental agreement to the Facility Agreement, pursuant to which, among other things, (i) the Lender shall make available an additional loan facility (the **"Additional Loan Facility"**) in an amount of S\$3,000,000 to HHI bearing a fixed interest rate of 14.5% per annum; and (ii) the unpaid sum of S\$4,114,257.67 due on 26 February 2024 shall be capitalised on such date and added to the outstanding amount of the Additional Loan Facility and will subsequently be treated for all purposes as part of the principal amount of the Additional Loan Facility. The final repayment date of the outstanding amount of the Loan Facility and the Additional Loan Facility shall be on 26 December 2024.

OUTLOOK

The Company is cautiously optimistic about its future prospects as it navigates the recovery from the COVID-19 pandemic. As the global vaccination rollout continues and travel restrictions gradually ease, the tourism industry is poised for a robust recovery. The Company is well-positioned to benefit from this resurgence, thanks to its diverse property portfolio and commitment to delivering exceptional experiences for its guests, subject to timely refinancing being obtained.

Management Discussion and Analysis

In the past, the Company has invested in non-performing loans and special assets. The Company will continue to evaluate its existing portfolio and seek suitable investments in special assets and restructuring opportunities. This strategic approach will contribute to the Company's growth and stability in the long term.

As part of its ongoing business strategy, the Company will constantly assess its hotel portfolio and consider plans for expansion or adjustment in light of the prevailing market situation. This proactive approach allows the Company to remain adaptable and responsive to market changes, ensuring optimal growth and value creation for its stakeholders.

Active engagement in refinancing efforts is underway to ensure a stable financial foundation for the business. With successful and timely refinancing, the Singapore hotel's future prospects are promising, as the market continues to thrive and attract both business and leisure travelers. Notwithstanding the above, the management of Link Hotel has been keen on seeking operation partner(s) to enhance the overall performance.

The Group's Hanatsubaki Spa Hotel in Japan is another promising venture contributing to the Company's future growth, subject to the timely refinancing. In recent years, there has been growing interest in wellness tourism, and Hanatsubaki Spa Hotel is well-positioned to cater to this demand. Hanatsubaki Spa Hotel in Japan was reopened in the third quarter of 2023. However, due to the Group's tight financial and human resources and the damage due to the earthquake taken place in the Noto Peninsula of Ishikawa Prefecture in early 2024, the business of Hanatsubaki Spa Hotel is currently not performing as well as expected and therefore the Group may consider to explore possible options (including but not limited to the disposal of Hanatsubaki Spa Hotel) to reduce the Group's liquidity pressure.

The Bintan resort development represents an exciting opportunity for the Company to expand its regional footprint, subject to successful and timely refinancing. Bintan, a popular island destination in Indonesia, is known for its sandy beaches, lush greenery, and crystal-clear waters. The Company is carefully assessing the potential continuation of the Bintan development to cater to the growing demand for luxury accommodations, providing guests with a unique and memorable island getaway experience. The Bintan resort, if completed, will bolster the Company's presence in the region's burgeoning tourism market, helping diversify revenue streams and contribute to overall growth, provided that necessary refinancing is obtained in a timely manner.

Management Discussion and Analysis

The Company recognises the gravity of its current liquidity challenges. Active efforts are being made to secure refinancing to stabilise the financial position. Engagement with financial institutions and potential investors to explore various refinancing options is ongoing, with a strong commitment to identifying the most suitable solution for the Company.

Looking to the future, the focus remains on continuous improvement, and creating unforgettable experiences for guests, while closely monitoring the refinancing process and constantly assessing the hotel portfolio. The Company is excited about the opportunities that lie ahead, including the potential Bintan resort development, and remains committed to working diligently to achieve its vision of becoming a leading hospitality provider in the region, subject to successful and timely refinancing.

With a commitment to delivering exceptional guest experiences, enhancing the value of properties, and strategically investing in special assets and restructuring opportunities, the Company looks forward to a bright future, provided that timely refinancing is obtained.

AUDIT COMMITTEE

The Audit Committee is responsible for, among others, reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system, and providing advice to the Board. During the Review Period, there were changes in the composition of the Audit Committee. As at 1 January 2024, the Audit Committee consisted of four independent non-executive Directors, namely Ms. Tam Mei Chu, Ms. Chan Wai Ki, Joffee, Ms. Liu Lu and Mr. Chan So Kuen; and Ms. Tam Mei Chu was the chairman of the Audit Committee. As at the 30 June 2024, the Audit Committee comprised four independent non-executive Directors, namely, Ms. Tam Mei Chu, Ms. Chan Wai Ki, Joffee, Mr. Chan So Kuen and Mr. Ho Sing Wai; and Ms. Tam Mei Chu remains as the chairman of the Audit Committee.

The condensed consolidated financial statements of the Group for the Review Period have not been audited by the auditors of the Company. The Audit Committee has reviewed the unaudited consolidated results of the Group for the Review Period and this report with the management and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The nomination and corporate governance committee of the Board (the “**Nomination and Corporate Governance Committee**”) is responsible for, among others, (i) reviewing the structure, size, composition and diversity of the Board, (ii) identifying individuals suitably qualified to become members of the Board, and (iii) developing and reviewing the Company’s policies and practices on corporate governance.

During the Review Period, there were changes in the composition of the Nomination and Corporate Governance Committee. As at 1 January 2024, the Nomination and Corporate Governance Committee consisted of Mr. Chiu Kung Chik, Mr. Chan So Kuen, Ms. Tam Mei Chu and Ms. Chan Wai Ki Joffee; and Mr. Chiu Kung Chik was the chairman of the Nomination and Corporate Governance Committee. With effect from 1 March 2024, Mr. Chiu Kung Chik has ceased to be the chairman of the Nomination and Corporate Governance Committee and Mr. Wong Chun Hung Hanson has been appointed as the chairman of the Nomination and Corporate Governance Committee. As such, the Company has complied with the required standards as set out in Rule 5.36A of the GEM Listing Rules. As at 30 June 2024, the Nomination and Corporate Governance Committee comprises one non-executive Director, namely Mr. Wong Chun Hung Hanson, and three independent non-executive Directors, namely Ms. Tam Mei Chu, Mr. Chan So Kuen and Ms. Chan Wai Ki Joffee; and Mr. Wong Chun Hung Hanson is the chairman of the Nomination and Corporate Governance Committee.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Group had complied with the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the GEM Listing Rules throughout the Review Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has 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 Directors' securities transactions. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding Directors' securities transactions throughout the Review Period.

COMPETING INTEREST

Each of the Directors or the controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Review Period and up to the date of this report.

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.

SUFFICIENCY OF PUBLIC FLOAT

On 19 January 2024, the Company has been informed by Ace Kingdom that completion of disposal of 167,540,000 Shares (the "**Disposal**") to 7 independent placees at the placing price of HK\$0.02 per Share took place. Such Shares disposed represented approximately 4.00% of the entire issued Shares of the Company as at the date of the Disposal.

Immediately after completion of the Disposal and as at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, 1,054,859,999 Shares, representing approximately 25.19% of the entire issued Shares of the Company, are held by the public (within the meaning of the GEM Listing Rules). As such, the minimum public float of 25% as required under Rule 11.23(7) of the GEM Listing Rules has been restored.

Other Information

FULFILMENT OF RESUMPTION GUIDANCE

On 6 July 2023, the Company received a letter from the Stock Exchange setting out the following resumption guidance (the “**Resumption Guidance**”) for the resumption of trading in the Company’s shares:

- (a) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- (b) demonstrate the Company’s compliance with Rule 17.26 of the GEM Listing Rules; and
- (c) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange’s satisfaction before trading in its securities is allowed to resume. The Company had the primary responsibility to devise its action plan for resumption.

Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expired on 2 April 2024.

Further to the Resumption Guidance issued by the Stock Exchange on 6 July 2023, the Company received a letter from the Stock Exchange on 17 October 2023, which set out following additional resumption guidance (the “**Additional Resumption Guidance**”) for the resumption of trading in the shares of the Company:

- restore the minimum public float required under Rule 11.23(7) of the GEM Listing Rules.

Other Information

On 19 January 2024, all the Resumption Guidance and the Additional Resumption Guidance have been fulfilled. Trading in the shares on the Stock Exchange was resumed on 22 January 2024.

For further details, please refer to the announcements of the Company dated 10 July 2023, 18 October 2023, 19 January 2024 and 22 January 2024.

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

As at 30 June 2024, the interests or short positions of the Directors and chief executive 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 (Chapter 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	Approximate percentage of shareholding
Mr. Lui Tin Shun (" Mr. Lui ")	Interest in controlled corporation	2,443,140,001 (Note)	58.34%
Mr. Wong Chun Hung Hanson (" Mr. Wong ")	Interest in controlled corporation	2,443,140,001 (Note)	58.34%

Note: These shares are registered in the name of Ace Kingdom, a company owned as to 45% by Boomerang Investment Limited, 35% by Mr. Kwok Yi Chit and 20% by Billion Supreme Holdings Limited. Mr. Lui and Mr. Wong are deemed to be interested in the shares of the Company held by Ace Kingdom under Part XV of the SFO. Mr. Lui and Mr. Wong are directors of Ace Kingdom.

Other Information

Save as those disclosed above, as at 30 June 2024, 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 5.45 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2024, so far as any Directors are aware, the following persons (other than the Directors or chief executive 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 of shareholding
Ace Kingdom	Beneficial owner	2,443,140,001 (Note 1)	58.34%
Boomerang Investment Limited ("Boomerang")	Interest of controlled corporation	2,443,140,001 (Note 1)	58.34%
Mr. Kwok Yi Chit ("Mr. Kwok")	Interest of controlled corporation	2,443,140,001 (Note 1)	58.34%
Billion Supreme Holdings Limited ("Billion")	Interest of controlled corporation	2,443,140,001 (Note 1)	58.34%
CMI Financial Holding Company Limited ("CMI Hong Kong")	Beneficial owner	690,000,000 (Note 2)	16.48%

Other Information

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of shareholding
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 (Note 2)	16.48%
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 (Note 2)	16.48%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 (Note 3)	7.40%

Notes:

1. Ace Kingdom is a company owned as to 45% by Boomerang, 35% by Mr. Kwok and 20% by Billion.
2. 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.
3. As at 30 June 2024, pursuant to the disclosure of interest form 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.

Other Information

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 <i>(Note 1)</i>
CMI Hong Kong <i>(Note 2)</i>	Beneficial owner	HK\$25,278,000	76,600,000	1.83%
CMI Asia <i>(Note 2)</i>	Interest of controlled corporation	HK\$25,278,000	76,600,000	1.83%
China Minsheng Investment <i>(Note 2)</i>	Interest of controlled corporation	HK\$25,278,000	76,600,000	1.83%

Notes:

1. As at 30 June 2024, the Company had a total number of 4,188,000,000 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 30 June 2024, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) 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

He Dingding

Chief Executive Officer and executive Director

Hong Kong, 23 August 2024

- # In this interim 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.