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If you are in any doubt as to any aspect of this Response Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Link Holdings Limited, you should at once hand this Response Document to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Link Holdings Limited**華星控股有限公司****(Incorporated in the Cayman Islands with limited liability)***(Stock code: 8237)**

**RESPONSE DOCUMENT RELATING TO
MANDATORY CONDITIONAL CASH OFFERS BY OCTAL CAPITAL LIMITED
ON BEHALF OF ACE KINGDOM ENTERPRISES CORPORATION TO ACQUIRE
ALL OF THE ISSUED SHARES AND ALL OF THE CONVERTIBLE BONDS OF
LINK HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY ACE
KINGDOM ENTERPRISES CORPORATION AND PARTIES ACTING IN
CONCERT WITH IT)**

Independent Financial Adviser to the Independent Board Committee**Lego Corporate Finance Limited**

Capitalised terms used on this cover shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 6 to 18 of this Response Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendations is set out on pages 19 to 20 of this Response Document. A letter from the Independent Financial Adviser containing its advice in respect of the Offers to the Independent Board Committee is set out on pages 21 to 42 of this Response Document.

This Response Document will remain on the website of the Stock Exchange at <https://www.hkexnews.hk> on the "Latest Listed Company Information" page for at least 7 days from the date of this posting and on the website of the Company at www.irasia.com/listco/hk/linkholdings.

* For identification purpose only

CHARACTERISTICS OF GEM OF 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.

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DEFINITIONS

In this Response Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“2019 Annual Report”	annual report of the Company for the financial year ended 31 December 2019
“2020 Annual Report”	annual report of the Company for the financial year ended 31 December 2020
“2021 Annual Report”	annual report of the Company for the financial year ended 31 December 2021
“2022 Interim Report”	interim report of the Company for the six months ended 30 June 2022
“2022 Third Quarterly Report”	the third quarterly report of the Company for the nine months ended 30 September 2022
“Acceptance Forms”	the form of acceptance and transfer in respect of the Share Offer and/or the form of acceptance in respect of the CB Offer
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“Billion Supreme”	Billion Supreme Holdings Limited, a company incorporated in British Virgin Islands and the total issued share capital of which is owned as to 75% by Mr. Yuan and 25% by Mr. Cheng Yang
“Board”	the board of directors of the Company
“Boomerang Investment”	Boomerang Investment Limited, a company incorporated in Hong Kong and the total issued shares capital of which is owned as to 40% by Mr. Wong Chun Hung Hanson, 20% by Mr. Wong Hoi Cheung, 20% by Mr. Yuen Lai Him and 20% by Mr. Lui Tin Shun;

DEFINITIONS

“Business Day(s)”	a day(s) (other than a Saturday, Sunday, public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which the Stock Exchange is open for transaction of business
“CB Holder”	CMI Financial Holding Company Limited, being the holder of the outstanding Convertible Bonds
“CB Offer”	the mandatory conditional cash offer being made by Octal Capital on behalf of the Offeror to acquire all the outstanding Convertible Bonds not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code as a result of the completion of the SPA
“CB Offer Price”	HK\$1,493,700 for the entire outstanding Convertible Bonds
“Closing Date”	the first Closing Date of the Offers, being 26 April 2023, or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Link Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM of the Stock Exchange (Stock Code: 8237)
“Convertible Bond(s)”	the convertible bonds issued by the Company on 8 October 2015 in the principal amount of HK\$25,278,000
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director
“Extended Closing Date”	the date which is 60 calendar days after the date of the despatch of the Offer Document, unless the date has been extended by the Offeror with the consent of the board of directors of the Company and the Executive pursuant to Rule 15.5 of the Takeovers Code
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange

DEFINITIONS

“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“High Court”	the High Court of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive directors of the Company who are not interested in the Offers, being Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Simon Luk, established by the Board to make recommendations to the Independent Shareholders and the CB Holder in respect of the Offers
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise on the Offers
“Independent Shareholders”	Shareholder(s) other than the Offeror and the parties acting in concert with it
“Last Trading Day”	13 February 2023, being the last full trading day of the Shares on the Stock Exchange before the publication of the Offeror Announcement
“Latest Practicable Date”	6 April 2023, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein
“Octal Capital”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the financial adviser to the Offeror

DEFINITIONS

“Offer Document”	the document issued by the Offeror dated 16 March 2023 to all Shareholder(s) and the CB Holder in accordance with the Takeovers Code containing, inter alia, details of the Offers and the terms and conditions of the Offers and the Acceptance Forms
“Offer Period”	the period commencing from 10 January 2023, being the date of the R3.7 Announcement, and ending on the Closing Date or such later time or date to which the Offeror may decide to extend the Offers in accordance with the Takeovers Code
“Offer Share(s)”	issued Share(s) other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it to which the Share Offer is made
“Offeror”	Ace Kingdom Enterprises Corporation, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 45% by Boomerang Investment Limited, 35% by Mr. Kwok Yi Chit and 20% by Billion Supreme Holdings Limited
“Offeror Announcement”	the announcement issued by the Offeror in respect of the Offers on 23 February 2023
“Offers”	the Share Offer and the CB Offer
“PRC”	the People’s Republic of China, which expression, solely for the purpose of construing this Response Document, does not include Hong Kong, Macau Special Administrative Region or Taiwan
“R3.7 Announcement”	the announcement dated 10 January 2023 issued by the Company pursuant to Rule 3.7 of Takeover Code in relation to the Offers
“Relevant Period”	the period from 10 July 2022 (being the day falling six months prior to 10 January 2023, the date of the R3.7 Announcement) and up to and including the Latest Practicable Date
“Response Document”	this response document dated 12 April 2023 issued by the Company in response to the Offer Document

DEFINITIONS

“Sale Shares”	1,900,000,000 Shares, representing approximately 45.37% of the total issued share capital of Link Holdings as at the date of this Response Document, acquired by the Offeror from Vertic
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	issued ordinary share(s) in the Company
“Share Offer”	the mandatory conditional cash offer being made by Octal Capital on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code as a result of the completion of the SPA
“Share Offer Price”	HK\$0.0195 per Offer Share
“Share Option Scheme”	the share option scheme adopted by the Company on 20 June 2014
“Shareholder(s)”	registered holder(s) for the time being of Share(s)
“SPA”	the sale and purchase agreement dated 13 February 2023 entered into between the Offeror as purchaser and Vertic as seller in relation to the sale and purchase of 1,900,000,000 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vertic”	Vertic Holdings Limited (In Liquidation), a company incorporated in the British Virgin Islands with limited liability, which was a controlling Shareholder immediately prior to the completion of the SPA, Vertic is owned as to 50% by Mr. Ngan Iek, 35% by Ms. Ngan Iek Chan and 25% by Ms. Ngan Iek Peng and pursuant to the order of the High Court of Hong Kong, Vertic was ordered to be wound up
“%”	per cent.

LETTER FROM THE BOARD

Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8237)

Executive Director:

Datuk Siew Pek Tho

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

Independent non-executive Directors:

Mr. Thng Bock Cheng John

Mr. Chan So Kuen

Mr. Simon Luk

Head office and principal place of business

in Hong Kong:

Unit No. 3503 on 35/F

West Tower, Shun Tak Centre

Nos. 168-200 Connaught Road Central

Sheung Wan, Hong Kong

12 April 2023

To the Independent Shareholders and the CB Holder

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFERS BY OCTAL CAPITAL
LIMITED ON BEHALF OF ACE KINGDOM ENTERPRISES
CORPORATION TO ACQUIRE ALL OF THE ISSUED SHARES AND ALL
OF THE CONVERTIBLE BONDS OF LINK HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY ACE KINGDOM
ENTERPRISES CORPORATION AND PARTIES ACTING IN CONCERT
WITH IT)**

INTRODUCTION

Reference is made to the Offeror Announcement dated 23 February 2023 in respect of the Offers. In the Offeror Announcement, the Offeror announced its entry of the SPA with Vertic in respect of the acquisition of 1,900,000,000 Shares, representing approximately 45.37% of total issued share capital of the Company as at the Latest Practicable Date. Completion of the SPA took place on 15 February 2023. The consideration for the Sale Shares is HK\$37,000,000, which is equivalent to approximately HK\$0.01947 per Share.

* For identification purpose only

LETTER FROM THE BOARD

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the sale and purchase of the Sale Shares, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares and the Convertible Bonds (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

On 16 March 2023, the Offeror despatched the Offer Document and the Acceptance Forms setting out details of the Offers. On 31 March 2023, due to the extension of the deadline for the Company to despatch this Response Document to a date falling on or before 12 April 2023, the Offeror has agreed to extend the first Closing Date to 26 April 2023.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, the Offeror and parties acting in concert with it are interested in a total of 1,900,000,000 Shares, representing approximately 45.37% of the total issued share capital of the Company.

The purpose of this Response Document is to provide you with, among others, information relating to the Group, the recommendation from the Independent Board Committee, the advice from the Independent Financial Adviser in respect of the Offers.

The Board (including each of the independent non-executive Directors, having consulted and taken into account the advice and recommendations of Lego) is of the view that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned while the terms of the CB Offer are not fair and not reasonable so far as the CB Holder is concerned. Shareholders and CB Holder are recommended to read the letter of recommendations from the Independent Financial Adviser set out on pages 21 to 42 of this Response Document and the letter from the Independent Board Committee set out on pages 19 to 20 of this Response Document for the reasons why the Independent Financial Adviser is of the view that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and the recommendation to the Independent Shareholders to accept the Share Offer and the terms of the CB Offer are not fair and not reasonable so far as the CB Holder is concerned and the recommendation to the CB Holder to reject the CB Offer. Accordingly, the Board (including each of the independent non-executive Directors, having consulted and taking into account the advice and recommendations of Lego) unanimously recommends that the Independent Shareholders to accept the Share Offer and unanimously recommends that the CB Holder to reject the CB Offer.

THE OFFERS

The Offers are being made by Octal Capital on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share

HK\$0.0195 in cash

LETTER FROM THE BOARD

The Share Offer Price of HK\$0.0195 per Offer Share under the Share Offer is determined at a price of no less than the consideration per Sale Share of approximately HK\$0.01947 payable by the Offeror under the SPA.

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Share Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third-party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Offer Document. There is no outstanding dividend declared but unpaid by the Company as at the Latest Practicable Date. The Company has no intention to declare any dividend before the close of the Offers.

The CB Offer

For the Convertible Bonds

HK\$1,493,700 in cash

The Convertible Bonds will be acquired as fully paid and free from all liens, charges, options, equities, encumbrances or other third-party rights of any nature and together with all rights now or hereafter attaching or accruing to them on or after the date of despatch of the Offer Document.

The CB Offer will apply to all outstanding Convertible Bonds in issue on the date on which the CB Offer is made and will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the CB Offer.

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds in the principal amount of HK\$25,278,000, which carry rights to convert into 76,600,000 new Shares in full, and none of the Offeror and parties acting in concert with it holds any of the Convertible Bonds.

The CB Offer Price for the Convertible Bonds was determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Shares which the Convertible Bonds are convertible into multiplied by the Share Offer Price.

The Offeror intends to exercise the conversion rights attached to the Convertible Bonds tendered into acceptance into new Shares following the close of the Offers.

Conditions of the Offers

The Share Offer is conditional only upon the Offeror having received acceptances in respect of voting rights which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it in aggregate holding more than 50% of the voting rights of the Company at or before 4:00 p.m. (Hong Kong time) on the first Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve).

LETTER FROM THE BOARD

The CB Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offers unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offers, as the case may be, in accordance with the Takeovers Code. Pursuant to Rule 15.5 of the Takeovers Code, unless otherwise agreed by the Executive, the latest time at which the Offeror may declare the Offers unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the Extended Closing Date (or such later date to which the Executive may consent).

Comparison of the Share Offer Price

The Share Offer Price of HK\$0.0195 per Share represents:

- (a) a discount of approximately 40.9% to the closing price of HK\$0.033 per Share as quoted on the Stock Exchange on 9 January 2023, which was the last trading day immediately prior to the date of the R3.7 Announcement;
- (b) a discount of approximately 45.8% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 47.3% to the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (d) a discount of approximately 48.7% to the average closing price of approximately HK\$0.038 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 45.8% to the average closing price of approximately HK\$0.036 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 11.4% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 31 March 2023, being the last trading day of the Shares immediately prior to the Latest Practicable Date;
- (g) a discount of approximately 62.5% to the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.052 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 December 2021, being the date to which the latest published audited financial results of the Group were made up; and

LETTER FROM THE BOARD

- (h) a discount of approximately 51.3% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.040 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 September 2022, being the date to which the latest third quarterly financial results of the Group were made up.

Highest and lowest Share prices

The lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.013 per Share (on 21 September 2022, 29 September 2022, 30 September 2022, 3 October 2022, 5 October 2022, 6 October 2022, 7 October 2022, 12 October 2022, 28 October 2022, 3 November 2022, 2 December 2022, 5 December 2022, 6 December 2022, 7 December 2022, 8 December 2022) and HK\$0.046 per Share (on 11 January 2023), respectively.

Payment

Subject to the Offers having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made within seven (7) Business Days following the later of the date on which (i) the Offers become, or are declared unconditional; and (ii) the date on which the Offer Shares and Convertible Bonds are validly tendered for acceptance of the Offers. Relevant documents of title must be received by the Offeror to render each acceptance of the Offers complete and valid.

Value of the Offer

Based on the Offer Price of HK\$0.0195 per Offer Share and 4,188,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$81,666,000.

On the basis that there will be no change in the issued share capital of the Company from the Latest Practicable Date to the Closing Date and excluding the total of 1,900,000,000 Shares held by the Offeror and the parties acting in concert with it, a total of 2,288,000,000 Shares will be subject to the Share Offer and the value of the Share Offer is HK\$44,616,000. The value of CB Offer is HK\$1,493,700. The total value of the Offers is HK\$46,109,700.

Further details of the Offers

Please refer to the Offer Document and the Acceptance Forms for further details of the terms of the Offers and the procedure for acceptance.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 8237). The Group is principally engaged in hotel operation and provision of properties management services.

LETTER FROM THE BOARD

Set out below is the summary of the financial information of the Group for the financial years ended 31 December 2019, 2020 and 2021 as extracted from the 2020 Annual Report and the 2021 Annual Report, for the six months ended 30 June 2022 as extracted from the 2022 Interim Report and for the nine months ended 30 September 2022 as extracted from the 2022 Third Quarterly Report:

	For the nine months ended		For the six months ended		For the year ended 31 December		
	30 September		30 June		2021	2020	2019
	2022	2021	2022	2021	(audited)	(audited)	(audited)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	19,944,224	33,751,678	9,281,393	22,368,247	49,718,776	57,615,424	55,235,432
Loss before taxation	(31,704,507)	(27,231,332)	(24,891,250)	(19,815,907)	(112,897,343)	(44,675,180)	(64,671,098)
Loss for the period/year	(31,704,507)	(28,365,354)	(24,891,250)	(20,546,502)	(115,769,344)	(48,302,876)	(67,620,770)
Total assets	(note)	(note)	625,262,738	764,240,031	682,603,667	829,076,475	891,927,310
Total equity	171,072,414	305,817,353	182,108,375	306,694,263	220,701,522	342,635,850	390,971,537

Note: the financial figures for the nine months ended 30 September 2022 are extracted from the 2022 Third Quarterly Report. According to the GEM Listing Rules, the Company is not required to disclose and report the balance sheet items in the 2022 Third Quarterly Report. Hence, the information on total assets as at 30 September 2022 is not available for the disclosure purpose in this Response Document.

The Company has no plan to declare any dividend during the Offer Period. During the Offer Period and up to and including the Latest Practicable Date, there is no outstanding dividend declared but not yet paid.

Further details of the Group's financial information are set out in Appendix I to this Response Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the completion of the sale and purchase of the Sale Shares; (ii) immediately after the completion of the sale and purchase of the Sale Shares and as at the date of the Offeror Announcement; and (iii) as at the Latest Practicable Date:

	Immediately before the completion of the sale and purchase of the Sale Shares		Immediately after the completion of the sale and purchase of the Sale Shares and as at the date of the Offeror Announcement		As at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror	–	–	1,900,000,000	45.37 ^{Note 2}	1,900,000,000	45.37 ^{Note 2}
Vertic	1,900,000,000	54.44	–	–	–	–

LETTER FROM THE BOARD

	Immediately before the completion of the sale and purchase of the Sale Shares		Immediately after the completion of the sale and purchase of the Sale Shares and as at the date of the Offeror Announcement		As at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
	CMI Financial Holding Company Limited ("CMI") ^{Note 1}	690,000,000	19.77	690,000,000	16.48 ^{Note 2}	690,000,000
Public Shareholders	900,000,000	25.79	1,598,000,000	38.15	1,598,000,000	38.15
Total	3,490,000,000	100.00	4,188,000,000	100.00	4,188,000,000	100.00

Notes:

- As at the Latest Practicable Date, CMI is the holder of the Convertible Bonds with a principal amount of HK\$25,278,000 which carry rights to convert into 76,600,000 new Shares, none of which have been converted.
- Pursuant to the next day disclosure return of the Company dated 17 February 2023, the number of the issued Shares was increased to 4,188,000,000 Shares after conversion of the convertible bonds (the "Conversion") issued by the Company on 21 June 2020 in the principal amount of HK\$25,128,000. Accordingly, the shareholding of the Company held by the Offeror decreased from approximately 54.44% to 45.37% and the shareholding of the Company held by CMI decreased from approximately 19.77% to 16.48% after the Conversion.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability, and is a special purpose vehicle established by and owned as to 45% by Boomerang Investment, 35% by Mr. Kwok Yi Chit and 20% by Billion Supreme. Boomerang Investment is ultimately owned as to 40% by Mr. Wong Chun Hung Hanson, 20% by Mr. Yuen Lai Him, 20% by Mr. Wong Hoi Cheung and 20% by Mr. Lui Tin Shun. Billion Supreme is ultimately owned as to 75% by Mr. Yuan Tianfu and 25% by Mr. Cheng Yang. Mr. Yuan Tianfu, Mr. Wong Hoi Cheung, Mr. Lui Tin Shun and Mr. Chiu, Kung Chik are the directors of the Offeror.

The biographical details of the directors of the Offeror are as follows:

Mr. Yuan Tianfu, aged 34, has over 12 years of experience in the investment sector in the PRC. He worked for a private equity investment company in the PRC from 2015 to 2021 and the equity investment department of an insurance company in the PRC from 2010 to 2014.

Mr. Wong Hoi Cheung, aged 48, has over 18 years of experience in financial sector in Hong Kong. He is the founder and chief executive officer of (i) Tiger Faith Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO with its principal business being securities dealing and fund raising; and (ii) Tiger Faith

LETTER FROM THE BOARD

Asset Management Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO with its principal business being investment advisory and asset management services. He is also the founder of Rabbit Credit Limited, a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) with its principal business being money lending.

Mr. Chiu Kung Chik (“Mr. Chiu”), aged 38, will be appointed as a non-executive Director. He has approximately 15 years of experience in investment banking, capital financing, corporate restructuring, merger and acquisition and complex transaction structuring.

From 2008 to 2015, Mr. Chiu worked with UBS AG in the investment banking department in its Hong Kong office, primarily focusing on advising large scale corporate clients on their capital market activities. During the aforesaid period, he had completed a number of capital market transactions, merger and acquisition transactions as well as debt financing transactions.

Mr. Chiu currently serves as an independent non-executive director of Shandong Hi-Speed New Energy Group Limited (a company listed on the Stock Exchange with stock code 1250) and GoFintech Innovation Limited (a company listed on the Stock Exchange with stock code 290).

Mr. Chiu graduated from the University of Chicago with a bachelor’s degree in economics in September 2008.

Mr. Lui Tin Shun (“Mr. Lui”), aged 41, has over 15 years of experience in the corporate finance and investment industry.

From August 2007 to February 2009, Mr. Lui served as an executive at Guotai Junan Capital Limited. From March 2009 to February 2012, Mr. Lui served as a vice president at Biocarbon Capital Limited. From February 2012 to July 2015, Mr. Lui worked at Celestial Capital Limited with his last position as a senior vice president. From September 2015 to August 2019, Mr. Lui served as a director at South China Capital Limited. Mr. Lui is currently a director of Delight City Management Limited and a senior consultant of Merrytime Capital Limited. Mr. Lui has experience in property investments and property management in the United Kingdom and Japan for his family business.

Mr. Lui was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 2009.

INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Following the Closing Date, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s future development. Subject to the results of the review, the Offeror may look into business and investment opportunities in different

LETTER FROM THE BOARD

business areas and geographical locations and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, and/or restructuring of the business will be appropriate in order to enhance the long-term growth potential of the Group.

Should such corporate actions materialise, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules as and when appropriate. Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror does not have any intention, understanding, negotiation or arrangement in relation to (i) the downsize, cessation or disposal of the existing business of the Group; and (ii) the acquisition of any assets or business by the Group.

As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Group (save for the proposed changes to the board composition of the Company as described in the section headed “Proposed Change of Board Composition of the Company” below) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. Mr. Lui Tin Shun and Mr. He Dingding, being the proposed executive Directors nominated to the Board by the Offeror, have relevant experience in property investments and property management and/or hospitality related business. Please refer to the section headed “Proposed Change of Board Composition of the Company” in the Offer Document for details. The Offeror will review the operating structure of the Group and intends to strengthen its management team by acquiring new talents with relevant experience in hospitality related service, if necessary.

Save for the Offeror’s intention regarding the Group as set out above and save as disclosed in the section headed “Proposed Change to the Board Composition of the Company” below, the Offeror has no intention to discontinue the employment of the employees or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following completion of the sale and purchase of the Sale Shares.

The Board is aware of the intention of the Offeror in respect of the Group and its employees as stated in the Offer Document.

Proposed Change of Board Composition of the Company

As at the Latest Practicable Date, the Board comprised Datuk Siew Pek Tho as executive Director; and Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Simon Luk as independent non-executive Directors.

LETTER FROM THE BOARD

References are made to the announcement of the Company dated 10 March 2023 and circular of the Company dated 23 March 2023 in relation to the shareholder requisition, as disclosed, therein that the Company received a requisition letter deposited by HKSCC Nominees Limited, being the nominee of the Offeror, requesting the Board to convene an extraordinary general meeting to approve the appointment of seven candidates nominated by the Offeror as Directors.

As at the Latest Practicable Date, the Offeror has nominated seven candidates as new Directors to facilitate the management of the Group. Any of such appointments will be made in compliance with the Takeovers Code and the GEM Listing Rules and will take effect on the earliest day permitted under the Takeovers Code, the GEM Listing Rules or other applicable laws or rules or regulations applicable to the Company.

Further details of the requisition of an extraordinary general meeting by shareholder for the proposed appointment of directors are set out in the circular of the Company dated 23 March 2023.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the Closing Date, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the dealing of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the Closing Date under Rule 11.23(7) of the GEM Listing Rules.

FURTHER DETAILS OF THE OFFERS

Further details of the Offers, including, among other things, the expected timetable, the conditions, the terms and procedures of acceptance and settlement of the Offers, are set out in the Offer Document, the Acceptance Form and further announcements made or to be made by the Offeror (if applicable).

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors who are not interested in the Offers, being Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Simon Luk, was formed to give advice to the Independent Shareholders as to whether the terms of the Offers are fair and reasonable and whether the Offers are in the interests of the Independent Shareholders and the CB Holder as a whole and as to the acceptance of the Offers.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee are all non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Offers other than as holders of the Shares (if any).

The Independent Board Committee has appointed Lego, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and the CB Holder in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of Lego as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser in respect of the Offers and the recommendations to the Independent Board Committee, the Independent Shareholders and the CB Holder is included in this Response Document in relation to the Offers.

RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Financial Adviser as set out on pages 21 to 42 of this Response Document. Shareholders and CB Holder are strongly encouraged to carefully consider the reasons out in the Letter from the Independent Financial Adviser to see all the reasonings of Lego, which is of the view that the terms of (i) the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly advises the Independent Board Committee to recommend the Independent Shareholders to accept the Share Offer; and (ii) the CB Offer is not fair and not reasonable as far as the CB Holder is concerned, and Lego advises the Independent Board Committee to recommend the CB Holder to reject the CB Offer.

Your attention is also drawn to the letter of recommendations from the Independent Board Committee as set out on pages 19 to 20 of this Response Document. The Independent Board Committee, having considered the advice of Lego, is of the view that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to accept the Share Offer while the terms of the CB Offer are not fair and not reasonable so far as the CB Holder is concerned and accordingly recommends the CB Holder to reject the CB Offer.

LETTER FROM THE BOARD

Apart from the opinions and recommendations of Lego set out in Letter from the Independent Financial Adviser, the Board would also like to draw the attention of the Independent Shareholders and the CB Holder to the disclaimer opinion on the consolidated financial statements of the Group for the three years ended 31 December 2019, 2020 and 2021 and the auditor's opinion on material uncertainty relating to going concern. As disclosed in the 2021 Annual Report, one of the crucial measures to mitigate the Group's liquidity pressure and to improve its cash flows was to obtain the continuous financing of the existing master facility. As disclosed in the 2022 Third Quarterly Report, the Company disclosed that the Group was given to understand from a principal lending bank, i.e. DBS Bank Ltd, that, due to the Group's failure to make certain partial repayment of loan as requested by the bank it may not be able to refinance the existing banking facilities upon the expiry in January 2023. On 31 March 2023, each of the Company and its two wholly-owned subsidiaries received demand notice all dated 31 March 2023 from DBS Bank Ltd declaring the loan under the banking facilities granted by DBS Bank Ltd has expired on 11 January 2023 and demanded 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 (7) DAYS from the date of the demand notice.

The Board also draws the Independent Shareholders' attention to the litigation brought by the CB Holder against the Company as disclosed in the announcement of the Company dated 28 March 2023. As stated in the said announcement, the Company received a writ of summons (the "**Writ**") from the CB Holder against the Company for the repayment of the Convertible Bonds and the interest and default interest accrued thereon and the CB Holder further seeks a court order restraining the Company acting in breach of Clause 10(B) and Annex 3 of the instrument constituting the Convertible Bonds (the "**CB Instrument**"). The CB Holder has also filed an ex-parte application with the High Court and obtain an interlocutory injunction order (the "**Order**") dated 27 March 2023 against the Company, pursuant to the Order, the Company shall not, and shall procure its subsidiaries (as defined in the Order) not to, enter into or proceed with borrowings, financings or other transactions falling within Clause 10(B) and Annex 3 of the CB Instrument and not to, enter into or proceed with any mortgage, lien, charge, encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or the subsidiaries (as defined in the Order) falling within Clause 10(B) and Annex 3 of the CB Instrument without the consent of the CB Holder. On 28 March 2023, the CB Holder issued summons (the "**Summons**") for the inter-parte court hearing of its injunction application to continue the Order. In the Summons hearing on 31 March 2023, the Court ordered that paragraph 2 of the Order, in relation to, disclosure to the CB Holder of any prior loan, facility, mortgage, lien, charge, encumbrance or other financing or security agreements executed before the date of the Order, be stayed upon the Company's undertaking that pending substantive determination of the Summons issued by the CB Holder or until further order, without the prior written consent of the CB Holder, the Company will not, and will procure its subsidiaries (as defined in the Order) not to, enter into or proceed with any loan or facility agreement or enter into or proceed with any mortgage, lien, charge, encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or the subsidiaries (as defined in the Order) falling within Clause 10(B) and Annex 3 of the CB Instrument as more particularly set out in paragraph 1 of the Order; and (ii) to issue a public announcement to inform the public of the Company's undertaking. Summons hearing be adjourned to a date be fixed.

LETTER FROM THE BOARD

Independent Shareholders and CB Holder are recommended to take into account of the uncertainty relating to going-concern, the Writ and the Summons when considering to accept or reject the Offers.

In addition, it is stated in the Offer Document that the Offeror intends to continue the existing principal businesses of the Group and has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror merely stated that it will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's future development. However, the Offeror did not outline a concrete and detailed plan as to develop the hotel business of the Group and how the business plan, if any, proposed by the Offeror will be in the best interests of the Company and the Shareholders as a whole. Further, in the Offer Document, the Offeror mentioned that the two new Directors to be nominated by it, have relevant experience in hospitality related business. However, there are no details provided in relation to their respective experience in this aspect. The Board concerns about whether the new management proposed by the Offeror will have sufficient experience and expertise to formulate and implement a feasible business plan for the Group.

Having taken into account the principal factors and reasons considered by, and the opinions and recommendations of Lego, the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the CB Holder, the Independent Board Committee comprising all the independent non-executive Directors, having consulted and taking into account the advice and recommendation of Lego, is of the view that the terms of Share Offer are fair and reasonable so far as the Independent Shareholders are concerned while the CB Offer are not fair and not reasonable so far as the CB Holder is concerned. Accordingly, the Independent Board Committee following consultation and taking into account the advice and recommendation of Lego unanimously recommends that the Independent Shareholders shall accept the Share Offer and unanimously recommends the CB Holder shall reject the CB Offer.

You are advised to read this Response Document, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser in conjunction with the Offer Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Response Document.

Yours faithfully,
For and on behalf of the Board
Link Holdings Limited
Datuk Siew Pek Tho
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Link Holdings Limited

華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8237)

12 April 2023

To the Independent Shareholders and the CB Holder

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY OCTAL CAPITAL LIMITED ON BEHALF OF ACE KINGDOM ENTERPRISES CORPORATION TO ACQUIRE ALL OF THE ISSUED SHARES AND ALL OF THE CONVERTIBLE BONDS OF LINK HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY ACE KINGDOM ENTERPRISES CORPORATION AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Response Document dated 12 April 2023 issued by the Company, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Response Document.

We have been appointed as members of the Independent Board Committee to advise you as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Lego has been appointed as the independent financial adviser to advise us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration, are set out in the letter from the Independent Financial Adviser on pages 21 to 42 of the Response Document. Independent Shareholders and CB Holders are advised to read the letter from Independent Financial Adviser carefully.

We also wish to draw your attention to the letter from the Board set out on pages 6 to 18 of the Response Document and the appendices to the Response Document.

Having taken into account the advice of Lego, we consider that the terms of the Share Offer are fair and reasonable. Accordingly, we recommend the Independent Shareholders to accept the Share Offer.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Lego, we consider that the terms of the CB Offer are not fair and not reasonable. Accordingly, we recommend the CB Holder to reject the CB Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Link Holdings Limited

Mr. Thng Bock Cheng John
Independent non-executive Director

Mr. Chan So Kuen
Independent non-executive Director

Mr. Simon Luk
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee regarding the Offers, for the purpose of incorporation into the Response Document in respect of the Offers.



12 April 2023

To: The Independent Board Committee of Link Holdings Limited

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFERS BY OCTAL CAPITAL LIMITED
ON BEHALF OF ACE KINGDOM ENTERPRISES CORPORATION TO ACQUIRE
ALL OF THE ISSUED SHARES AND ALL OF THE CONVERTIBLE BONDS OF
LINK HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY
ACE KINGDOM ENTERPRISES CORPORATION AND PARTIES ACTING IN
CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offers. The details of Offers are set out in the Response Document of the Company dated 12 April 2023, of which this letter forms part. Unless otherwise specified, terms used in this letter shall have the same meanings as those defined in the Response Document.

Reference is made to the Offeror Announcement. In the Offeror Announcement, the Offeror announced its entry of the SPA with Vertic in respect of the acquisition of 1,900,000,000 Shares, representing approximately 45.37% of the total issued share capital of the Company as at the Latest Practicable Date at the consideration of HK\$37,000,000, which is equivalent to approximately HK\$0.01947 per Share. Completion took place subsequently on 15 February 2023.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the sale and purchase of the Sale Shares, the Offeror is required to make mandatory conditional cash offers for all the issued Shares and the Convertible Bonds (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

On 16 March 2023, the Offeror despatched the Offer Document and the Acceptance Forms setting out details of the Offers. On 31 March 2023, due to the extension of the deadline for the Company to despatch the Response Document to a date falling on or before 12 April 2023, the Offeror has agreed to extend the first Closing Date to 26 April 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Board has established the Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offers other than as holders of the Shares (if any), namely, Mr. Thng Bock Cheng John, Mr. Chan So Kuen and Mr. Simon Luk, to advise the Independent Shareholders and the CB Holder as to whether the terms of the Offers are fair and reasonable and whether the Offers are in the interests of the Independent Shareholders as a whole and as to the acceptance of the Offers.

We, Lego Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to whether the terms of the Offers are fair and reasonable and whether the Independent Shareholders and the CB Holder should accept the Offers. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

Apart from the normal professional fees for our services to the Company in connection with the Offers, no other arrangement exists whereby we will receive any fees and/or benefits from the Group or the Offeror. We have not acted, within the past two years, as an independent financial adviser or a financial adviser to the Company or the Offeror. As at the Latest Practicable Date, there were no relationships or interests between us and the Group and the Offeror and their respective controlling shareholders, controlled companies and/or any party acting in concert with any of them that could reasonably be regarded as relevant to our independence. As at the Latest Practicable Date, there were no relationships or interests between us and the Group, the Offeror and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser, and we were not associated with the Group and the Offeror and any parties acting, or presumed to be acting, in concert with any of them. We are independent under the Takeovers Code to act as the independent financial adviser to the Independent Board Committee in connection with the Offers.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have reviewed, inter alia, the R3.7 Announcement, the Offeror Announcement, the announcement of the Company dated 1 March 2023 made pursuant to Rule 3.2 and Rule 3.8 of the Takeovers Code (the “**Offeree Announcement**”), the Offer Document, the 2019 Annual Report, the 2020 Annual Report, the 2021 Annual Report, the 2022 Interim Report and the 2022 Third Quarterly Report. We have relied on the statements, information and representations contained or referred to in the Offer Document, the Response Document and the information provided and representations made to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information and representations contained or referred to in the Offer Document, the Response Document and all information provided and representations made by the Directors and the Management for which they are solely responsible, are true and accurate

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

at the time they were provided and made and as at the Latest Practicable Date. Independent Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to date throughout the offer period (as defined under the Takeovers Code) of the Offers. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the Management. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Response Document, including this letter, incorrect or misleading. We have not carried out any independent verification of the information provided and representations made to us by the Directors and the Management; nor have we conducted an independent investigation into the business and affairs of the Group and the Offeror.

We have not considered the tax consequences on the Independent Shareholders of their acceptance or non-acceptance of the Offers since they are particular to their own individual circumstances. In particular, Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offers and, if in any doubt, should consult their own professional advisers.

This letter is issued for the purpose of advising the Independent Board Committee regarding the Offers, and except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations on the Offers to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in operation of hotel services and properties investment.

1.1 Financial information of the Group

Set out below is a summary of the financial information of the Group for each of the three financial years ended 31 December 2021 as extracted from the 2020 Annual Report and the 2021 Annual Report, as well as for each of the nine months ended 30 September 2021 and 2022 as extracted from the 2022 Third Quarterly Report. On the other hand, with reference to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

announcement of the Company dated 23 March 2023, as at the Latest Practicable Date, the audited financial information of the Group for the year ended 31 December 2022 was not yet available since, with the tight cash flow, the Company had not yet fully settled the relevant outstanding audit fee for the year ended 31 December 2021 until the end of March 2023 and was unable to engage the auditors to commence the audit work for the year ended 31 December 2022 in a timely manner. As advised by the Management, the Company has recently obtained an advance from Datuk Siew Pek Tho, an existing Director, to resolve the audit fee payment issue, and expects that the audit work for the year ended 31 December 2022 will be commenced in early April 2023. The Company expects that such financial results would be published by the end of May 2023. As at the Latest Practicable Date, trading in the Shares had been suspended with effect from 9:00 a.m. on 3 April 2023, pending the publication of the announcement in relation to the relevant audited annual results of the Group for the year ended 31 December 2022 and the corresponding annual report.

Table 1: Financial highlights of the Group

	For the year ended 31 December			For the nine months ended 30 September	
	2021	2020	2019	2022	2021
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Revenue	49,719	57,615	55,235	19,944	33,752
Loss for the year/period attributable to owners of the Company	(113,066)	(48,208)	(67,534)	(31,646)	(28,285)
	As at 31 December			As at 30 June	
	2021	2020	2019	2022	2021
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Non-current assets	596,731	702,308	766,125	565,673	672,428
Current assets	85,873	126,769	125,802	59,590	91,812
Current liabilities	(318,065)	(334,067)	(352,914)	(398,473)	308,660
Non-current liabilities	(143,837)	(152,373)	(148,042)	(44,681)	(148,886)
Net current liabilities	(232,192)	(207,298)	(227,112)	(338,883)	(216,848)
Net assets	220,702	342,636	390,972	182,108	306,694

For the year ended 31 December 2020

For the year ended 31 December 2020, revenue of the Group increased by approximately 4.3% to approximately HK\$57.6 million from that recorded for the year ended 31 December 2019, which was mainly attributable to the full-year revenue contribution for the year ended 31 December 2020 from the spa hotel in Japan which was opened in September 2019, offset by the decrease in revenue from the Group's Link Hotel in Singapore due to the adverse effect of the COVID-19 pandemic.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2020, the Group recorded loss attributable to owners of the Company of approximately HK\$48.2 million, representing a decrease in loss by approximately 28.6% from that recorded for the year ended 31 December 2019. With reference to the 2020 Annual Report, the decrease in loss for the year ended 31 December 2020 attributable to owners of the Company was primarily due to the net effects of (i) the year-on-year decrease in loss from the Group's distressed debt assets and the related expected credit losses; (ii) the year-on-year decrease in operating loss in respect of the Group's spa hotel in Japan amid the COVID-19 pandemic; and (iii) the year-on-year increase in share of loss of an associate.

As at 31 December 2020, the Group recorded net current liabilities and net assets of approximately HK\$207.3 million and approximately HK\$342.6 million, respectively.

For the year ended 31 December 2021

For the year ended 31 December 2021, revenue of the Group decreased by approximately 13.7% to approximately HK\$49.7 million from that recorded for the year ended 31 December 2020. Such decrease was primarily due to (i) the adverse effect on the Group's hotel business in Japan caused by the then subsisting COVID-19 pandemic throughout the year ended 31 December 2021, which was worsened by the snowstorm in Japan in early 2021 and collectively resulted in the substantial decline in revenue of the Group's spa hotel in Japan; and (ii) the reduction in average room rate offered by the Singapore government authority for engaging Link Hotel as the COVID-19 quarantine accommodation during the year ended 31 December 2021, and such engagement was terminated with effect from 14 December 2021 which collectively resulted in the decline in revenue of the Group's Link Hotel in Singapore.

For the year ended 31 December 2021, loss attributable to owners of the Company was approximately HK\$113.1 million, representing a widening in loss as compared to that recorded for the year ended 31 December 2020. With reference to the 2021 Annual Report, the widening in loss for the year ended 31 December 2021 attributable to owners of the Company was primarily due to the net effects of (i) the year-on-year decrease in loss from the Group's distressed debt assets invested and acquired by the Group in 2017 (i.e. income from distressed debt assets at amortised cost less modification loss, which is in turn the amount arising from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow) and the related credit losses which collectively, in other words, represented the expected losses upon assessment of the recoverability thereof; (ii) the recognition of operating loss of approximately HK\$8.5 million in respect of the Group's spa hotel in Japan amid the COVID-19 pandemic, which was approximate to that recorded for the preceding year; (iii) the recognition of impairment loss of approximately HK\$43.8 million on certain property, plant and equipment in respect of the Group's spa hotel in Japan, while no such recognition was made for the preceding year; and (iv) the impairment loss on the Group's resort construction in progress in Bintan, Indonesia due to the suspension of construction works since the outbreak of the COVID-19 pandemic, while no such recognition was made for the preceding year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2021, the Group recorded net current liabilities and net assets of approximately HK\$232.2 million and approximately HK\$220.7 million, respectively.

For the nine months ended 30 September 2022

For the nine months ended 30 September 2022, revenue of the Group decreased by approximately 41.1% to approximately HK\$19.9 million from that of approximately HK\$33.8 million recorded for the nine months ended 30 September 2021. According to the 2022 Third Quarterly Report, such decrease in revenue was mainly attributable to the temporary suspension of normal accommodation business of Group's Link Hotel in Singapore in the first quarter of 2022 and the relatively low hotel room occupancy rate in the second and third quarters of 2022 upon its re-opening in April 2022.

For the nine months ended 30 September 2022, loss attributable to owners of the Company was approximately HK\$31.6 million, representing a widening in loss as compared to that recorded for the nine months ended 30 September 2021. The aforesaid widening in loss was primarily attributable to the net effects of (i) the period-over-period increase in operating loss from the Group's Link Hotel in Singapore as a result of the temporary suspension normal business and the relatively low hotel room occupancy rate upon its re-opening as mentioned above; and (ii) the period-over-period decrease in operating loss from the Group's spa hotel in Japan amid the COVID-19 pandemic.

Matters relating to the auditor's opinion on the ability to continue as a going concern

According to each of the 2019 Annual Report, the 2020 Annual Report and the 2021 Annual Report, the auditors of the Company have expressed their view that certain events and conditions have indicated that there were material uncertainties that might cast doubt on the Group's ability to continue as a going concern, and therefore the Group might be unable to realise its assets and discharge its liabilities in the normal course of business. Such events and conditions principally included (i) the net loss incurred by the Group for each of the years ended 31 December 2019, 2020 and 2021, respectively, as adversely resulted from the then ongoing COVID-19 pandemic; (ii) the net current liabilities of the Group as at 31 December 2019, 2020 and 2021, respectively; (iii) the then interest-bearing bank borrowing of the Group with the principal lending bank which was subject to renewal at the relevant time; and (iv) other financial liabilities of the Group at the relevant time which were repayable on demand against the relatively low cash and cash equivalents balance of the Group.

With reference to the 2022 Third Quarterly Report, in order to address the uncertainties mentioned above and with a view to removing the audit qualification on going concern in the financial year ended 31 December 2022, as advised by the Management, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

- (i) on 10 March 2023, the Group entered into a facility agreement with an independent financier in relation to the obtaining of a loan facility in the net amount of 51 million Singapore dollars ("S\$") (equivalent to approximately HK\$298.4 million) after deduction of an upfront annual interest of S\$9 million, the drawdown of which is conditional on the release of security documents by the Group's existing principal

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lending bank and is expected to be available within one month of the signing of the aforesaid agreement, mainly for the purpose of refinancing the existing bank borrowing of Hang Huo Investment Pte Ltd (“**HHI**”), an indirect wholly-owned subsidiary of the Company, of approximately S\$50 million (equivalent to approximately HK\$292.5 million) as at the Latest Practicable Date from the Group’s principal lending bank, which was secured by the first legal mortgage over the buildings of Link Hotel together with the piece and parcel of land where such buildings were erected on and guaranteed by the Company and Link Hotels International Pte Ltd (“**LHI**”), an indirect wholly-owned subsidiary of the Company, as corporate guarantors. With reference to the announcement of the Company dated 3 April 2023, on 31 March 2023, each of HHI, LHI and the Company received a demand notice (the “**Demand Notice**”) from the legal adviser to the principal lending bank demanding the repayment of the aforesaid loan together with all further interest accruing thereon and the legal costs of the principal lending bank within seven days from the date of the Demand Notice. Nevertheless, due to the recent legal actions of the CB Holder against the Company as described in paragraph (iii) below, the completion and execution of drawdown of the loan facility will be affected and became uncertain accordingly. As reiterated in the Demand Notice, in the event that HHI fails to make full payment of the outstanding loan and all further interest accruing thereon, the Group’s principal lending bank shall exercise its rights under the mortgages and corporate guarantees underlying the loan including, among others, its power of sale over the mortgaged properties and appointing receivers over the mortgaged properties, and the commencement of legal proceedings against each of LHI and the Company;

- (ii) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. As at the Latest Practicable Date, the aforesaid communications remained in progress and no material agreements had been reached between the parties; on a worst-case scenario basis, the Company’s relevant subsidiary in the Indonesia would be exposed to the risk of being taken legal actions against by the relevant contractor arising from a claim in the estimated maximum amount of approximately HK\$51.5 million;
- (iii) reference is made to the announcement of the Company dated 28 March 2023 pursuant to which, among others, (a) the Company received a writ of summons from the CB Holder against the Company for the repayment of a sum of approximately HK\$55,563,000, which represents the principal of the Convertible Bonds and the interest and default interest accrued since maturity, as well as for the court order to restrain the Group from acting in breach of Clause 10(B) and Annex 3 of the CB Instrument ; and (b) the CB Holder has also filed an ex-parte application with the High Court of Hong Kong and obtained the Order dated 27 March 2023 against the Company pursuant to which the Company shall not, and shall procure its subsidiaries (as defined in the Order) not to, enter into or proceed with borrowings, financings or other transactions falling within Clause 10(B) and Annex 3 of the CB Instrument and not to, enter into or proceed with any mortgage, lien, charge,

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encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or the subsidiaries falling within Clause 10(B) and Annex 3 of the CB Instrument without the consent of the CB Holder. On 28 March 2023, the CB Holder issued the Summons for the inter-parte court hearing of its injunction application to continue the Order. With reference to the announcements of the Company dated 31 March 2023 and 2 April 2023, pursuant to the order of the hearing held at the High Court of Hong Kong on 31 March 2023, paragraph 2 of the Order, in relation to, disclosure to the CB Holder of any prior loan, facility, mortgage, lien, charge, encumbrance or other financing or security agreements executed before the date of the Order, be stayed upon the Company's undertakings that, among others, pending substantive determination of the summons issued by the CB Holder or until further court order, without the prior written consent of the CB Holder, the Company will not, and will procure its subsidiaries (as defined in the Order) not to, enter into or proceed with any loan or facility agreement or enter into or proceed with any mortgage, lien, charge, encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or its subsidiaries falling within the Clause 10(B) and Annex 3 of the CB Instrument, as more particularly set out in the Order. The Summons hearing has been adjourned to a date to be fixed. As such, the completion and execution of drawdown of the new loan facility as described in paragraph (i) above may be adversely affected by the legal actions of the CB Holder. Depending on the outcome of the final court judgement which remained pending as at the Latest Practicable Date, the Company will continue its negotiations with the CB Holder for a settlement proposal in respect of the Convertible Bonds and other related matters including but not limited to the settlement of the aforesaid litigation and the discharge of the Order; and

- (iv) the Company will continue to seek external debt financing in order to avoid a cash deficit position.

As advised by the Management, the Company has been making continuous efforts to secure fundings to repay the indebtedness of the Group. However, upon the Order made against the Group, the Group cannot, without the consent of the CB Holder, proceed with any refinancing or related activities (as more particularly set out in the Order) prior to the discharge of the Order, the substantive determination of the summons and the full repayment of the amount outstanding under the Convertible Bonds. The Company is currently assessing the legal, financial and operational impact of the default in payment of the outstanding loan due to its principal lending bank over the Group, and will close monitor the development of the relevant matters and further issue announcement as and when appropriate pursuant to the GEM Listing Rules.

Despite the Group's ongoing efforts put in to mitigate the liquidity pressure and address the going concern opinion of the auditors, taking into consideration of the progress of the Group's measures taken thus far, in particular, (i) the uncertainty as to the feasibility of drawdown of the new loan facility due to the legal actions recently taken by the CB Holder,

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and accordingly the uncertainty as to the feasibility of the Group to, on the basis of the absence of the new loan facility, repay the outstanding loan with the existing principal lending bank and all further interest accruing thereon under the Demand Notice, the failure of which may lead to the exercise of rights by the existing principal lending bank over the sale of the mortgaged properties including Link Hotel and the parcel and piece of land where it is erected on, as well as the commencement of legal proceedings against each of LHI and the Company as corporate guarantor; (ii) no agreements had so far been reached between the Group and the contractor in respect of the repayment of the outstanding construction payables, as well as the CB Holder in respect of the repayment in respect of the Convertible Bonds; and (iii) the loss-making performance of the Group for each of the years ended 31 December 2019, 2020 and 2021, respectively, and the net current liabilities positions of the Group as at 31 December 2019, 2020 and 2021, respectively, we remain uncertain as to the effectiveness of the measures and policies taken by the Group in removing the audit qualification in relation to going concern, as well as the possibility of it achieving significant turnaround in the financial results and improvement in the cash position in the near future.

1.2 Prospect of the Group

The Group is principally engaged in the operation of hotel business in Singapore, Indonesia and Japan. It also engages in the distressed debt asset management in the PRC which commenced in 2017 and remained in operation as at the Latest Practicable Date. Taking into account that the operation of the hotel business has accounted for 100% of the Group's total revenue for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022, while any gain or loss on distressed debts assets is not regarded as revenue but a separate gain or loss item of the financial statements of the Group and that loss was recognised from such business during the corresponding periods, in assessing the prospect of the Group, we have primarily considered the general prospect of the overall hotel industry.

General prospect of the overall hotel industry

In recent years, the Group continued to stay focused on the operation of its hotel business in Singapore and Japan, which had been adversely affected by the outbreak of the COVID-19 pandemic since early 2020. As at the Latest Practicable Date, the Group's engagement with the local government in Singapore for utilising part of Link Hotel as quarantine accommodation and the relevant quarantine accommodation remained in force until June 2023, subject to any early termination by the local government by giving advance notice. In light of the substantial improvement in the COVID-19 pandemic situation and the lack of requirement to stay in quarantine accommodation in Singapore, we consider that it remains uncertain as to whether the engagement with the local government in Singapore would continue until June 2023, whereby the Group would cease to receive fixed income therefrom in the event of early termination of engagement. On the other hand, from May 2022, the Group has temporarily closed the spa hotel in Japan due to, among others, the then subsisting and uncertain development of the COVID-19 pandemic. In respect of the development of the resort project in Bintan, Indonesia, progress of the construction has been delayed due to the then subsisting COVID-19 pandemic and the shortage of funding. As advised by the Management, as at the

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Latest Practicable Date, there was no sufficient funding to facilitate the resumption of construction of the resort project and the construction shall remain suspended until sufficient funding is obtained by the Group. The Company shall continue to seek for further financing to facilitate the completion of construction as soon as possible.

On the other hand, with the recent improving situation of the COVID-19 pandemic, it is expected that the global economy shall pick up gradually throughout 2023 and 2024 as elaborated below. According to “World Economic Outlook Update” issued in January 2023 by International Monetary Fund (<https://www.imf.org/en/>) (the “IMF”), a global organisation established in 1994 with 190 country members including Japan and Singapore and an aim to build a framework for international economic cooperation, the growth in global gross domestic products (“GDP”) (i.e. the total monetary value of all finished goods and services produced across the globe in a specific time period, which is commonly used as an indicator of the global economic development), which was estimated and announced by IMF in January 2023 at 3.4% in 2022 (being the latest estimate for 2022 announced by IMF as at the Latest Practicable Date), was projected to fall to 2.9% in 2023 and rise back to 3.1% in 2024. Compared with the comparative forecasts previously released in October 2022, the aforesaid latest estimate of actual global GDP growth for 2022 and forecast of global GDP growth for 2023 released in January 2023 have been subsequently raised from 3.2% and 2.7% respectively by IMF, reflecting positive resilience in the economy during the past few months. Moreover, the aforesaid forecast of positive growths in global GDP suggests that global recession is not expected in the near future. As advised in the report, the growth in emerging market and developing countries is estimated to have bottomed out in 2022; the recent relaxation of COVID-19 restrictions of the PRC in late 2022 has paved the way for a full re-opening, under which the growth of the country is expected to pick up in 2023; and the growth is expected to pick up in all economy groups including the advanced economies in 2024.

Since around the second half of 2022, COVID-19 restrictions in most of the countries have been lifted by stages and the air travel as well as broader economic activities have been gradually resumed, introducing the opportunities for industries such as the tourism and hotel industries. According to the “World Tourism Barometer” published in January 2023 by the World Tourism Organisation (<https://www.unwto.org/>), the international organisation in the field of tourism with 160 member states which is responsible for promoting responsible and sustainable tourism, the international tourism in 2022 recovered 63% of the pre-pandemic level and based on World Tourism Organisation’s scenarios, international tourist arrivals could reach 80% to 95% of the pre-pandemic numbers in 2023. As suggested in the report, the recent re-opening of several Asia source markets and destinations will contribute to consolidate the recovery in 2023. Moreover, the recent removal of COVID-19 related travel restrictions in the PRC, being the world’s largest outbound market in 2019, is a significant and much welcomed step to the recovery of the tourism sector in Asia and the Pacific and worldwide. Among others, in short term, the resumption of travel from the PRC is likely to benefit Asian destinations in particular. Specifically, it is anticipated that the tourism industry in Singapore, being the Group’s principal place of operation, will have a positive outlook in 2023 and 2024. With reference to the statistics released by Singapore Tourism Board (<https://www.stb.gov.sg/>) on 17 January 2023, Singapore’s international visitors’ arrival is expected to double in 2023, bringing in approximately S\$18 billion to S\$21 billion in tourism receipts, which is equivalent to around

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two-thirds to three-quarters of the pre-pandemic levels in 2019. In the meantime, in order to support tourism recovery, the Singapore Tourism Board will, among others, continue efforts to increase the local destination attractiveness and front load S\$110 million of the S\$500 million set aside for Singapore's tourism recovery to ramp up business and leisure events over these two years.

Accordingly, backed by the improved conditions of the COVID-19 pandemic worldwide and the gradual recovery in the global economy and tourism industry, we anticipate that the overall hotel industry would experience a turnaround in the future.

Overall, notwithstanding the potential turnaround in the hotel industry in the future, taking into account (i) the loss-making performance in the Group's hotel business for each of the years ended 31 December 2019, 2020 and 2021, respectively, and each of the nine months ended 30 September 2021 and 2022, respectively amid the temporarily close down of the spa hotel in Japan due to the COVID-19 pandemic and the suspension of construction of the resort project in Bintan, Indonesia due to lack of funding; and (ii) the uncertainty as to the feasibility of drawdown of the new loan facility due to the legal actions recently taken by the CB Holder, and accordingly the uncertainty as to the feasibility of the Group to, on the basis of the absence of the new loan facility, repay the outstanding loan with the existing principal lending bank and all further interest accruing thereon under the Demand Notice, the failure of which may lead to the exercise of rights by the existing principal lending bank over the sale of Link Hotel and the parcel and piece of land where it is erected on, as well as the commencement of legal proceedings against each of LHI and the Company as corporate guarantor, we are of the view that the prospect of the Group's business of hotel operations and accordingly the prospect of the Group remain uncertain.

2. Analysis of the Share Offer Price

The Share Offer Price of HK\$0.0195 per Offer Share is no less than the consideration paid for each Sale Share by the Offeror under the SPA and represents:

- (i) a discount of approximately 40.9% to the closing price of HK\$0.033 per Share as quoted on the Stock Exchange on 9 January 2023, which was the last trading day of the Shares immediately prior to the date of the R3.7 Announcement;
- (ii) a discount of approximately 45.8% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 47.3% to the average closing price of approximately HK\$0.037 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 48.7% to the average closing price of approximately HK\$0.038 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;

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- (v) a discount of approximately 45.8% to the average closing price of approximately HK\$0.036 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 11.4% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 31 March 2023, being the last trading day of the Shares immediately prior to the Latest Practicable Date;
- (vii) a discount of 62.5% to the audited net asset value attributable to owners of the Company of approximately HK\$0.052 per Share (the “**Audited NAV per Share**”) (based on the total number of issued Shares as at the Latest Practicable Date) as at 31 December 2021, being the date to which the latest published audited financial results of the Group were made up; and
- (viii) a discount of approximately 51.3% to the unaudited net asset value attributable to owners of the Company of approximately HK\$0.040 per Share (the “**Unaudited NAV per Share**”) (based on the total number of issued Shares as at the Latest Practicable Date) as at 30 September 2022, being the date to which the latest quarterly financial results of the Group were made up.

For other terms of the Share Offer, please refer to the Letter from the Board contained in the Response Document.

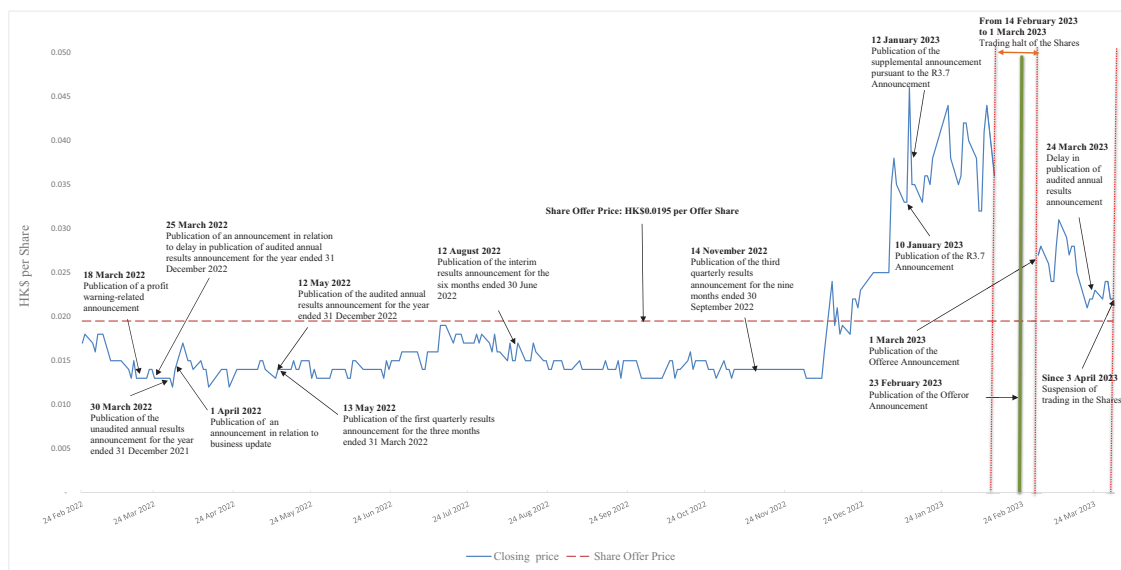
In assessing the fairness and reasonableness of the Share Offer Price, we have primarily made reference to (i) the historical price performance of the Shares; and (ii) the historical trading volume of the Shares.

2.1. Historical price performance of the Shares

The following chart sets out the daily closing price of the Shares on the Stock Exchange for the period from 24 February 2022, being the date falling one year prior to the date of the Offeror Announcement, up to and including the Latest Practicable Date (the “**Review Period**”). We consider the Review Period, which is of approximately 13 months covering the year prior to the date of the Offeror Announcement and the period thereafter up to and including the Latest Practicable Date, reasonable and representative for the purpose of our analysis as it covers a sufficiently long period reflecting the performance of the Share price surrounding the announcements of financial results by the Company from time to time as well as smoothing out the distortions which may have been caused by short-term volatility in the overall stock market.

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Chart 1: Daily closing price of the Shares during the Review Period



As illustrated in the chart above, the closing price of the Shares ranged from the lowest of HK\$0.012 per Share on 31 March 2022, 14 April 2022 and 22 April 2022 to the highest of HK\$0.046 per Share on 11 January 2023 (being the first trading day immediately after publication of the R3.7 Announcement), with an average of approximately HK\$0.018 per Share during the Review Period. Accordingly, the Share Offer Price of HK\$0.0195 per Offer Share represents a premium of approximately 62.5% over the lowest closing share price of HK\$0.012 per Share, a discount of approximately 57.6% to the highest closing share price of HK\$0.046 per Share and a premium of approximately 8.3% over the average closing share price of HK\$0.018 per Share during the Review Period.

We noted that the closing price of the Shares had been generally fluctuating steadily since the beginning of the Review Period until around the beginning of December 2022, upon which it had been generally fluctuating upward until the commencement of the trading halt of the Shares in mid-February 2023, and subsequently had been oscillating between HK\$0.021 per Share and HK\$0.031 per Share towards 31 March 2023, being the last trading day of the Shares immediately prior to the Latest Practicable Date and the last trading day of the Shares of the Review Period, upon resumption of trading in the Shares on 2 March 2023.

It is noted that the Share Offer Price had been at premium over the closing price of the Shares for 202 out of a total of 217 trading days throughout the whole pre-R3.7 Announcement period, and the Share Offer Price represents a premium of approximately 21.9% over the average closing price of the Shares of approximately HK\$0.016 during the aforesaid pre-R3.7 Announcement period.

Following the publication of the profit warning announcement by the Company on 18 March 2022 in relation to an anticipated substantial year-on-year increase in loss attributable to owners of the Company recorded for the year ended 31 December 2021, closing price of the

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Shares had been relatively stable at the range from HK\$0.012 per Share to HK\$0.014 per Share towards the end of March 2022, during which the Company published an announcement in relation to, among others, the delay in publication of unaudited annual results for the year ended 31 December 2021 on 25 March 2022 and an announcement in relation to unaudited annual results for the year ended 31 December 2021 on 30 March 2022. On 1 April 2022, the Company published an announcement in relation to the resumption of normal business of the Group's Link Hotel in Singapore in April 2022. On 4 April 2022, the closing price of the Shares went up slightly from HK\$0.014 per Share on 1 April 2022, being the previous trading day, to HK\$0.017 per Share, and thereafter had been generally fluctuating steadily before it surged from HK\$0.016 per Share on 9 December 2022 to HK\$0.024 per Share on 12 December 2022. Since then, closing price of the Shares had been fluctuating upward prior to the publication of the R3.7 Announcement on 10 January 2023.

Following the publication of the R3.7 Announcement, closing price of the Shares reached the peak of the Review Period of HK\$0.046 per Share on 11 January 2023 and the upward trend of the closing price of the Shares generally continued until commencement of the trading halt of the Shares on 14 February 2023. In fact, the Shares had been traded at a premium over the Share Offer Price of HK\$0.0195 per Offer Share since 11 January 2023, being the trading day immediately after publication of the R3.7 Announcement, towards the end of the Review Period (the final trading day of the Shares in which was 31 March 2023), and the Share Offer Price represents a significant discount of approximately 37.1% to the average closing price of the Shares of approximately HK\$0.031 per Share during the aforesaid post-R3.7 Announcement period. It is worth noting that the generally increasing trend of the closing price of the Shares during the post-R3.7 Announcement period was possibly due to the market reactions towards the Offers and may not be sustainable in the future. Following the release of the Offeree Announcement on 1 March 2023 and resumption of trading in the Shares on 2 March 2023, closing price of the Shares had dropped, as compared to the preceding significant upward trend, and been fluctuating between HK\$0.021 per Share to HK\$0.031 per Share up to 31 March 2023 before suspension of trading in the Shares from 9:00 a.m. on 3 April 2023 which remained as at the Latest Practicable Date.

Save for the publications of announcements of the Company mentioned above, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of closing price of the Share during the Review Period.

Accordingly, notwithstanding the Share Offer Price represents a significant discount of approximately 57.6% and approximately 37.1% to the highest closing price of the Shares of the Review Period (which was recorded on 11 January 2023, being the first trading day immediately after publication of the R3.7 Announcement) and the average closing price of the Shares during the post-R3.7 Announcement period, attentions are drawn to the Independent Shareholders that (i) the generally increasing trend of the closing price of the Shares after publication of the R3.7 Announcement was probably due to market reactions towards the Offers; (ii) the recent increasing trend of the closing price of the Shares may not be sustainable in the future considering, among others, the loss-making performance of the Group and the previously discussed auditors' opinions on the Group's ability to continue as a going concern

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for each of the past three financial years ended 31 December 2019, 2020 and 2021, respectively; (iii) the Share Offer Price represents a slight premium of approximately 8.3% over the average closing price of the Shares of HK\$0.018 during the Review Period; and (iv) the Share Offer Price had been at premium over the closing price of the Shares for 202 out of a total of 217 trading days throughout the pre-R3.7 Announcement Period, in which the closing price of the Shares was least likely to have been distorted by the announcement of the Offers.

2.2. Historical trading liquidity of the Shares

Table 2 below sets out the average daily trading statistics of the Shares during the Review Period.

Table 2: Average daily trading statistics of the Shares during the Review Period

Period/month	Average daily trading volume <i>(Approximate number of Shares)</i> <i>(Note 1)</i>	Percentage of average daily trading volume over total number of issued Shares <i>(Approximate %)</i> <i>(Note 2)</i>	Percentage of average daily trading volume over total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date <i>(Approximate %)</i> <i>(Note 3)</i>
2022			
February (from 24 February 2022)	840,000	0.024	0.037
March	1,804,261	0.052	0.079
April	1,168,333	0.033	0.051
May	480,100	0.014	0.021
June	2,079,524	0.060	0.091
July	405,000	0.012	0.018
August	1,601,650	0.046	0.070
September	129,714	0.004	0.006
October	260,300	0.007	0.011
November	188,636	0.005	0.008
December	1,489,300	0.043	0.065
2023			
January	2,713,444	0.078	0.119
February	1,884,222	0.045	0.082
March	3,847,364	0.092	0.168
April (Note 4)	-	-	-

Source: the website of the Stock Exchange (www.hkex.com.hk)

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Notes:

1. Calculated by dividing the total trading volumes of the Shares for the respective corresponding month/period by the total numbers of trading days of the Shares in the respective corresponding month/period.
2. Based on the total number of Shares in issue at the end of each of the respective months/periods.
3. Based on the total number of Shares in issue of 2,288,000,000 Shares held by the Independent Shareholders as at the Latest Practicable Date.
4. Trading in the Shares has been suspended from 9:00 a.m. on 3 April 2023, being the first trading day of the Shares of April 2023, and remained suspended as at the Latest Practicable Date.

As illustrated in the above table, the trading liquidity of the Shares was generally thin during the Review Period, with the average daily trading volumes of the Shares having accounted for a range from approximately 0.004% to 0.092% of the total number of Shares in issue as at the end of the relevant month/period and a range from approximately 0.006% to approximately 0.168% of the total number of Shares in issue held by the Independent Shareholders as at the Latest Practicable Date.

Given the thin historical average daily trading volume of Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. On one hand, as discussed in the previous sub-section headed “2.1 Historical price performance of the Shares”, the Share Offer Price has been set at a discount to the closing price of the Shares during the Review Period from 11 January 2023 (being the first trading day immediately after publication of the R3.7 Announcement) up to and including 31 March 2023 (being the last trading day of the Shares immediately prior to the Latest Practicable Date and the last trading day of the Shares of the Review Period). On the other hand, it is worth noting that in view of, among others, the loss-making performance of the Group in recent years and the previously discussed auditors’ opinions on the Group’s ability to continue as a going concern, the recent increasing trend of the closing price of the Shares may not be sustainable in the future. In addition, trading in the Shares had been suspended with effect from 9:00 a.m. on 3 April 2023 and remained suspended as at the Latest Practicable Date, pending publication of the announcement by the Company in relation to the relevant audited annual results of the Group for the year ended 31 December 2022 and the corresponding annual report. Shareholders who wish to sell their Shares through open market would be able to do so only until the resumption of the trading in Shares upon publication of the aforesaid announcement and report. Further, the Share Offer provides the Independent Shareholders, particular for those who hold a large number of the Shares, with an assured exit if they wish to realise their investments in the Shares without exerting significant downward pressure on the trading price of the Shares.

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2.3. *Comparable analysis*

In assessing the fairness and reasonableness of the Share Offer Price, in light of the loss-making performance of the Group for the year ended 31 December 2021, we have initially attempted to carry out a comparable analysis with reference to the valuation of other comparable companies by using valuation methods including price-to-book (“**P/B**”) ratio and price-to-sale (“**P/S**”) ratio. Taking into account that P/B ratio, calculated by dividing the market capitalisation of a company by its net asset value attributable to owners thereof, and P/S ratio, calculated by dividing the market capitalisation of a company by its sales revenue, are two commonly adopted valuation metrics indicating how the market values every dollar of the net asset value attributable to owners/sales of a company, we consider that the comparison of such ratios with those of other comparable companies within the same industry is an appropriate valuation method, and have not considered other valuation methods, for our assessment of the Share Offer Price.

Taking into account the total revenue of the Group for 31 December 2021 was solely accounted for by the operation of hotel businesses in Singapore and Japan, for the purpose of our assessment, we have initially attempted to identify companies which were, as at the Latest Practicable Date, (i) listed on the Stock Exchange; (ii) principally engaged in operation of hotel services in Singapore and Japan, with the annual revenue from such business segment having accounted for more than 50% of the total consolidated revenue during the respective latest financial years; and (iii) with market capitalisations comparable with that of the Company (i.e. below HK\$1 billion). However, we have, on a best-effort basis, failed to identify any comparables having met all of the above selection criteria. Accordingly, considering that the operation of hotel business in Singapore has accounted for approximately 84.8% of the Group’s total revenue for the year ended 31 December 2021, we have subsequently relaxed the selection criteria in order to attempt to include those comparables with the annual revenue from the operation of hotel services in Singapore having accounted for more than 50% of the total consolidated revenue during the respective latest financial years and market capitalisations comparable with that of the Company, regardless of any operation of hotel business in Japan. Yet, we have, on a best-effort basis, failed to identify any comparables having met the aforesaid extended selection criteria. Despite the aforesaid, as a reference for our assessment, we have further relaxed our selection criteria and identified companies which were, as at the Last Trading Day, (i) listed on the Stock Exchange; (ii) principally engaged in operation of hotel services in Asia, with the annual revenue from such business segment and the annual revenue from Asia having accounted for more than 50% of the total consolidated revenue during the respective latest financial years; and (iii) with market capitalisations comparable with that of the Company (i.e. below HK\$1 billion). On a best-effort basis, we have identified an exhaustive list of 7 comparable companies (the “**Comparable Company(ies)**”) having met all of the aforesaid further extended selection criteria. Considering that the Comparable Companies represent the exhaustive list of companies identified based on the adopted selection criteria and accordingly are considered to share similar characteristics with the Company in terms of (i) the listing regulatory environment in a sense that their shares are all listed on the Stock Exchange; (ii) the business operating environment in a sense that their principal business is hotel operations in Asia; and (iii) the scale in terms of market capitalisation, we are of the view that the Comparable Companies are fair and representative for the purpose of our analysis. Details of the Comparable Companies are set out in Table 3 below.

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Table 3: A summary of details of the Comparable Companies

Stock code	Listed issuer	Market capitalisation <i>(Approximate HK\$ million) (Note 1)</i>	P/S <i>(Approximate times) (Note 2)</i>	P/B <i>(Approximate times) (Note 3)</i>
1355.HK	Legend Strategy International Holdings Group Company Ltd	105.37	1.49	24.53 (Note 7)
8308.HK	Gudou Holdings Ltd	198.97	2.70	0.50
1189.HK	Greater Bay Area Dynamic Growth Holding Ltd	74.98	0.95	0.04
0219.HK	Shun Ho Property Investments Ltd	660.92	1.28	0.09
0022.HK	Mexan Ltd	161.24	5.86	0.40
0181.HK	Fujian Holdings Ltd	166.10	7.09	0.39
0037.HK	Far East Hotels and Entertainment Ltd	546.43	10.70	1.38
		Minimum	0.95	0.04
		Maximum	10.70	1.38
		Average	4.30	0.47
8237.HK	Company	81.67 (Note 4)	1.64 (Note 5)	0.48 (Note 6)

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Computed based on the respective number of shares in issue and the respective closing price of the shares of the Comparable Companies as at the Last Trading Day.
2. Computed based on the respective market capitalisation of the Comparable Companies and the respective consolidated annual revenue of the Comparable Companies as extracted from the respective latest published annual report/result as at the Last Trading Day.
3. Computed based on the respective market capitalisation of the Comparable Companies and the respective consolidated net asset value attributable to owners of the Comparable Companies as extracted from the respective latest published annual or interim or quarterly report/result as at the Last Trading Day.
4. Being the implied market capitalisation of the Company as computed based on the Share Offer Price and the total number of Shares in issue as at the Latest Practicable Date.
5. Computed based on the implied market capitalisation of the Company (as referred in Note 4 above) and the consolidated revenue of the Company for the year ended 31 December 2021.
6. Computed based on the implied market capitalisation of the Company (as referred in Note 4 above) and the consolidated net asset value attributable to owners of the Company as at 30 September 2022.
7. The corresponding figure of the relevant Comparable Company (the “**Outlier Comparable Company**”) was excluded from the relevant analysis because it is of a value differs substantially from those of other Comparable Companies and accordingly appears to be the outlier, the inclusion of which may inappropriately skew the overall results. Taking into account of the aforesaid, we consider that the exclusion of such corresponding figure of the Outlier Comparable Company from the analysis is fair and reasonable.
8. Calculations are subject to rounding and where applicable and for illustration purpose only, the exchange rate of HK\$1.00=0.8674 renminbi (“**RMB**”) has been used for the conversion between RMB and HK\$.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in Table 3 above, the P/S ratios of the relevant Comparable Companies ranged from approximately 0.95 times to approximately 10.70 times, with an average of approximately 4.30 times. Accordingly, the P/S ratio implied by the Share Offer Price of 1.64 times is lower than the average P/S ratio of the Comparable Companies.

On the other hand, the P/B ratios of the Comparable Companies (excluding the Outlier Comparable Company) ranged from approximately 0.04 times to approximately 1.38 times, with an average of approximately 0.47 times. Accordingly, the P/B ratio implied by the Share Offer Price of 0.48 times is higher than the average P/B ratio of the Comparable Companies.

In conclusion, notwithstanding the P/S ratio as implied by the Share Offer Price is lower than the corresponding average P/S ratio of the Comparable Companies by approximately 61.9%, taking in account the P/B ratio as implied by the Share Offer Price is higher than the corresponding average P/B ratio of the Comparable Companies, we are of the view that the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

3. Analysis of the CB Offer Price

As at the Latest Practicable Date, the Company had outstanding Convertible Bonds in the principal amount of HK\$25,278,000 carrying rights to convert into 76,600,000 new Shares in full, and none of the Offeror and parties acting in concert with it held any of the Convertible Bonds.

On the other hand, as set out in the “Letter from the Board” of the Response Document, the CB Offer Price was determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the number of Shares into which the Convertible Bonds are convertible into (being 76,600,000 new Shares) multiplied by the Share Offer Price (being HK\$0.0195 per Share), valuing the CB Offer at HK\$1,493,700. For other terms of the CB Offer, please refer to the Letter from the Board contained in the Response Document.

The Convertible Bonds were overdue as at the Latest Practicable Date, and the CB Holder shall be entitled to receive 100% of the principal of the unexercised Convertible Bonds together with the unpaid interests thereon, which shall exceed the amount to be received upon acceptance of the CB Offer. Accordingly, taking into account of the above, despite that the CB Offer Price was determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration of the Convertible Bonds, we consider that the CB Offer Price to be not fair and not reasonable so far as the CB Holder is concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

The Share Offer

Notwithstanding that:

- (i) the Shares had been traded at a premium over the Share Offer Price during the post-R3.7 Announcement period;
- (ii) the Share Offer Price represents a discount of approximately 62.5% and approximately 51.3% to the Audited NAV per Share and the Unaudited NAV per Share, respectively; and
- (iii) the P/S ratio as implied by the Share Offer Price is lower than the corresponding average P/S ratio of the Comparable Companies by approximately 61.9%;

taking into account the above principal factors and reasons as set out in this letter, in particular:

- (i) as detailed in the sub-section headed “1.1 Financial information of the Group” of this letter, attributable to the adverse impacts of the then COVID-19 pandemic, the Group incurred net loss attributable to owners of the Company for each of the years ended 31 December 2019, 2020 and 2021, respectively, as well as each of the nine months ended 30 September 2021 and 2022, respectively;
- (ii) the auditors of the Company had expressed its view of doubts on the Group’s ability to continue as a going concern in the 2019 Annual Report, the 2020 Annual Report and the 2021 Annual Report and taking into consideration of, among others, the uncertainty as to the feasibility of drawdown of the new loan facility due to the legal actions recently taken by the CB Holder, and accordingly the uncertainty as to the feasibility of the Group to, on the basis of the absence of the new loan facility, repay the outstanding loan with the existing principal lending bank and all further interest accruing thereon under the Demand Notice, the failure of which may lead to the exercise of rights by the existing principal lending bank over the sale of the mortgaged properties including Link Hotel and the parcel and piece of land where it is erected on, as well as the commencement of legal proceedings against each of LHI and the Company as corporate guarantor, we remain uncertain as to the effectiveness of the Group’s measures in removing the audit qualification in relation to going concern, as well as the possibility of it achieving significant turnaround in the financial results and improvement in the cash position in the near future;
- (iii) with reference to the sub-section headed “2.1 Historical price performance of the Shares” of this letter, the Share Offer Price had been at premium over the closing price of the Shares for 202 out of a total of 217 trading days during the pre- R3.7 Announcement period, and the Share Offer Price represents a premium of approximately 21.9% over the average closing price of the Shares of approximately HK\$0.016 during the aforesaid pre-R3.7 Announcement period;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the recent increasing trend of the closing price of the Shares may not be sustainable after close of the Offers;
- (v) the P/B ratio as implied by the Share Offer Price is higher than the corresponding average P/B ratio of the Comparable Companies by approximately 2.1%; and
- (vi) the generally thin trading liquidity of the Shares during the Review Period which implies the uncertainties on the feasibility for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the closing price of the Shares, and given the suspension of trading in the Shares since 3 April 2023, Shareholders who wish to sell their Shares through open market would be able to do so only until the resumption of the trading in Shares upon publication of the announcement by the Company in relation to the relevant audited annual results of the Group for the year ended 31 December 2022 and the corresponding annual report, while the Share Offer provides the Independent Shareholders with an assured and immediate exit,

we are of the view that the terms of the Share Offer including the Share Offer Price are fair and reasonable so far as the Independent Shareholders are concerned, and we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

The CB Offer

Notwithstanding that the CB Offer Price was determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration based on the Share Offer Price of HK\$0.0195 per Share, the Convertible Bonds were overdue as at the Latest Practicable Date, and the CB Holder shall be entitled to receive 100% of the principal of the unexercised Convertible Bonds together with the unpaid interests thereon, which shall exceed the amount to be received upon acceptance of the CB Offer. Accordingly, we consider that the CB Offer Price to be not fair and not reasonable as far as the CB Holder is concerned, and we recommend the Independent Board Committee to advise the CB Holder to reject the CB Offer.

Independent Shareholders who wish to realise part or all of their investments in the Shares should closely monitor the market price and liquidity of the Shares during the Offer Period. Should the net proceeds from the sale of such Shares in the market exceed the net amount receivable under the Share Offer, Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Share Offer. However, those Independent Shareholders who are confident in the future prospect of the Group should consider retaining some or all of their interests in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders are reminded that their investments in the Shares are subject to their individual circumstances and investment objectives. Independent Shareholders and the CB Holder are advised to read the Response Document in conjunction with the Offer Document carefully before taking any actions in respect of the Offers.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the accounting and investment banking industries.

1. DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the announcement of the Company dated 23 March 2023 in relation to the delay in publication of audited annual results announcement (the “**2022 Annual Results Announcement**”) and despatch of annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”). Given the tight cash flow of the Company, it has not yet fully settled the outstanding audit fee in respect of the audit work performed by the auditors of the Company for the year ended 31 December 2021, and thus, the Company is unable to engage the auditors to commence the audit work for the year ended 31 December 2022 (the “**2022 Audit Engagement**”), pending the full settlement of the outstanding audit fee and the payment of deposit for the audit fee under the 2022 Audit Engagement. By 31 March 2023, the Company was unable to publish the 2022 Annual Results Announcement and was unable to despatch the 2022 Annual Report in compliance with Rules 18.48A and 18.49 of the GEM Listing Rules and trading of the Shares has been suspended with effect from 9:00am on 3 April 2023. The Company is currently taking its best effort to resolve the payment issue with the Auditors. Thereafter, the Company will work with the auditors closely to negotiate for the 2022 Audit Engagement and commence the relevant audit work as soon as practicable. The Company currently expects that the 2022 Audited Annual Results and the 2022 Annual Report will be published and despatched respectively by the end of May 2023.

2. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2019, 2020 and 2021, respectively, as extracted from the 2019 Annual Report, 2020 Annual Report and 2021 Annual Report, the unaudited consolidated financial results of the Group for the six months ended 30 June 2021 and 2022 as extracted from the 2022 Interim Report, and the unaudited consolidated financial results of the Group for the nine months ended 30 September 2021 and 2022 as extracted from the 2022 Third Quarterly Report.

	For the nine months ended/ as at 30 September		For the six months ended/ as at 30 June		For the year ended/as at 31 December		
	2022	2021	2022	2021	2021	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	19,944,224	33,751,678	9,281,393	22,368,247	49,718,776	57,615,424	55,235,432
Impairment loss on non-current assets	-	-	-	-	(76,782,689)	-	-
Loss before taxation	(31,704,507)	(27,231,332)	(24,891,250)	(19,815,907)	(112,897,343)	(44,675,180)	(64,671,098)

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	For the nine months ended/ as at 30 September		For the six months ended/ as at 30 June		For the year ended/as at 31 December		
	2022	2021	2022	2021	2021	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income tax expense	–	(1,134,022)	–	(730,595)	(2,872,001)	(3,627,696)	(2,949,672)
Loss for the year/period attributable to:							
Owners of the Company	(31,646,004)	(28,285,122)	(24,854,605)	(20,499,713)	(113,066,303)	(48,207,538)	(67,533,912)
Non-controlling interests	(58,503)	(80,232)	(36,645)	(46,789)	(2,703,041)	(95,338)	(86,858)
Total comprehensive income attributable to:							
Owners of the Company	(49,410,558)	(36,612,497)	(38,452,129)	(35,672,189)	(119,119,570)	(62,527,690)	(58,815,355)
Non-controlling interests	(218,550)	(206,000)	(141,018)	(269,398)	(2,814,758)	(150,486)	114,264
Total assets	(note)	(note)	625,262,738	764,240,031	682,603,667	829,076,475	891,927,310
Net asset value	171,072,414	305,817,353	182,108,375	306,694,263	220,701,522	342,635,850	390,971,537
Total equity attributable to owners of the Company	168,630,681	300,548,312	179,589,110	301,488,620	218,041,239	337,160,809	385,346,010
Loss per share attributable to the owners of the Company for the period/year (HK cents)	(0.907)	(0.810)	(0.712)	(0.587)	(3.240)	(1.381)	(1.935)
Dividend distributed to owners	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dividend per Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: the financial figures for the nine months ended 30 September 2022 are extracted from the 2022 Third Quarterly Report. According to the GEM Listing Rules, the Company is not required to disclose and report the balance sheet items in the 2022 Third Quarterly Report. Hence, the information on total assets as at 30 September 2022 is not available for the disclosure purpose in this Response Document.

Auditors' report for the year ended 31 December 2019

The auditors of the Company, BDO Limited (the “**Auditors**”) has expressed its disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 and material uncertainty related to going concern. The full text of their qualified opinion, basis for qualified opinion, and material uncertainty related to going concern, which are extracted from Auditors' report on the audit of the consolidated financial statements for the year ended 31 December 2019, are reproduced as below:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Link Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 55 to 142 which comprise the consolidated statement of financial position as at 31 December 2019, 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 a summary of significant accounting policies.

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 Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion***Appropriateness of going concern assumption***

As set out in note 3(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$55,711,582 during the year ended 31 December 2019 and, as of that date, the Group's current liabilities, totalling HK\$352,914,146, exceeded its current assets by HK\$227,112,094.

Subsequent to the reporting date, the operations of the Group has deteriorated due to the Novel Coronavirus (“**COVID-19**”) pandemic as the main operations of the Group is hotel operations in Singapore and Japan. The COVID-19 pandemic has brought additional uncertainties to the renewal of its secured interest-bearing bank borrowings of an amount of HK\$179,378,400 (Note 31) which is subject to certain loan covenants related to the Group's financial performance and position and renewal intervals of 1, 3 or 6 months as decided by the lending bank; and uncertainties about the Group's ability to generate sufficient cash flows to meet its liquidity needs. These needs mainly include the settlement of (i) construction payable amounting to HK\$52,052,895 (Note 28), (ii) an amount due to a director amounting to HK\$59,609,880 which is repayable on demand (Note 30) and (iii) convertible bonds with an aggregate principal amount of HK\$25,278,000 (Note 35).

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors have prepared a forecast which takes into account of certain assumptions 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.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether those assumptions underlying the going concern assessment performed by the directors are reasonable and supported. However, in respect of the assumption that the Group will successfully negotiated with contractors to extend the settlement of construction payable amounting to HK\$52,052,895 as at 31 December 2019 for more than 12 months or otherwise revise the repayment schedule so as to reduce the liquidity pressure to the Group, the directors have not provided us with information regarding the constructor's consent or intent to granting such extension or revision of repayment schedule or the basis for the directors' assumption in this regard. There are no alternative audit procedures to obtain sufficient appropriate audit evidence to support the assumption is reasonable. As a result, we were unable to conclude whether it is appropriate for the Company 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 has not been reflected in these consolidated financial statements.

Scope limitation on interest in an associate

As disclosed in note 20 to the consolidated financial statements, the Group had 42.3% equity interest in its associate, Zhuhai Shi Kang Ming De Enterprise Management Service Limited ("Kang Ming De"). The Group's interest in Kang Ming De amounted HK\$43,277,682 as at 31 December 2019 and its share of loss and share of other comprehensive expense of Kang Ming De for the year then ended were HK\$1,215,369 and HK\$770,422 respectively. Due to travel restrictions implemented by government authority in COVID-19 pandemic, Kang Ming De's staff were unable to attend the business premises to perform daily operation and therefore we were unable to carry out certain of our audit procedures on the site. Accordingly, we were unable to perform audit procedures on the Group's interest in and share of results of, Kang Ming De as at and for the year ended 31 December 2019.

Any adjustments found necessary would affect the Group's interest in an associate, its share of profit or loss and other comprehensive income of an associate for the year, and the elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and disclosures in the notes to the consolidated financial statements.

Disagreement in respect of accounting for interest in an associate

In addition to the limitation of scope of our work on the Group's interest in Kang Ming De as mentioned above, due to travel restrictions implemented by government authority in COVID-19 pandemic, Kang Ming De's staff were unable to prepare the financial information of Kang Ming De for the year ended 31 December 2019. As a result, the financial information based on which the Group applied the equity method to account for its interest in Kang Ming De did not cover a full year ended 31 December 2019. Therefore the Group's share of results and share of other comprehensive income of an associate for the year ended 31 December 2019 and its interest in an associate as of 31 December 2019 were not prepared in accordance with International Accounting Standard 28 ("IAS 28") "Investments in Associates and Joint Ventures".

Had the financial information of Kang Ming De used for applying equity method been prepared covering a full year ended 31 December 2019, the Group's share of results and share of other comprehensive income of an associate, interest in an associate and the elements making up the consolidated statement of changes in equity and the consolidated statement of cash flows would have to be adjusted. However, it is impracticable for us to quantify the effects of this non-compliance.

Auditors' report for the year ended 31 December 2020

The Auditors has expressed its disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020 and material uncertainty related to going concern. The full text of their qualified opinion, basis for qualified opinion, and material uncertainty related to going concern, which are extracted from Auditors' report on the audit of the consolidated financial statements for the year ended 31 December 2020, are reproduced as below:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Link Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 61 to 150 which comprise the consolidated statement of financial position as at 31 December 2020, 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 a summary of significant accounting policies. 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 Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion*Appropriateness of going concern assumption*

As set out in note 3(c) to the consolidated financial statements, the Novel Coronavirus (“COVID-19”) pandemic which began in early 2020 has adversely affected the Group’s operations for the year ended 31 December 2020 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group’s operations. The Group incurred a loss of HK\$48,302,876 during the year ended 31 December 2020 and, as of that date, had net current liabilities of HK\$207,298,477. As of 31 December 2020, the Group had an interest-bearing bank borrowing of HK\$181,818,100 from a bank which is subject to renewal in March 2022 (Note 29). In addition, as at 31 December 2020, the Group had other financial liabilities of HK\$121,372,113 in total which are repayable on demand, but only had cash and cash equivalents of HK\$39,521,013.

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors have prepared a forecast which takes into account of 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.

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 scheduled. However, in respect of the measure to negotiate with contractors to extend the settlement of construction payable of HK\$48,320,812, the directors of the Company have not provided us with information regarding the constructor’s consent or intent to granting such extension or revision of repayment schedule. There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support such measure can be successfully implemented. As a result, we were unable to conclude whether it is appropriate for the Company 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 Company's consolidated financial statements for the year ended 31 December 2019 ("2019 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2019 and the amounts for the year then ended are presented as comparative information in the 2020 Consolidated Financial Statements. We disclaimed our audit opinion on the 2020 Consolidated Financial Statements also for the possible effect of the disclaimer of audit opinion on 2019 Consolidated Financial Statements on the comparability of 2020 figures and 2019 figures in 2020 Consolidated Financial Statements.

Scope limitation on interest in an associate

As disclosed in note 19 to the consolidated financial statements, the Group had 42.3% equity interest in its associate, Zhuhai Shi Kang Ming De Enterprise Management Service Limited ("Kang Ming De") as at 31 December 2019. During our audit of the Company's 2019 Consolidated Financial Statements, Kang Ming De's staff were unable to attend the business premises to perform daily operation due to travel restrictions implemented by government authority in COVID-19 pandemic. Therefore, we were unable to carry out certain of our audit procedures on the Group's interest in Kang Ming De for the year ended 31 December 2019. In addition, due to the inability of Kang Ming De's staff to attend the business premises, the staff were unable to prepare the financial information of Kang Ming De for the year ended 31 December 2019. As a result, the financial information based on which the Group applied the equity method to account for its interest in Kang Ming De did not cover a full year ended 31 December 2019. Accordingly, together with other matter, we modified our opinion on the 2019 Consolidated Financial Statements.

During the year ended 31 December 2020, the Group's management had obtained Kang Ming De's financial information for the year ended 31 December 2019 and made prior year adjustments (the "PYA") in the Company's 2020 Consolidated Financial Statements to (i) revise the Group's share of the results of Kang Ming De of a full year ended on 31 December 2019 by increasing the share of loss of an associate of HK\$3,186,185 and decreasing the share of other comprehensive income of an associate of HK\$261,930 and recognising an exchange difference arising on translating foreign operations of HK\$50,610; (ii) recognise an impairment loss of HK\$8,723,003 arising from the impairment assessment of the Group's interest in Kang Ming De as at 31 December 2019, which was classified as other gains and losses in the consolidated statement of comprehensive income and the respective exchange difference arising from translation of HK\$128,031; and (iii) decrease the Group's interest in Kang Ming De as at 31 December 2019 by HK\$11,992,477. After taking up the PYA, as detailed in note 47 to the consolidated financial statements, the share of loss of associate for the year ended 31 December 2019 was restated to HK\$4,401,554, the share of other comprehensive income of an associate was restated to HK\$1,032,352, exchange difference on translating foreign operations was restated to HK\$8,240,109, other gains and losses was restated to HK\$24,853,287 and the interest in an associate as at 1 January 2020 was restated to HK\$31,285,205.

As detailed in note 19 to the consolidated financial statements, during the year ended 31 December 2020, the Group disposed of its entire interest in Kang Ming De. Upon the disposal of the interest in Kang Ming De, the Group recognised a gain on disposal of HK\$10,909,956 and released the hotel properties revaluation reserve of HK\$1,308,384 to accumulated losses. In addition, the Group recognised its share of associate's loss of HK\$13,730,964 prior to the disposal of Kang Ming De during the year.

As Kang Ming De is identified as a significant component of the Group due to its individual financial significance to the Group, accordingly, as part of our audit, we shall perform an audit on the financial information of Kang Ming De which is included in 2020 Consolidated Financial statements. During our audit of the 2020 Consolidated Financial Statements, the directors of the Company were unable to grant us the access to the books and records and the relevant information of Kang Ming De because Kang Ming De was no longer an associate of the Group and the management of Kang Ming De denied the Group's directors and our access to the books and records and other information of Kang Ming De. As a result, we were unable to perform an audit on the financial information of Kang Ming De and to determine whether the revisions to 2019 financial statement items (ie the PYA), the Group's share of loss from Kang Ming De for the year ended 31 December 2020 prior to its disposal, the Group's gain on disposal of Kang Ming De and the release of hotel properties revaluation reserve to accumulated losses upon disposal of Kang Ming De were fairly stated.

The limitations on our scope of work on Kang Ming De in our audit of the Group's 2019 Consolidated Financial Statements as summarised in the first paragraph of this section remained unresolved during our current year audit. Therefore, in addition to the limitation on our scope of work in the current year audit as mentioned in the paragraph immediate above, we were unable to determine financial statements items and disclosures relating to Kang Ming De, as restated and presented as comparatives in 2020 Consolidated Financial Statements, including interests in associates of HK\$31,285,205, share of loss of an associate of HK\$4,401,554, share of other comprehensive expense of an associate of HK\$1,032,352 and impairment loss on interests in an associate of HK\$8,723,003 included in other gains and losses were fairly stated. Any adjustments in respect of the opening balance of interests in an associate as at 1 January 2020 found necessary would have consequential effects on (i) the impairment loss on interests in an associate, if any; (ii) the Group's share of other comprehensive income of an associate for the year ended 31 December 2020, if any; (iii) the gain on disposal of an associate; (iv) the transfer of hotel properties revaluation reserve to accumulated losses upon disposal of an associate; and (v) the related disclosures in 2020 Consolidated Financial Statements.

Auditors' report for the year ended 31 December 2021

The Auditors has expressed its disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 and material uncertainty related to going concern. The full text of their qualified opinion, basis for qualified opinion, and material uncertainty related to going concern, which are extracted from Auditors' report on the audit of the consolidated financial statements for the year ended 31 December 2021, are reproduced as below:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Link Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 150 which comprise the consolidated statement of financial position as at 31 December 2021, 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 a summary of significant accounting policies.

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 has adversely affected the Group's operations for the year ended 31 December 2021 as the Group has hotel operations in Singapore and Japan and it still has a significant impact on the Group's operations. The Group incurred a loss of HK\$115,769,344 during the year ended 31 December 2021 and, as of that date, had net current liabilities of HK\$232,192,448. As of 31 December 2021, the Group had an interest-bearing bank borrowing of HK\$286,827,636 from a bank which is subject to renewal and refinancing in January 2023 (Note 29). In addition, as at 31 December 2021, the Group had other financial liabilities of HK\$109,705,709 in total which are repayable on demand, but only had cash and cash equivalents of HK\$26,360,451.

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors have prepared a forecast which takes into account of 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.

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 scheduled. However, in respect of (1) the assumption that the settlement of construction payables of HK\$47,527,422 is expected to be after the first half of 2023, the Company has not provided us with information regarding its communications with the contractor to enable us to evaluate the reasonableness of the expected timing of settlement of the construction payables; and (2) the measure to obtain a financial support of not more than RMB80,000,000 (equivalent to approximately HK\$94,600,000) from a controlling shareholders' family member, we are unable to verify the financial position of the controlling shareholders' family member and to assess whether such family member has sufficient financial capacity 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 such plans and measures can be successfully implemented 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 Company's consolidated financial statements for the year ended 31 December 2020 ("2020 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2020 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2021. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2021 also for the possible effect of the disclaimer of audit opinion on 2020 Consolidated Financial Statements on the comparability of 2021 figures and 2020 figures in consolidated financial statements for the year ended 31 December 2021.

3. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Response Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the unaudited consolidated financial statements of the Group for the nine months ended 30 September 2022 (the “**2022 Third Quarterly Financial Statements**”); (ii) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”), (iv) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), and (v) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2022 Third Quarter Financial Statements are set out from page 5 to page 15 in the 2022 Third Quarter Report, which was published on 14 November 2022. The 2022 Third Quarter Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/linkholdings>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1114/2022111401418.pdf>

The 2022 Interim Financial Statements are set out from page 5 to page 19 in the 2022 Interim Report, which was published on 12 August 2022. The 2022 Interim Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/linkholdings>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081201998.pdf>

The 2021 Financial Statements are set out from page 63 to page 150 in the 2021 Annual Report, which was published on 12 May 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/linkholdings>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0512/2022051201667.pdf>

The 2020 Financial Statements are set out from page 61 to page 150 in the 2020 Annual Report, which was published on 31 March 2021. The 2021 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/linkholdings>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033102756.pdf>

The 2019 Financial Statements are set out from page 55 to page 142 in the 2019 Annual Report, which was published on 14 May 2020. The 2019 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/linkholdings>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0514/2020051400615.pdf>

4. INDEBTEDNESS

As at 31 March 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, the Group had the following indebtedness:

	<i>Approximately HK\$'000</i>
<i>Secured and guaranteed:</i>	
Bank loans and overdrafts	295,062
<i>Unsecured and unguaranteed:</i>	
Convertible bonds (converted into Shares in February 2023)	25,128
Convertible bonds (matured and in default)	55,673
Amount due to a Director	4,637
Amount due to a director of subsidiaries	9,796
Amount due to a non-controlling shareholder of subsidiaries	8,177
Amount due to a contractor	53,800
Bank and other borrowings	3,182
	<hr/>
Total	455,455
	<hr/> <hr/>

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 31 March 2023, the Group did not have any other debt securities issued or outstanding, and authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts, liabilities under acceptances, acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

Since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, save as and except for the below, there had been no material changes in the financial or trading position or outlook of the Group:

- (i) a significant year-on-year decrease in impairment loss on the Group's plant, property and equipment was expected to be recognised by the Group for the year ended 31 December 2022 given the business of the spa hotel in Japan and the construction work of the resort complex in Bintan, Indonesia were expected to resume in around mid-2023 and the second half of 2023 respectively;
- (ii) an increase in the Group's net current liabilities as at 31 December 2022 as compared to that as at 31 December 2021. Such increase in net current liabilities was primarily attributable to the increase in current liabilities as at 31 December 2022 by not less than 30% mainly as a result of the reclassification of the long-term portion of the Group's interest-bearing bank borrowings from being non-current liabilities as at 31 December 2021 to current liabilities to be due for repayment within one year as at 31 December 2022;
- (iii) on 31 March 2023, each of Hang Huo Investment Pte Ltd ("**HHI**"), Link Hotels International Pte Ltd ("**LHI**") (each being an indirect wholly-owned subsidiary of the Company) and the Company received the notice of demand (the "**Demand Notice**") from the legal adviser to DBS Bank Ltd (the existing principal lending bank of the Group) demanding the repayment of total outstanding sum of S\$50,010,570.88 together with all further interest accruing thereon until the date of the full payment and the legal costs of DBS Bank Ltd on an indemnity basis within seven days from the date of the Demand Notice. To the best knowledge of the Company, the Demand Notice was issued due to the default in repayment by HHI of certain loans with DBS Bank Ltd, which were secured by a first legal mortgage over the buildings of Link Hotel and the piece and parcel of land owned by HHI where such buildings are erected on. As reiterated in the Demand Notice, in the event that HHI fails to make full payment of the outstanding loan and all interest accruing thereon, DBS Bank Ltd shall also exercise all its rights including its power to sale over the mortgaged properties and appointing receiver(s) over the mortgaged properties, and the commencement of legal proceedings against each of LHI and the Company as corporate guarantor; and
- (iv) on 28 March 2023, the Company received a writ of summons from the CB Holder as plaintiff against the Company as defendant for the repayment of the sum of HK\$55,563,151 in respect of the Convertible Bonds which were overdue as at the Latest Practicable Date. The CB holder also sought for a court order to restrain the Company from acting in breach of Clause 10(B) and Annex 3 of the CB Instrument and on 27 March 2023, the CB Holder had filed an ex-parte application with the

High Court of Hong Kong and obtained the Order against the Company pursuant to which the Company shall not, and shall procure its subsidiaries (as defined in the Order) not to, enter into or proceed with borrowings, financings or other transactions falling within Clause 10(B) and Annex 3 of the CB Instrument and not to, enter into or proceed with any mortgage, lien, charge, encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or the subsidiaries (as defined in the Order) falling within Clause 10(B) and Annex 3 of the CB Instrument without the consent of the CB Holder. Pursuant to the court hearing for the CB Holder's injunction application before the High Court of Hong Kong on 31 March 2023, the paragraph 2 of the Order, in relation to, disclosure to the CB Holder of any prior loan, facility, mortgage, lien, charge, encumbrance or other financing or security agreements executed before the date of the Order, be stayed upon the Company's undertakings that, among others, pending substantive determination of the summons issued by the CB Holder on 28 March 2023 or until further order, without prior written consent of the CB Holder, the Company will not, and will procure its subsidiaries (as defined in the Order) not to, enter into or proceed with any loan or facility agreement or enter into or proceed with any mortgage, lien, charge, encumbrance or other security interest of whatsoever nature in respect of any material part of the undertaking, property or assets of the Company and/or subsidiaries falling within Clause 10(B) and Annex 3 of the CB Instrument, as more particularly set out in the Order. The hearing of the summons has been adjourned to a date to be fixed.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document, the omission of which would make any statement in this Response Document misleading.

The information contained in this Response Document relating to the Offers, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them has been extracted from or based on the Offer Document. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$50,000,000 divided into 50,000,000,000 Shares and the issued share capital of the Company was HK\$4,188,000 divided into 4,188,000,000 Shares.

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

As at 31 December 2022, the authorised share capital of the Company was HK\$50,000,000 divided into 50,000,000,000 Shares and the issued share capital of the Company was HK\$3,499,000 divided into 3,490,000,000 Shares. The Company had issued 698,000,000 new Shares since 31 December 2022, being the end of the last financial year of the Company, as a result of allotment and issue of new Shares pursuant to the exercise of conversion right attached to the convertible bonds issued by the Company in July 2020. Save as disclosed above, the Company had not issued new Shares since 31 December 2022.

The Company had issued 698,000,000 new Shares since 31 December 2021 being the date to which the latest annual audited statements of the Company were made up as a result of allotment and issue of new Shares pursuant to the exercise of conversion right attached to the convertible bonds issued by the Company in July 2020. Save as disclosed above, the Company had not issued new Shares since 31 December 2021.

Other than the Shares in issue and the Convertible Bonds in the outstanding principal amount of HK\$25,278,000, which carry rights to convert into 76,600,000 new Shares in full, the Company had no other outstanding shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. DISCLOSURE OF INTEREST

(a) Interest of the Company in the Offeror

As at the Latest Practicable Date, none of the Company nor any member of the Group had any interest in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and no such person (including the Company) had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

(b) Interest of the Directors in the Company and in the Offeror

(i) *Long positions in the Shares:*

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) and in the Offeror (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions; or (iv) which are required to be disclosed under the Takeovers Code.

(ii) *Long positions in the underlying Shares:*

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any other disclosable interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code; or (iv) which are required to be disclosed under the Takeovers Code.

(iii) *Long position of the shares in the Offeror:*

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

(c) Other Interests

As at the Latest Practicable Date:

- (i) during the Relevant Period and as at the Latest Practicable Date, the Company did not and does not have shareholding in the Offeror;
- (ii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was owned or controlled by a subsidiary of the Company, by a pension fund of the Company or of a subsidiary of the Company, or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (iii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (iv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (v) as at the Latest Practicable Date, none of the Directors of the Company had shareholding in the Company;
- (vi) as at the Latest Practicable Date, none of the Directors are interested in the shareholding in the Company and in the Offeror;
- (vii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company and any Directors had borrowed or lent;
- (viii) no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code exist between the Offeror, or any person acting in concert with it, and any other person; and
- (ix) none of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. DEALING IN THE SECURITIES OF THE COMPANY

- (a) During the Relevant Period, none of the Directors had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (b) During the Relevant Period,
- (i) none of the Company and any of the Directors had dealt in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
 - (ii) none of the Directors had dealt in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Company;
 - (iii) there is no understanding, arrangement or agreement or special deal between (1) any shareholder of the Company; and (2) the Company, its subsidiaries or associated companies;
 - (iv) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or any a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
 - (v) no person, with whom the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
 - (vi) no fund managers (other than exempt fund managers) connected with the Company had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

5. LITIGATION

As at the Latest Practicable Date, save and except for the Writ, the Order and the Summons, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date falling two years before commencement of the Offer Period up to and including the Latest Practicable Date.

7. EXPERTS AND CONSENTS

The following are qualifications of experts who have given opinion, letter or advice which are contained in this Response Document:

Lego Corporate Finance Limited	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
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As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any direct or indirect shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 December 2021 (the date to which the latest published annual audited financial statement of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Lego Corporate Finance Limited has given and has not withdrawn their written consent to the issue of this Response Document with copy of its letter and the references to its name and logo included herein in the form and context in which they are respectively included.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer, and
- (c) there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period;
- (b) are continuous contracts with a notice period for 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands., the head office and principal place of business of the Company is located at Unit No. 3503 on 35/F West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central Sheung Wan, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong.
- (c) The company secretary of the Company is Mr. Tong Hing Wah. He is a member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.
- (d) The English text of this Response Document shall prevail over their respective Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the documents set out in this section are available for inspection on the websites of the SFC (<http://www.sfc.hk>), the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company (<https://www.irasia.com/listco/hk/linkholding>) from the date of this Response Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the 2020 Annual Report and the 2021 Annual Report;
- (c) the 2022 Interim Report;
- (d) the 2022 Third Quarterly Report;
- (e) the letter from the Board as set out on pages 6 to 18 of this Response Document;

- (f) the letter from the Independent Board Committee as set out on pages 19 to 20 of this Response Document;
- (g) the letter from the Independent Financial Adviser as set out on pages 21 to 42 of this Response Document;
- (h) the written consent referred to in the paragraph headed “Experts and Consents”, in this appendix; and
- (i) this Response Document.