Link Holdings Limited
華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8237)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, 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 of the Stock Exchange (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 announcement 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 announcement misleading.

* *For identification purposes only*

The board of Directors (the "Board") of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively as the "Group"), which is audited by BDO Limited, for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***HK$***	*HK$*
Revenue	*3*	**58,332,269**	33,331,520
Cost of sales		**(20,627,504)**	(15,973,959)
Gross profit		**37,704,765**	17,357,561
Loss from distressed debt assets at amortised cost	*3*	**(545,386)**	(502,118)
Other income	*4*	**1,557,028**	2,589,701
Other gains and (losses)		**(2,611,900)**	(1,984,206)
Selling expenses		**(1,393,292)**	(652,298)
Administrative expenses		**(78,606,222)**	(38,395,916)
Finance costs	*6*	**(38,928,510)**	(22,374,114)
Loss on changes in fair value of investment properties		**(4,315,378)**	(52,746)
Impairment loss on assets classified as held for sale		**–**	(605,191)
Impairment loss on non-current assets		**–**	(10,137,526)
Loss before income tax expense		**(87,138,895)**	(54,756,853)
Income tax expense	*7*	**(1,424,911)**	(312,849)
Loss for the year		**(88,563,806)**	(55,069,702)
Other comprehensive income that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**–**	22,511,596
Tax credit related to loss on revaluation of properties		**–**	(1,276,971)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(2,292,227)**	(42,472,924)
(Expiry of)/gain on cash flow hedges		**(1,399,417)**	3,879,415

	Notes	Year ended 31 December 2023 HK$	2022 HK$
Other comprehensive income for the year, net of tax		**(3,691,644)**	(17,358,884)
Total comprehensive income for the year		**(92,255,450)**	(72,428,586)
Loss attributable to:			
Owners of the Company		**(88,245,082)**	(54,289,081)
Non-controlling interests		**(318,724)**	(780,621)
		(88,563,806)	(55,069,702)
Total comprehensive income attributable to:			
Owners of the Company		**(91,959,529)**	(71,462,750)
Non-controlling interests		**(295,921)**	(965,836)
		(92,255,450)	(72,428,586)
Losses per share	*9*		
— Basic (HK cents per share)		**(2.15)**	(1.56)
— Diluted (HK cents per share)		**(2.15)**	(1.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		At 31 December	
		2023	2022
	Notes	***HK$***	*HK$*
Non-current assets			
Property, plant and equipment		**303,378,397**	309,372,236
Right-of-use assets		**71,757,382**	71,786,740
Investment properties		**174,698,088**	167,609,201
Prepayments for construction		**796,063**	787,304
Total non-current assets		**550,629,930**	549,555,481
Current assets			
Hotel inventories		**321,332**	259,979
Distressed debt assets at amortised cost		**30,085,628**	36,832,835
Derivative financial instruments		**–**	1,397,368
Trade and other receivables	*10*	**9,864,779**	7,123,392
Cash and cash equivalents		**26,040,912**	12,382,300
		66,312,651	57,995,874
Assets classified as held for sale		**–**	9,735,114
Total current assets		**66,312,651**	67,730,988
Current liabilities			
Trade and other payables	*11*	**100,915,094**	88,335,426
Amount due to a non-controlling shareholder of subsidiaries		**7,912,478**	7,825,397
Interest-bearing bank and other borrowings		**344,391,479**	279,588,327
Bank overdrafts		**–**	12,912,290
Lease liabilities		**947,219**	528,380
Provision for taxation		**2,302,231**	329,715
Convertible bonds		**32,861,400**	32,861,400
Total current liabilities		**489,329,901**	422,380,935
Net current liabilities		**(423,017,250)**	(354,649,947)
Total assets less current liabilities		**127,612,680**	194,905,534

		At 31 December	
		2023	2022
	Notes	***HK$***	*HK$*
Non-current liabilities			
Other payables		**8,015,290**	7,927,079
Interest-bearing bank and other borrowings		**2,351,254**	2,998,987
Amount due to controlling shareholder		**25,760,980**	–
Lease liabilities		**482,139**	325,037
Deferred tax liabilities		**18,400,500**	19,160,900
Convertible bonds		**–**	16,220,595
Total non-current liabilities		**55,010,163**	46,632,598
Net assets		**72,602,517**	148,272,936
Equity			
Share capital		**4,188,000**	3,490,000
Reserves		**67,015,991**	143,088,489
Equity attributable to owners of the Company		**71,203,991**	146,578,489
Non-controlling interests		**1,398,526**	1,694,447
Total equity		**72,602,517**	148,272,936

NOTES

1. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The measurement basis used in preparation of the consolidated financial statement is the historical cost basis except for investment properties, hotel buildings and financial instruments, which are measured at fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5 to the consolidated financial statements.

(c) Going concern assumptions

The Novel Coronavirus ("COVID-19") pandemic which began in early 2020 radically adversely affecting the Group's operations, ended in the year 2023. However, the Group still incurred a loss of HK$88,563,806 for the year ended 31 December 2023 and as of that date, had net current liabilities of HK$423,017,250. As of 31 December 2023, the Group had a total interest-bearing bank and other borrowings of HK$344,391,479 that is repayable within one year after the end of the reporting period. In addition, as at 31 December 2023, the Group had other financial liabilities of HK$118,733,203 in total which are repayable on demand, including (i) construction payable amounting to HK$44,004,020 included in trade and other payables that are related to the Bintan CGU, (ii) an amount due to ex-directors amounting to HK$11,517,843, (iii) 2015 convertible bonds that matured and due in November 2020 with penalty on default repayment of the convertible bonds in an aggregate amount of HK$32,861,400, (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$7,912,478, and (v) interest payable of convertible bond amounting to HK$22,437,462, but only had cash and cash equivalents of HK$26,040,912 as at the same date. As of 31 December 2023, total interest-bearing bank and other borrowings and other financial liabilities of the Group amounted to HK$465,475,936.

During the year, the following events occurred:

In respect of a sum of bank borrowing amounting to HK$279,321,188 included in the interest-bearing bank and other borrowings for the year ended 31 December 2022, the lender in January 2023 decided to terminate the banking facilities relevant to the borrowing and requested immediate repayment by the Group for the amount. The lender subsequently appointed a receiver and manager under the loan agreements to take over the hotel buildings of the Group in April 2023.

In view of this, the Group entered into a one-year loan facility agreement in June 2023 with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

— The Group received a demand notice in August 2023 from the constructor related to the Bintan CGU requesting the settlement of the construction payable.

— The bondholder for 2015 Convertible Bonds initiated legal proceedings against the Group for the Group's failure to redeem convertible bonds.

Based on the latest management accounts of the Group up to 29 February 2024, total interest-bearing bank borrowing and other financial liabilities increased by HK$19,314,396 to HK$484,780,332.

In view of these circumstances, the directors of the Company have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. For this purpose, management has prepared a cash flow forecast covering a period of 18 months from the end of the reporting period up to 30 June 2025 (the "Forecast Period") and has taken into account the following:

— Obtaining a loan facility from the controlling shareholder with a total limit of HK$110,000,000. As at the date of approval for issuance of these consolidated financial statements, the undrawn amount under this loan facility amounts to HK$81,000,000;

— Endeavour to renew the Swettenham Loan upon its expiry in December 2024. The directors of the Company assessed that the renewal would be successful given the low loan-to-valuation ratio of the Swettenham Loan to the market value of the hotel buildings in Singapore being the collateral;

— The Group agreed with CMI Hong Kong that the Standstill Period shall be further extended to 30 June 2024 and the Group would continue to negotiate with CMI Hong Kong to further extend the Standstill Period; and

— Based on the latest communication with the contractor, the Group is expecting that a holistic review of the construction progress in Bintan Islands which includes (1) an on-site assessment of the construction progress by the overseas construction team of the contractor, which is currently estimated to be in the first half of 2025, to determine a settlement plan of the construction payable; (2) seeking of potential investor for capital injection for completion or an outright buyout of the Bintan CGU; Before the on-site assessment is to be carried, it is expected that no capital expenditure would be incurred and no settlement of the construction payables would happen before such time

Notwithstanding the above, whether the Group would be able to continue as a going concern is dependent upon the successful implementation of the above plans and measures for which the outcomes are subject to the associated inherent uncertainties that include whether:

— The Group would be able to renew the Swettenham Loan upon expiry;

— The main constructor of the Bintan CGU would undertake the on-site assessment as currently communicated with the Group and would not demand immediate repayment of the construction payable from the Group before the expected timeline; and

— The 2015 Convertible Bonds holder, CMI Hong Kong would further extend the Standstill Period and would not demand immediate repayment of the principal, interest and default interest accrued on the 2015 Convertible Bonds until such time the Group has agreed the settlement plan with CMI Hong Kong .

Assuming the plans and measures in the forecast can be successfully implemented as planned, the directors are of the opinion that the Group would have sufficient working capital over the Forecast Period to finance its operations and fulfil its financial obligations as and when they fall due, including the settlement of the matured and overdue 2015 convertible bonds. Accordingly, the directors of the Group considered that it is appropriate to prepare the consolidated financial statements on a going concern basis. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the plans and measures as scheduled, it might not be able to continue as a going concern, and adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. ADOPTION OF IFRS ACCOUNTING STANDARDS

(a) Adoption of new/revised IFRS Accounting Standards

The Group has applied the following amendments to IFRS Accounting Standards to these consolidated financial statements for the current accounting period:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosures of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Definition Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

None of these amended IFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any amended IFRS Accounting Standards that is not yet effective for the current accounting period. Impact on the applications of these amended IFRS Accounting Standards are summarised below.

IFRS 17 — Insurance Contract

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendment to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments seek to promote improved accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements.

Apart from clarifying that entities are required to disclose their "material" rather than "significant" accounting policy, the amendments provide guidance on applying the concept of materiality to accounting policy disclosures.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

Amendments to IAS 8 — Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it does not apply to such transactions as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

International Tax Reform — Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform — Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

(b) New/revised IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Lack of Exchangeability[1]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

The IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current" in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022.

The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

As a result of the COVID-19 pandemic, the IASB deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 1 — Non-current Liabilities with Covenants

Subsequent to the release of amendments to IAS 1 "Classification of Liabilities as Current or Non-Current", the IASB amended IAS 1 further in October 2022.

If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying a liability as current or non-current.

The directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.

Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback

The IFRS Interpretations Committee issued an agenda decision in June 2020 — Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.

The amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

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

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognized in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognized in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transaction arise.

Amendments to IAS 21 — Lack of Exchangeability

The amendments add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consideration financial statements.

3. REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

The Group's revenue mainly represents the aggregate amount of income from hotel operations and distressed debt assets. An analysis is as follows:

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Hotel room	**48,004,929**	24,398,694
Food and beverage	**4,147,638**	2,372,251
Rental income from hotel properties	**5,387,413**	5,068,102
Others *(note a)*	**792,289**	1,492,473
	58,332,269	33,331,520

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Modification loss *(note b)*	**(545,386)**	(502,118)

Notes:

a. The amount mainly represents laundry and car park services from hotel operations.

b. The amount arising from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow.

4. OTHER INCOME

Other income is analysed as follows:

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Interest income from bank deposits	**1,469**	96,934
Others	**1,555,559**	2,492,767
	1,557,028	2,589,701

5. OPERATING SEGMENT INFORMATION

Management determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the basis of the geographical locations. The Group is currently organised into four reportable segments. The following summary describes the operations in each of the Group's reportable and operating segments:

— Operation of hotel business in Singapore, Indonesia and Japan

— Distressed debt asset management in PRC

(a) Reportable segments

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

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

Segment revenue and results

	Operation of hotel business			Distressed debt asset management	
	Singapore *HK$*	**Indonesia** *HK$*	**Japan** *HK$*	**The PRC** *HK$*	**Total** *HK$*
For the year ended 31 December 2023					
External revenue	**55,732,364**	**–**	**2,599,905**	**–**	**58,332,269**
Segment loss	**(46,889,661)**	**(5,131,897)**	**(5,868,415)**	**(5,509,735)**	**(63,399,708)**
Corporate income, gains or losses — Others					**2,669,676**
Central administrative cost and finance cost					**(26,408,863)**
Loss before income tax expense					**(87,138,895)**

	Operation of hotel business			Distressed debt asset management	
	Singapore	Indonesia	Japan	The PRC	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
For the year ended 31 December 2022					
External revenue	31,058,337	–	2,273,183	–	33,331,520
Segment loss	(10,721,225)	(10,170,009)	(6,816,697)	(1,274,753)	(28,982,684)
Corporate income, gains or losses — Others					(1,440,198)
Central administrative cost and finance cost					(24,333,971)
Loss before income tax expense					(54,756,853)

Segment results represents the loss charged by each segment without allocation of corporate income, corporate finance cost, penalty on default repayment of convertible bonds and central administrative cost. Central administrative cost mainly included legal and professional fees and corporate staff costs. This is the information reported to the chief operating decision-maker for the purpose of resource allocation and performance assessment.

Segment assets

All assets are allocated to reportable segments other than a deposit for acquisition of land in Malaysia, corporate's other receivable, deposits and prepayments, corporate's property, plant and equipment, corporate's right-of-use assets and cash and cash equivalents.

	2023	2022
	HK$	*HK$*
Operation of hotel business		
Singapore	**209,609,090**	212,282,302
Indonesia	**307,026,069**	308,104,818
Japan	**33,062,228**	37,009,443
Distressed debt asset management		
The PRC	**39,773,543**	46,775,175
Total segment assets	**589,470,930**	604,171,738
Unallocated	**27,471,651**	13,114,731
Consolidated assets	**616,942,581**	617,286,469

Segment liabilities

All liabilities are allocated to reportable segments other than accruals of corporate expenses, amount due to a director, corporate's lease liabilities and convertible bonds.

	2023	2022
	HK$	*HK$*
Operation of hotel business		
Singapore	**370,344,285**	307,953,777
Indonesia	**68,592,045**	68,932,768
Japan	**4,661,125**	3,821,952
Distressed debt asset management		
The PRC	**5,237,322**	519,964
Total segment liabilities	**448,834,777**	381,228,461
Unallocated	**95,505,287**	87,785,072
Consolidated liabilities	**544,340,064**	469,013,533

Other segment information

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

	Operation of hotel business			Distressed debt asset management		
	Singapore	Indonesia	Japan	The PRC	Unallocated	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
For the year ended 31 December 2023						
Additions to property, plant and equipment	**2,104,824**	**–**	**–**	**–**	**9,698**	**2,114,522**
Depreciation of property, plant and equipment	**6,832,662**	**25,686**	**2,857,326**	**–**	**6,230**	**9,721,904**
Additions to right-of-use assets	**–**	**–**	**–**	**–**	**1,563,870**	**1,563,870**
Amortisation of right-of-use assets	**1,744,133**	**101,844**	**–**	**–**	**868,888**	**2,714,865**
Loss on changes in fair value of investment properties	**–**	**4,315,378**	**–**	**–**	**–**	**4,315,378**
Interest income	**–**	**1,276**	**25**	**–**	**168**	**1,469**
Interest expenses	**27,409,766**	**–**	**48,021**	**–**	**11,470,723**	**38,928,510**

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

	Operation of hotel business			Distressed debt asset management		
	Singapore *HK$*	Indonesia *HK$*	Japan *HK$*	The PRC *HK$*	Unallocated *HK$*	Total *HK$*
For the year ended 31 December 2022						
Additions to property, plant and equipment	2,183,749	–	7,471	–	–	2,191,220
Depreciation of property, plant and equipment	8,616,080	26,373	3,473,562	–	5,954	12,121,969
Amortisation of right-of-use assets	1,699,785	104,566	–	–	884,281	2,688,632
Loss on changes in fair value of investment properties	–	52,746	–	–	–	52,746
Loss on changes in fair value of assets classified as held for sale	–	–	–	605,191	–	605,191
Written off of deposit paid	–	–	–	–	1,541,941	1,541,941
Impairment loss on non-current assets	–	10,137,526	–	–	–	10,137,526
Interest income	–	844	29	–	96,061	96,934
Interest expenses	9,834,605	–	24,417	–	12,515,092	22,374,114

(b) Geographical information

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

	Non-current assets As at 31 December	
	2023	2022
	HK$	*HK$*
Operation of hotel business		
Singapore	**201,088,122**	204,315,324
Indonesia	**307,023,508**	308,104,818
Japan	**31,952,724**	36,754,081
Distressed debt asset management		
The PRC	**9,490,706**	4,838
Unallocated	**1,074,870**	376,420
	550,629,930	549,555,481

(c) Disaggregation of revenue

	Hotel business	
	2023	2022
	HK$	*HK$*
Primary geographical markets		
Singapore	**55,732,364**	31,058,338
Japan	**2,599,905**	2,273,182
Total	**58,332,269**	33,331,520
Major services and timing of revenue recognition		
At a point of time		
Sales of food and beverage	**4,147,638**	2,372,251
Others	**89,306**	405,333
Transferred over time		
Hotel room services	**48,004,929**	24,398,694
Others	**702,983**	1,087,140
Rental income from hotel properties *(note)*	**5,387,413**	5,068,102
	58,332,269	33,331,520

Note: Rental income from hotel properties is not within the scope of IFRS 15. Accordingly, income from this business is shown separately from the disaggregation of revenue from contracts with customers recognised at a point in time or transferred over time.

(d) Information about major customers

The hotel buildings located in Singapore has been used as quarantine accommodation for local residents since the second quarter of 2021. For the year ended 31 December 2023, the revenue of HK$20,100,870 (2022: HK$6,908,763) is recognised from the contracts signed with Singapore government for using as quarantine accommodation. Such contracts have been completed during the year ended 31 December 2023 and no longer used as quarantine accommodation since then.

6. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Bank overdraft interest	**209,462**	249,060
Interest on bank borrowings	**934,328**	2,277,500
Interest on other borrowings	**18,224,458**	–
Interest on shareholder loan	**1,204,313**	–
Interest expenses on lease liabilities	**65,077**	71,199
Interest on convertible bonds	**364,435**	2,585,474
Penalty interest on convertible bonds	**9,858,420**	9,858,420
Total interest expense on financial liabilities not at fair value through profit or loss	**30,860,493**	15,041,653
Interest rate swap: cash flow hedges	**8,068,017**	7,332,461
	38,928,510	22,374,114

Note:

a. During the year ended 31 December 2023 and 2022, the construction in progress was substantially suspended and no borrowing costs were capitalised.

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

Singapore corporate income tax has been provided on the estimated assessable profit arising in Singapore at the rate of 17% (2022: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profit as determined in accordance with the relevant Indonesia income tax rules and regulations (2022: 25%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC. (2022: 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 (2022: 33.59%). Japan profits tax has been provided on the estimated assessable profit arising in Japan.

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

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

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Current — Singapore Corporate Income Tax		
— Tax for the year	**(2,499,799)**	(321,803)
Current — Japan Corporate Income Tax		
— Tax for the year	**(3,956)**	(4,233)
Deferred tax		
— Current year	**1,078,844**	13,187
Total income tax expense	**(1,424,911)**	(312,849)

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

	Year ended 31 December	
	2023	2022
	HK$	*HK$*
Loss before income tax expense	**(87,138,895)**	(54,756,853)
Tax at Singapore Corporate Income Tax rate of 17%	**14,813,612**	9,308,665
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(4,647,220)**	(2,062,681)
Tax effect of expense not deductible for tax purpose	**(8,062,971)**	(2,576,063)
Tax effect of income not taxable for tax purpose	**60,316**	10,921
Effect of tax exemptions	**–**	99,012
Tax effect of deductible temporary differences not recognised	**24,311**	(2,102,365)
Tax effect of tax loss not recognised	**(3,612,959)**	(2,990,338)
Income tax expense	**(1,424,911)**	(312,849)

At 31 December 2023, no unused tax loss can be carried forward indefinitely (2022: Nil).

8. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2023 (2022: Nil).

9. LOSSES PER SHARE

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

	2023	2022
	HK$	*HK$*
Losses		
Losses for the purposes of basic losses per share	**(88,245,082)**	(54,289,081)
Interest expenses on convertible bonds	**364,435**	2,585,474
	(87,880,647)	(51,703,607)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic losses per share	**4,096,208,219**	3,490,000,000
Effect of dilutive potential ordinary shares on convertible bonds	**N/A**	N/A
Weighted average number of ordinary shares for the purposes of diluted losses per share	**4,096,208,219**	3,490,000,000

Ordinary shares are derived from 4,188,000,000 ordinary shares, being the number of shares in issue during the year ended 31 December 2023 (2022: 3,490,000,000 ordinary shares).

* Because the diluted loss per share amount is decreased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted loss per share amount is based on the loss for the year of HK$88,245,082 (2022: HK$54,289,081), and the weighted average number of ordinary shares of 4,096,208,219 (2022: 3,490,000,000) in issue during the year ended 31 December 2023.

10. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2023	2022
	HK$	*HK$*
Trade receivables *(note a)*	**6,738,479**	4,463,207
Contract assets *(note b)*	**118,904**	301,502
Prepayments	**567,630**	707,290
Deposits	**1,717,980**	838,702
Other receivables	**721,786**	812,691
	9,864,779	7,123,392

(a) Trade receivables

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

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

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

	At 31 December	
	2023	2022
	HK$	*HK$*
Current to 30 days	**3,854,308**	2,779,013
31 to 60 days	**2,796,581**	1,666,796
61 to 90 days	**74,108**	17,337
Over 90 days	**13,482**	61
	6,738,479	4,463,207

(b) Contract assets

The amount represents the uninvoiced revenue regarding the hotel room services.

	At 31 December	
	2023	2022
	HK$	*HK$*
Contract assets arising from:		
Hotel business	**118,904**	301,502

The contract assets are expected to be recovered or settled within one months.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at 31 December 2023 and 2022, the amount of ECLs for contract assets is not material, no provision is recorded.

11. TRADE AND OTHER PAYABLES

	At 31 December	
	2023	2022
	HK$	*HK$*
Current liabilities		
Trade payables *(note a)*	**1,359,972**	689,744
Contract liabilities *(note b)*	**219,108**	19,891
Accruals and other payables	**21,376,689**	14,220,541
Construction payables	**44,004,020**	43,561,547
Interest payable of convertible bonds	**22,437,462**	19,716,840
Amounts due to ex-directors *(note d)*	**11,517,843**	10,126,863
	100,915,094	88,335,426
Non-current liabilities		
Construction payables *(note c)*	**8,015,290**	7,927,079

(a) Trade payables

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

	At 31 December	
	2023	2022
	HK$	*HK$*
Current to 30 days	**1,240,598**	631,651
31 to 60 days	**107,542**	–
61 to 90 days	**–**	–
Over 90 days	**11,832**	58,093
	1,359,972	689,744

(b) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration before the Group recognises the related revenue.

	At 31 December	
	2023	2022
	HK$	*HK$*
Contract liabilities arising from:		
Hotel business	**219,108**	19,891

Movements in contract liabilities

	2023	2022
	HK$	*HK$*
At the beginning of the year	**19,891**	767,095
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(19,891)**	(765,664)
Increase in contract liabilities as a result of receipt in advance from hotel operating activities	**219,108**	18,460
At the end of the year	**219,108**	19,891

(c) Construction payables

The amount represents the retention payable for the construction in Bintan. It is payable one year after the date of completion.

(d) Amounts due to ex-directors

The amounts due to ex-directors are unsecured, interest-free and repayable on demand.

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 Year, 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 announcement, there is no material change in the Group's businesses during the Year.

The Group's principal hotel, namely Link Hotel, in Singapore resumed normal business in April 2022. While the business of Link Hotel has been gradually improving, the Group also successfully retained the contract with the local government for using the annex block of the hotel as quarantine accommodation during the Year, which provided the Group with a steady stream of income. Despite that the contract with the local government for using the annex block of the hotel as quarantine accommodation has been terminated on 31 December 2023, the business of the hotel has been improving and the occupancy rate is comparable to that before the outbreak of COVID-19 pandemic. 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 until there was an optimistic anticipation on its profitability. Given that the COVID-19 pandemic restrictions have been gradually lifted in Japan, the Company reopened Hanatsubaki Spa Hotel in Japan 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, 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 Year, the Group recorded a total revenue from hotel operation of approximately HK$58.3 million (2022: approximately HK$33.3 million), representing an increase of approximately 75.0% as compared to the financial year ended 31 December 2022 ("FY2022"), which was mainly due to the gradual recovery of the business in Singapore after the outbreak of the COVID-19 pandemic.

For the Year, loss attributable to owners of the Company was approximately HK$88.2 million (2022: loss of approximately HK$54.3 million), representing an increase in loss by approximately HK$34.0 million or approximately 62.5% as compared with that for FY2022. The increase in loss for the Year was mainly due to the net effect of (i) the increase in revenue of approximately HK$25.0 million and gross profit of approximately HK$20.3 million; (ii) the increase in finance costs on the interest-bearing other borrowings of approximately HK$18.2 million; (iii) the legal and professional fee for the refinancing of the interest-bearing bank borrowings of approximately HK$20.0 million (2022: nil); and (iv) the mandate fee on the termination of refinance plan with a contracted party of approximately HK$10.4 million (2022: nil).

Basic losses per share for the Year was approximately HK cents 2.15 (2022: approximately HK cents 1.56).

Hotel operation

For the Year, room revenue amounted to approximately HK$48.0 million (2022: approximately HK$24.4 million), accounting for approximately 82.3% (2022: approximately 73.2%) 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 95.5% of total room revenue for the Year (2022: approximately 93.2%), and depends in part on the achieved average room rate and occupancy rate. Room revenue for the Year included a minor contribution from the Group's spa hotel in Japan.

Since early 2020, 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 was used as quarantine accommodation for local residents since the second quarter of 2020. During the Year, such engagement, which has been terminated on 31 December 2023, covered certain number of hotel rooms of Link Hotel. As a result, the Group secured certain stable income during the Year with government engagement for part of the hotel; while it also benefited from the gradual resumption of business upon the lifting of travel restrictions worldwide in respect of the part of hotel which has opened for normal accommodation of tourists.

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 years indicated:

	Year ended 31 December	
	2023	2022
Total available room nights	**100,010**	100,010
Occupancy rate	**70%**	34.0%
Average room rate *(HK$)*	**599.3**	610.2
RevPAR *(HK$)*	**420.9**	209.1

For the Year, food and beverage ("F&B") revenue was approximately HK$4.1 million (2022: approximately HK$2.4 million), representing approximately 7.1% (2022: approximately 7.1%) 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 hotels and received rental income from hotel tenants. For the Year, rental income from hotel tenants was approximately HK$5.4 million (2022: approximately HK$5.1 million), representing approximately 9.2% (2022: approximately 15.2%) of the total revenue from hotel business.

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 Year, 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 Year, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK$0.5 million (2022: loss of approximately HK$0.5 million and loss allowance for expected credit loss of approximately HK$5.3 million (2022: HK$0.4 million). As at the date of this announcement, management is not aware of any issues regarding the ownership and collectibility of the distressed debts assets.

Liquidity, financial resources and capital structure

During the Year, the Group mainly financed its operations with its own working capital and bank and other loans. As at 31 December 2023, the Group had net current liabilities of approximately HK$423.0 million (2022: net current liabilities of approximately HK$354.6 million), including short-term interest-bearing bank and other borrowings of approximately HK$344.4 million (2022: approximately HK$279.6 million). As at 31 December 2023, the Group also had non-current interest-bearing bank and other borrowings of approximately HK$2.4 million (2022: approximately HK$3.0 million).

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.

On 30 January 2023, the Company received conversion notices from holders of the zero-coupon convertible bonds (the "2020 Convertible Bonds") in the principal amount of HK$25,128,000 and due in June 2025 in relation to the exercise of the conversion rights attached to the 2020 Convertible Bonds in full at the conversion price of HK$0.036 per conversion share. On 17 February 2023, (i) 200,000,000 shares ("Shares") of the Company were allotted and issued to Mr. Ng Meng Chit, (ii) 178,000,000 Shares were allotted and issued to Ng Sam Meng; (iii) 160,000,000 Shares were allotted and issued to Ao Leong Fan; and (iv) 160,000,000 Shares were allotted and issued to Lao Sao Chan. Upon completion of the conversion of the said convertible bonds, all the outstanding principal amount of the 2020 Convertible Bonds were fully converted.

Save as disclosed above, there was no cancellation, conversion or redemption of the convertible bonds during the Year. 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 in November 2020 but defaulted in repayment) was approximately HK$55.3 million as at 31 December 2023 (31 December 2022: approximately HK$68.8 million) with maturity date on 30 November 2020.

Significant investments

The Group did not acquire or hold any significant investment during the Year (2022: Nil).

Material acquisitions and disposals

During the Year, 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 announcement, the Group did not have plans for material investments and capital assets as at the date of this announcement.

Gearing ratio

As at 31 December 2023, the Group's gearing ratio was approximately 551.2% (31 December 2022: approximately 236.7%), based on total debt of approximately HK$400.2 million and total equity of approximately HK$72.6 million. The increase was mainly attributable to the increase in short-term interest-bearing other borrowings and loss of the Year.

Contingent liabilities

As at 31 December 2023, the management of the Group was not aware of any material claim which was threatened against the Group (2022: Nil).

Charges on group assets

As at 31 December 2023, certain property, plant and equipment of the Group with net carrying amount of approximately HK$132.9 million (2022: approximately HK$134.9 million) were pledged to secure for the banking facilities.

Dividends

The Directors do not recommend the payment of final dividend for the Year (2022: Nil).

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditors' report issued by the Company's external auditor.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Link Holdings Limited (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Appropriateness of going concern assumptions

As set out in note 3(c) to the consolidated financial statements, the Novel Coronavirus ("COVID-19") pandemic which began in early 2020 radically adversely affecting the Group's operations ended in the year 2023. However, the Group still incurred a loss of HK$88,563,806 during the year ended 31 December 2023 and, as of that date, had net current liabilities of HK$423,017,250. As of 31 December 2023, the Group had an interest-bearing bank and other borrowings of HK$344,391,479 that is repayable within one year after the end of the reporting period (Note 27). In addition, as at 31 December 2023, the Group had other financial liabilities of HK$118,733,203 in total which are repayable on demand, including (i) construction payable amounting to HK$44,004,020 included in trade and other payables that are related to the Bintan CGU (as defined in note 16), (ii) an amounts due to ex-directors amounting to HK$11,517,843 (Note 25), (iii) 2015 convertible bonds that matured and due in November 2020 with penalty on default repayment of the convertible bonds in an aggregate amount of HK$32,861,400 (Note 31), (iv) an amount due to a non-controlling shareholder of subsidiaries amounting to HK$7,912,478 (Note 26), and (v) interest payable of convertible bond amounting to HK$22,437,462 (Note 25), but only had cash and cash equivalents of HK$26,040,912 as at the same date. As of 31 December 2023, total interest-bearing bank and other borrowings and other financial liabilities of the Group is amounted to HK$465,475,936.

During the year, the following events occurred:

— In respect of a sum of bank borrowing amounting to HK$279,321,188 included in the interest-bearing bank and other borrowings for the year ended 31 December 2022, the lender in January 2023 decided to terminate the banking facilities relevant to the borrowing and requested immediate repayment by the Group for the amount. The lender subsequently appointed a receiver and manager under the loan agreements to take over the hotel buildings of the Group in April 2023.

  In view of this, the Group entered into a one-year loan facility agreement in June 2023 with Swettenham Capital Pte. Ltd. for an amount of S$55,000,000 (equivalent to HK$312,520,000) bearing a fixed interest rate of 11% p.a. and secured by a mortgage over the hotel buildings and a corporate guarantee given by the Company and a subsidiary ("the Swettenham Loan"). With the drawdown of the Swettenham Loan, the Group fully repaid the aforementioned bank borrowing and the receiver and manager in respect of the hotel buildings was discharged.

— Furthermore, the Group received a demand notice in August 2023 from the constructor related to the Bintan CGU requesting the settlement of the construction payable. As disclosed in Note 31, the bondholder for 2015 Convertible Bonds initiated legal proceedings against the Group for the Group's failure to redeem convertible bonds.

Based on the latest management accounts of the Group up to 29 February 2024, total interest-bearing bank borrowing and other financial liabilities increased by HK$19,314,396 to HK$484,790,332.

In view of the above circumstances, the management has prepared a cash flow forecast covering a period of 18 months from the end of the reporting period up to 30 June 2025, which takes into account certain plans and measures as set out in note 3(c) to the consolidated financial statements. Based on the directors' assessment, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

INDEPENDENT AUDITOR'S REPORT

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether those plans and measures can be successfully implemented as planned. However, in respect of (1) the expected settlement of construction payables of HK$44,004,020 after the first half of 2025, we sent but did not receive an external confirmation from the constructor regarding payment schedule of the construction payables for our evaluation of the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain fund of HK$81,000,000 from the controlling shareholder under a loan facility, there was no information available from management that we considered sufficiently reliable that enables us to assess the financial position of the controlling shareholder and to evaluate whether the controlling shareholder has sufficient financial viability to provide the aforesaid financial support to the Company. There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support the successful implementation of the plans and measures as scheduled. As a result, we were unable to conclude whether it is appropriate for the directors to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to continue as a going concern, adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments have not been reflected in these consolidated financial statements.

We disclaimed our opinion on the Group's consolidated financial statements for the year ended 31 December 2022 ("2022 Consolidated Financial Statements") relating to the going concern basis of accounting for the preparation of the consolidated financial statements. The balances as at 31 December 2022 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2023. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2023 also for the possible effect of this matter on the comparability of 2023 figures and 2022 figures in consolidated financial statements for the year ended 31 December 2023.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The audit committee of the Company (the "Audit Committee") had critically reviewed the disclaimer of opinion (the "2023 Audit Qualifications") of the auditor of the Company (the "Auditor") and also the management's position and action plan of the Group to address the 2023 Audit Qualifications. The Audit Committee is in agreement with the management with respect to the 2023 Audit Qualifications and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group. The Audit Committee's views are based on (i) a critical review of the action plan to address the 2023 Audit Qualifications (and the assumption of successful and continued implementation); and (ii) discussions between the Audit Committee, the auditors and the management regarding the 2023 Audit Qualifications. The Audit Committee is also of the view that the management should continue its efforts in implementing the actions and measures with the intention of mitigating the Group's liquidity pressure, and removing the 2023 Audit Qualifications in the next financial year.

THE COMPANY'S VIEW AND MEASURES TO ADDRESS THE AUDIT QUALIFICATIONS

Detailed plan to address the Disclaimer of Opinion

The management's position and basis on the going concern basis

The auditors issued a Disclaimer of Opinion in relation to the appropriateness of the going concern assumptions due mainly to (i) the net loss and net current liabilities of the Group, (ii) the settlement plan of the construction payables and (iii) the availability of funds from the controlling shareholders in support of the going concern of the Company.

In response to the auditors' Disclaimer of Opinion related to the going concern assumptions, the management of the Company wishes to provide a detailed and proactive plan to ensure the Company's resilience and long-term viability.

Improvement of the Operations

It is pertinent to note that the Group's business in Singapore has been gradually recovering after the outbreak of the COVID-19 pandemic. With reference to the management's cash flow projections, Link Hotel is anticipated to generate ample revenue to cover its expenses, projecting an operating profit.

Addressing Net Current Liabilities

The Group's net current liabilities are attributable to:

(a) the short term loan facility with Swettenham Capital Pte. Ltd ("Swettenham Capital");

(b) the outstanding principal and interest of the 2015 Convertible Bonds (as defined below); and

(c) the construction payable relating to the Bintan development.

Possible refinancing by way of long term secured loan and/or equity financing

Recognising these challenges, the management of the Company has initiated negotiations with multiple financial institutions, and preliminary feedback indicates a strong possibility of securing a long-term, secured loan facility that would refinance our current liabilities. Additionally, management of the Company is proactively seeking equity financing options to bolster the Company's capital structure and liquidity position.

As disclosed in the announcement of the Company dated 26 February 2024, on 25 February 2024, the Group and Swettenham Capital entered into a supplemental agreement to the facility agreement, pursuant to which Swettenham Capital shall make available an additional loan facility in an amount of S$3,000,000 to the Group bearing a fixed interest rate of 14.5% per annum. The final repayment date of the outstanding amount of the loan facility under the facility agreement (as supplemented by the supplemental agreement) shall be on 26 December 2024. The Company has applied the net proceeds from such additional loan facility under the supplemental agreement for partial repayment of the convertible bonds. For further details, please refer to the announcement of the Company dated 26 February 2024.

The management team of the Company is currently engaged in proactive negotiations with current financiers, which include Swettenham Capital and the holder of the convertible bond, to explore the possibilities of extending the terms of the existing loan and agreeing to a further standstill concerning the convertible bond. As of the date of this announcement, the responses received have been encouraging.

Legal Recourse and Claims

As disclosed in the Company's announcement dated 20 November 2023, the Company is taking legal action against various parties including the director to whom an amount is due by the Company. These proceedings may lead to a reduction of the outstanding liabilities through a potential offset of the amounts owed against the Company's claims, thus improving our financial position.

Optimisation of hotel/investment portfolio

The Company is carefully reviewing its hotel and investment portfolio, which includes evaluating financing avenues via debt or equity offerings at the project level, alongside devising strategies to monetise its investments in Bintan and the hotel in Japan. Management of the Company is of the opinion that introducing strategic partner(s) into its ventures will not only inject additional capital but also contribute valuable expertise to enhance the profitability of the projects. Such partnerships are anticipated to bolster the financial position of the Group overall, and in the event of a strategic divestment, could strengthen the Group's cash flows. As of the date of this announcement, this assessment is still in progress, with no binding agreements or arrangements having been entered into with any parties.

Continued Commitment from Controlling Shareholders

The Company has sought financial support from its major shareholders in order to ease the pressure from immediate operating capital during the financial year ended 31 December 2023. The controlling shareholders of the Company reaffirm their unwavering support, committing to provide sufficient financial backing to uphold the Company's operations as needs arise.

Conclusion

In this regard, the management of the Company is optimistic that the underlying matters leading to the Disclaimer of Opinion will be resolved through the plans above (including but not limited to the refinancing possibility, the extension of the existing loan and standstill of the 2015 Convertible Bonds (as defined below), the optimisation of the Group's hotel and investment portfolio, and the overall improvement of the Link Hotel business, as well as the shareholders' support continued to be obtained). Based on the management's discussion with the auditors, following the successful implementation of the plan in the financial year ending 31 December 2024, the Disclaimer of Opinion will be removed.

The Audit Committee concurs with the views as stated above.

IMPACT OF THE 2023 AUDIT QUALIFICATIONS ON THE COMPANY'S FINANCIAL POSITION

Should the Group fail to achieve the intended effects resulting from above measures, it might not be able to continue as a going concern, and adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

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.

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 the 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 the Hanatsubaki Spa Hotel is well-positioned to cater to this demand. Given that the COVID-19 pandemic restrictions have been gradually lifted in Japan, the Company has reopened the Hanatsubaki Spa Hotel in Japan in the third quarter of 2023. However, due to the Group's tight financial and human resources, the business of the 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.

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.

EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2023

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 has the primary responsibility to devise its action plan for resumption. To assist the Company, the Stock Exchange set out the Resumption Guidance which the Stock Exchange may modify or supplement if the Company's situation changes.

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 expires on 2 April 2024. If the Company fails to remedy the substantive issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 2 April 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 9.01 and 9.15 of the GEM Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

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 sets 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.

The Stock Exchange indicated that it might modify the Resumption Guidance, the Additional Resumption Guidance and/or give further guidance as and when appropriate.

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.

Save for disclosed above, the Board is not aware of any important event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee on 20 June 2014 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules. The Audit Committee is mainly responsible for reviewing financial information, monitoring the Company's financial reporting system and internal control procedures and maintaining the relationship with the Company's auditors.

The Audit Committee consists of Ms. Tam Mei Chu, Ms. Chan Wai Ki Joffee, Mr. Chan So Kuen and Mr. Ho Sing Wai. Ms. Tam Mei Chu is the chairman of the Audit Committee. The Audit Committee has reviewed this announcement as well as the consolidated results of the Group for the year ended 31 December 2023.

SIGNIFICANT EVENTS DURING THE YEAR

Mandatory conditional cash offers

On 13 February 2023, Vertic Holdings Limited entered into a sale and purchase agreement with Ace Kingdom in relation to the sale of 1,900,000,000 shares (the "Sale Shares") at a consideration of HK$37,000,000 (the "Sale"), which is equivalent to approximately HK$0.01947 per Sale Share. The Sale was completed on 15 February 2023.

As the result of the Sale, Ace Kingdom was required to make mandatory conditional cash offers (the "Offers") for (i) all the other issued Shares in accordance with Rule 26.1 of the Takeovers Code; and (ii) all the outstanding convertible bonds in accordance with Rule 13.5 of the Takeovers Code. For details of the Offers, please refer to the announcement dated 24 February 2023 and the offer document dated 16 March 2023 of the Company.

On 5 May 2023, the Offers were closed. For the result of the Offers, please refer to the announcement of the Company dated 5 May 2023.

Discharge of Receiver and Manager in respect of Link Hotel and Facility Agreement

Banking facilities of S$31,000,000 had been granted by DBS Bank Ltd (the "DBS Bank") to Hang Huo Investment Pte Ltd ("HHI"), an indirect wholly-owned subsidiary of the Company. The banking facilities which were secured by a first legal mortgage over (i) the parcel of land (the "Land") owned by HHI; and (ii) the buildings, known as Link Hotel, erected on the Land had expired and became due on 11 January 2023.

On 31 March 2023, each of HHI in its capacity as borrower and mortgagor, the Company in its capacity as corporate guarantor, and Link Hotels International Pte Ltd ("LHI"), an indirect wholly owned subsidiary of the Company in its capacity as another corporate guarantor, received notice of demand (the "Demand Notice") from the legal adviser of DBS Bank, demanding each of HHI, LHI and the Company for the repayment of total outstanding sum of S$50,010,570.88 together with all further interest accruing thereon until the date of full payment and DBS Bank's legal costs on an indemnity basis within seven days from the date of the Demand Notice. On 31 March 2023, the Demand Notice was due and resulted in the payment default of HHI.

On 11 April 2023, two deeds of appointments were executed by DBS Bank pursuant to which Mr. Wong Pheng Cheong Martin of FTI Consulting (Singapore)Pte Ltd (the "Receiver") was appointed as receiver and manager in respect of Link Hotel and all other properties and assets of HHI such that all powers to manage and deal with HHI and the mortgaged properties were vested with the Receiver.

On 16 June 2023 and 22 June 2023, HHI, as borrower, and LHI, as operating company and an obligor, entered into a facility agreement and a supplemental agreement respectively (collectively, the "Facility Agreement") with Swettenham Capital Pte. Ltd. (the "Lender") after obtaining the relevant consent from CMI Financial Holdings Co Ltd.

Under the Facility Agreement, the Lender shall make available a loan facility to HHI in an amount of S$55 million bearing a fixed interest rate of 11% per annum, which shall become payable on the date falling one year from the date of drawdown. On 26 June 2023, S$55 million had been drawn down under the Facility Agreement to, among others, (i) repay and discharge the aggregate outstanding amounts owed by HHI to DBS Bank under the outstanding loan; and (ii) finance the working capital of HHI. Following full repayment of the outstanding loan to DBS Bank, the receiver and manager in respect of Link Hotel and all other property and assets of HHI have been discharged.

Please refer to the announcements of the Company dated 3 April 2023, 4 April 2023, 12 April 2023, 26 June 2023 and 10 July 2023 for further details.

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 (the ''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.

Winding up Petition against Silverine Pacific Ltd.

On 15 June 2023, Silverine Pacific Ltd. (“Silverine”), a direct wholly-owned subsidiary of the Company, received a petition (the “Petition”) filed by Taigof Credit Opportunities Ltd. (the “Petitioner”) for an order that Silverine may be wound up by the High Court of the Republic of Singapore. The Petition was filed against Silverine for failure to settle a sum of S$1,800,000 being the alleged outstanding amount owed by Silverine to the Petitioner in relation to the provision of a proposed term loan facility of S$60,000,000 by the Petitioner to Silverine under a facility agreement dated on or around 10 March 2023 entered into among Silverine, as borrower, the Petitioner, as lender, and HHI and LHI, as guarantors.

On 17 July 2023, the Company received a copy of the court order dated 7 July 2023 issued by the Singapore High Court whereby it was ordered that leave to withdraw the Petition be granted.

Please refer to the announcements of the Company dated 20 June 2023 and 18 July 2023 for further details.

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 convertible bond holder ("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 announcement, the Company and the CB Holder have agreed to further extend the Standstill Period to end of June 2024. During the Standstill Period, the management of the Company will continue to negotiate with the CB Holder to further extend the Standstill Period and to agree on a repayment schedule for the remaining amount due under the 2015 Convertible Bonds as and when appropriate.

Transfer of the 2020 Convertible Bonds

Pursuant to the subscription agreement dated 21 June 2020 (the "Subscription Agreement") entered into between the Company and Mr. Ng Meng Chit ("Mr. Ng"), the Company issued the 2020 Convertible Bonds. Based on the conversion price of HK$0.036 (the "Conversion Price") per conversion share (the "Conversion Share"), a total of 698,000,000 Conversion Shares would be allotted and issued upon exercise of the conversion rights attaching to the 2020 Convertible Bonds in full, which represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Details of the 2020 Convertible Bonds is set out in the announcement of the Company dated 21 June 2020.

On 26 January 2023, Mr. Ng transferred the 2020 Convertible Bonds in the principal amount of HK $5,760,000 to Lao Sao Chan, HK$5,760,000 to Ao Ieong Fan and HK$6,408,000 to Ng Sam Meng. Upon exercise of the conversion rights attaching to such transferred 2020 Convertible Bonds in full, 160,000,000 Shares, 160,000,000 Shares and 178,000,000 Shares would be issued to Lao Sao Chan, Ao Ieong Fan and Ng Sam Meng respectively, representing approximately 3.82%, 3.28% and 4.25% of the total issued share capital of the Company respectively as enlarged by the allotment and issue of the 698,000,000 Conversion Shares.

Conversion of the 2020 Convertible Bonds

On 30 January 2023, the Company received conversion notices from holders of the 2020 Convertible Bonds in relation to the exercise of the conversion rights attached to the 2020 Convertible Bonds with the aggregate principal amount of HK$25,128,000 at the Conversion Price of HK$0.036 per Conversion Share (the "Conversion"). On 17 February 2023, the Conversion was completed and (i) 200,000,000 Conversion Shares were allotted and issued to Mr. Ng, (ii) 178,000,000 Conversion Shares were allotted and issued to Ng Sam Meng; (iii) 160,000,000 Conversion Shares were allotted and issued to Ao Leong Fan; and (iv) 160,000,000 Conversion Shares were allotted and issued to Lao Sao Chan. Upon completion of the Conversion, all the outstanding 2020 Convertible Bonds were fully converted.

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 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company did not maintain a sufficient public float during the Year.

References are made to the announcements (the "Public Float Announcements") of the Company dated 23 May 2023, 18 October 2023 and 19 January 2024 in relation to sufficiency of public float of the Company.

The Company applied to the Stock Exchange for a temporary waiver for strict compliance with Rule 11.23(7) of the GEM Listing Rules for a period from 5 May 2023 to 30 September 2023 (the "Waiver Period") to allow the substantial shareholder, Ace Kingdom Enterprises Corporation ("Ace Kingdom"), a reasonable time to dispose of certain number of Shares (the "Disposal") either directly in the market or through a placing agent to be appointed by Ace Kingdom to ensure that the public float requirement under the GEM Listing Rules could be met. On 18 May 2023, the Stock Exchange granted the Company such temporary waiver. The Waiver Period ended on 30 September 2023.

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 on 19 January 2024. Such Shares disposed represented approximately 4.00% of the entire issued Shares of the Company as the date of the Disposal. As at the date of this announcement, the minimum public float of the Company has been restored as required under Rule 11.23(7) of the GEM Listing Rules.

Immediately after completion of the Disposal and as at the date of this announcement, 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.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 (formerly known as Appendix 15) to the GEM Listing Rules, which includes developing and reviewing the Company's policies and practices on corporate governance and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this announcement.

Mr. Chiu Kung Chik, who is a non-executive Director, was the chairman of the Nomination and Corporate Governance Committee from 9 May 2023 to 1 March 2024. 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, being a non-executive Director and the chairman of the Board, 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.

Save as disclosed above, the Company has complied with the principles and applicable code provisions of the CG Code during the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

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

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this annual results announcement have been agreed by the Company's auditor, BDO Limited, Certified Public Accountants, Hong Kong. The work performed by the Company's auditor in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") will be held on Friday, 31 May 2024. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the GEM Listing Rules.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 27 May 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.irasia.com/listco/hk/linkholdings. The Company’s annual report for the year ended 31 December 2023 will be published on the above websites in due course.

By Order of the Board
Link Holdings Limited
He Dingding
Chief Executive Officer and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. He Dingding and Mr. Lui Tin Shun; the non-executive Directors are Mr. Wong Chun Hung Hanson, Mr. Chiu Kung Chik and Mr. Gao Zhaoyuan; and the independent non-executive Directors are Mr. Chan So Kuen, Ms. Tam Mei Chu, Ms. Chan Wai Ki, Joffee and Mr. Ho Sing Wai.