Link-Asia International Co. Ltd.
環 亞 國 際 實 業 有 限 公 司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1143)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "**Directors**") (the "**Board**") of Link-Asia International Co. Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**"), together with the comparative figures of 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Re-presented)
Continuing operations			
Revenue	4	**629,948**	681,482
Cost of sales		**(494,106)**	(534,208)
Gross profit		**135,842**	147,274
Investment and other income	5	**12,391**	15,132
Other gains and losses	6	**3,936**	9,134
Selling and distribution expenses		**(28,829)**	(27,527)
Administrative expenses		**(179,414)**	(182,509)
Impairment losses for loans to other parties, net		**(54,560)**	(4,982)
Impairment losses for trade receivables, net		**(1,550)**	(148)
Impairment loss for other receivables		**(1,800)**	–
Reversal of impairment losses on trade receivables		**–**	612
Other operating expenses		**(42,495)**	(19,965)
Loss from operations		**(156,479)**	(62,979)
Finance costs	7	**(6,809)**	(2,778)
Loss before tax		**(163,288)**	(65,757)
Income tax (expense)/credit	8	**(1,300)**	566
Loss for the year from continuing operations		**(164,588)**	(65,191)
Discontinued operation			
(Loss)/profit for the year from discontinued operation	9	**(14,739)**	15,891
Loss for the year		**(179,327)**	(49,300)
Attributable to:			
Owners of the Company		**(171,735)**	(57,984)
Non-controlling interests		**(7,592)**	8,684
		(179,327)	(49,300)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Re-presented)
Loss per share	*11*		
From continuing and discontinued operations			
Basic (HK cents per share)		**(2.889)**	(0.975)
Diluted (HK cents per share)		**N/A**	N/A
From continuing operations			
Basic (HK cents per share)		**(2.768)**	(1.112)
Diluted (HK cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(179,327)**	(49,300)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gain on property revaluation	**–**	3,687
Deferred tax charge from gain on property revaluation	**–**	(495)
Fair value changes of equity investments at fair value through other comprehensive income (FVTOCI)	**9,353**	(25,716)
	9,353	(22,524)
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**591**	352
	591	352
Other comprehensive income for the year, net of tax	**9,944**	(22,172)
Total comprehensive income for the year	**(169,383)**	(71,472)
Attributable to:		
Owners of the Company	**(161,791)**	(80,020)
Non-controlling interests	**(7,592)**	8,548
	(169,383)	(71,472)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**32,960**	51,904
Right-of-use assets		**62,520**	–
Investment properties		**30,000**	30,000
Prepaid lease payments		**–**	1,288
Goodwill		**–**	18,814
Intangible assets		**–**	–
Rental deposits		**8,659**	10,894
Loans to employees and other parties		**26,209**	44,797
Equity investments at FVTOCI		**9,608**	21,859
Deferred tax assets		**1,938**	1,938
Total non-current assets		**171,894**	181,494
Current assets			
Inventories		**79,927**	113,962
Trade receivables	*12*	**131,052**	155,761
Prepayments, deposits, other receivables and other assets		**81,113**	85,039
Loans to employees and other parties		**25,115**	30,631
Amount due from a related company		**–**	1,274
Loan to a non-controlling shareholder of a subsidiary		**–**	1,731
Equity investments at FVTOCI		**3,789**	5,328
Current tax assets		**586**	183
Pledged bank deposits		**–**	1,250
Bank and cash balances		**241,364**	354,209
Total current assets		**562,946**	749,368
TOTAL ASSETS		**734,840**	930,862

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital		**5,945**	5,945
Reserves		**405,068**	566,859
		411,013	572,804
Non-controlling interests		**–**	10,028
Total equity		**411,013**	582,832
LIABILITIES			
Non-current liabilities			
Lease liabilities		**33,246**	–
Total non-current liabilities		**33,246**	–
Current liabilities			
Trade payables	*13*	**54,422**	76,474
Accruals and other payables		**179,193**	215,463
Lease liabilities		**26,359**	–
Amount due to a director		**204**	–
Borrowings		**20,558**	40,267
License rights payable		**5,968**	4,108
Product warranty provisions		**2,059**	2,498
Current tax liabilities		**1,818**	9,220
Total current liabilities		**290,581**	348,030
TOTAL EQUITY AND LIABILITIES		**734,840**	930,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 6.11%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(b) Lessee accounting and transitional impact (Continued)

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	90,411
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(7,811)
	82,600
Less: total future interest expenses	(6,787)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liabilities recognised as at 1 January 2019	75,813
Of which are:	
Current lease liabilities	29,879
Non-current lease liabilities	45,934
	75,813

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(b) Lessee accounting and transitional impact (Continued)

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	Carrying amount as at 31 December 2018	Effects of adoption of HKFRS 16 Re-classification	Effects of adoption of HKFRS 16 Re-cognition of leases	Carrying amount as at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Right-of-use assets	–	1,912	75,813	77,725
Prepaid land lease payments *(note)*	1,912	(1,912)	–	–
Liabilities				
Lease liabilities	–	–	(75,813)	(75,813)

Note: Upfront payments for leasehold lands in the PRC own used properties were classified as prepaid land lease as payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to HK$624,000 and HK$1,288,000 respectively were classified to right-of-use assets.

(c) Impact of the financial results of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(c) Impact of the financial results of the Group (Continued)

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 *HK$'000*	**Add back: HKFRS 16 depreciation and interest expense** *HK$'000*	**Deduct: Estimated amounts related to operating lease as if under HKAS 17** *(note)* *HK$'000*	**Hypothetical amounts for 2019 as if under HKAS 17** *HK$'000*	Compared to amounts reported for 2018 under HKAS 17 *HK$'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operation	(156,479)	32,461	(34,816)	(158,834)	(62,979)
Finance costs	(6,809)	4,390	–	(2,419)	(2,778)
Loss before taxation	(163,288)	36,851	(34,816)	(161,253)	(65,757)
Loss for the year	(179,327)	36,851	(34,816)	(177,292)	(49,300)

Note: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has three operating segments as follows:

EMS	—	Electronic manufacturing services
Distribution of Communications Products	—	Marketing and distribution of communications products
Securities and Other Assets Investment	—	Equity investments, property agency service and other operations

Two operations from securities and other assets investment (Provision of Catering Services CGU and Sales of Medical Equipment) were disposed of in the current year. The segment information reported does not include any amounts from the operation of Sales of Medical Equipment that is classified as a discontinued operation, which are described in note 9.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include interest income on loans to other parties, gain on disposal of a subsidiary, interest on loans from independent third party/parties and unallocated expenses. Segment assets do not include unallocated bank and cash balances, unallocated prepayments, deposits, other receivables and other assets, loans to other parties and deferred tax assets. Segment liabilities do not include borrowings, unallocated accruals and other payables. Segment non-current assets do not include loans to employees and other parties, equity investments at FVTOCI and deferred tax assets.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

3. **SEGMENT INFORMATION (CONT'D)**

(a) **Information about reportable segment profit or loss, assets and liabilities from continuing operations:**

	EMS *HK$'000*	**Distribution of Communications Products** *HK$'000*	**Securities and Other Assets Investment** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2019				
Revenue from external customers	**582,502**	**36,476**	**10,970**	**629,948**
Intersegment revenue	**13,554**	**–**	**–**	**13,554**
Segment profit/(loss)	**29,289**	**(10,487)**	**(101,961)**	**(83,159)**
Interest revenue	**1,210**	**4**	**499**	**1,713**
Interest expense	**(1,581)**	**(45)**	**(2,766)**	**(4,392)**
Depreciation	**(25,515)**	**(354)**	**(25,991)**	**(51,860)**
Other material non-cash items:				
Addition of license rights payable	**–**	**2,713**	**–**	**2,713**
Additions to segment non-current assets	**8,146**	**–**	**1,058**	**9,204**
As at 31 December 2019				
Segment assets	**411,877**	**20,487**	**236,408**	**668,772**
Segment liabilities	**237,663**	**32,015**	**41,599**	**311,277**

	EMS *HK$'000*	Distribution of Communications Products *HK$'000*	Securities and Other Assets Investment *HK$'000* (Re-presented)	Total *HK$'000* (Re-presented)
Year ended 31 December 2018				
Revenue from external customers	622,882	43,729	14,871	681,482
Intersegment revenue	25,005	–	–	25,005
Segment profit/(loss)	36,330	1,281	(75,742)	(38,131)
Interest revenue	404	2	9	415
Interest expense	(60)	(286)	–	(346)
Depreciation	(15,278)	(5)	(2,102)	(17,385)
Other material non-cash items:				
Net gain on disposal of subsidiaries	1,947	–	–	1,947
Waive of license rights payable *(note 5)*	–	1,857	–	1,857
Additions to segment non-current assets	30,653	–	10,486	41,139
As at 31 December 2018				
Segment assets	375,674	27,703	373,898	777,275
Segment liabilities	229,985	28,612	9,223	267,820

3. SEGMENT INFORMATION (CONT'D)

(b) Reconciliations of segment revenue and profit or loss:

	2019 *HK$'000*	2018 *HK$'000* (Re-presented)
Revenue		
Total revenue of reportable segments	**643,502**	706,487
Elimination of intersegment revenue	**(13,554)**	(25,005)
Consolidated revenue from continuing operations	**629,948**	681,482

	2019 *HK$'000*	2018 *HK$'000* (Re-presented)
Profit or loss		
Total loss of reportable segments	**(83,159)**	(38,131)
Intersegment elimination	**707**	(291)
Unallocated amounts:		
Interest income on loans to other parties	**6,631**	8,166
Gain on disposal of a subsidiary	**–**	700
Interest on loans from independent third party/parties	**(2,417)**	(2,432)
Other unallocated head office and corporate expenses	**(85,050)**	(33,769)
Consolidated loss before tax from continuing operations	**(163,288)**	(65,757)

(c) Reconciliations of segment assets and liabilities:

	2019 *HK$'000*	2018 *HK$'000* (Re-presented)
Assets		
Total assets of reportable segments	**668,772**	777,275
Assets related to discontinued operation	**–**	91,268
Elimination of intersegment assets	**(21,435)**	(23,453)
Elimination of unrealised profits	**(905)**	(1,613)
Unallocated amounts:		
Bank and cash balances	**33,568**	39
Prepayments, deposits, other receivables and other assets	**26,693**	12,629
Loans to other parties	**26,209**	72,779
Deferred tax assets	**1,938**	1,938
Consolidated total assets	**734,840**	930,862

3. SEGMENT INFORMATION (CONT'D)

(c) Reconciliations of segment assets and liabilities: (Continued)

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Liabilities		
Total liabilities of reportable segments	**311,277**	267,820
Liabilities related to discontinued operation	**–**	74,779
Elimination of intersegment liabilities	**(21,435)**	(23,453)
Unallocated amounts:		
Accruals and other payables	**13,985**	8,884
Borrowings	**20,000**	20,000
Consolidated total liabilities	**323,827**	348,030

(d) Geographical information:

The Group's revenue from external customers from continuing operations by location of operations and information about its non-current assets by location are detailed below:

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Revenue		
The People's Republic of China (the "**PRC**") (including Hong Kong)	**113,542**	120,048
The United States of America (the "**U.S.A.**")	**52,804**	129,893
Switzerland	**242,053**	196,631
France	**56,800**	44,327
Poland	**3,231**	4,619
United Kingdom	**26,460**	25,740
Others	**135,058**	160,224
Consolidated total	**629,948**	681,482

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Non-current assets		
The PRC (including Hong Kong)	**134,139**	112,900
Consolidated total	**134,139**	112,900

3. SEGMENT INFORMATION (CONT'D)

(e) Revenue from major customers:

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
EMS segment		
Customer A	**257,649**	306,677
Customer B	**117,363**	110,492

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line from continuing operations for the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of goods	**618,978**	666,611
— Provision of catering service	**10,916**	14,871
	629,894	681,482
Revenue from other sources		
Rental income	**54**	–
	629,948	681,482

4. REVENUE (Continued)

The Group derives revenue from the transfer of goods and services and at a point in time in the following major product lines and geographical regions:

	Electronic manufacturing services		Marketing and distribution of communications products		Securities and other assets investment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Re-presented)	***HK$'000***	*HK$'000* (Re-presented)
Primary geographical markets								
— The People's Republic of China (the "PRC") (including Hong Kong)	**102,487**	105,177	**85**	–	**10,970**	14,871	**113,542**	120,048
— The United States of America (the "U.S.A.")	**31,934**	118,123	**34,424**	36,775	**–**	–	**66,358**	154,898
— Switzerland	**242,053**	196,631	**–**	–	**–**	–	**242,053**	196,631
— France	**56,800**	44,327	**–**	–	**–**	–	**56,800**	44,327
— Poland	**3,231**	4,619	**–**	–	**–**	–	**3,231**	4,619
— United Kingdom	**26,460**	25,740	**–**	–	**–**	–	**26,460**	25,740
— Others	**133,091**	153,270	**1,967**	6,954	**–**	–	**135,058**	160,224
Segment revenue	**596,056**	647,887	**36,476**	43,729	**10,970**	14,871	**643,502**	706,487
Intersegment revenue — The U.S.A	**(13,554)**	(25,005)	**–**	–	**–**	–	**(13,554)**	(25,005)
Revenue from external customers	**582,502**	622,882	**36,476**	43,729	**10,970**	14,871	**629,948**	681,482
Timing of revenue recognition								
Products transferred at a point in time	**582,502**	622,882	**36,476**	43,729	**10,970**	14,871	**629,948**	681,482
Products and services transferred over time	**–**	–	**–**	–	**–**	–	**–**	–
Total	**582,502**	622,882	**36,476**	43,729	**10,970**	14,871	**629,948**	681,482

5. INVESTMENT AND OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest income on:		
Bank deposits	**122**	146
Bank fixed deposits	**1,117**	269
Loans to employees and other parties	**7,105**	8,166
Total interest income	**8,344**	8,581
Consultancy fee income	**–**	2,473
Government subsidy	**250**	–
Reimbursement from suppliers for testing defective products	**1,658**	209
Sale of scrap materials	**166**	12
Waive of license rights payable	**–**	1,857
Written off of trade payables	**455**	–
Other	**1,518**	2,000
	12,391	15,132

6. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Gain on disposals of property, plant and equipment	**–**	88
Gain on disposal of subsidiaries	**–**	2,699
Gain on modification of tenancy agreement	**6**	–
Net foreign exchange gains	**3,930**	6,347
	3,936	9,134

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest expenses on lease liabilities	**4,390**	–
Interest on loans from independent third party/parties	**2,417**	2,432
Other interest expenses	**2**	346
	6,809	2,778

8. INCOME TAX EXPENSE/(CREDIT)

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Current tax — Hong Kong Profits Tax		
Provision for the year	**2,225**	3,330
Over-provision in prior years	**(1,218)**	–
	1,007	3,330
Current tax — Overseas		
Provision for the year	**292**	703
Under-provision in prior years	**1**	–
	293	703
Deferred tax	**–**	(4,599)
	1,300	(566)

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25%, and profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

PRC Enterprises Income Tax has been provided at a rate of 25% (2018: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Loss before tax (from continuing operations)	**(163,288)**	(65,757)
Tax at the Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**(27,107)**	(10,240)
Tax effect of income that is not taxable	**(1,903)**	(9,403)
Tax effect of expenses that are not deductible	**24,668**	8,282
Tax effect of temporary differences not recognised	**586**	29
Tax effect of tax concession	**(2,002)**	(2,501)
Over-provision in prior years	**(1,218)**	–
Tax effect of utilisation of tax losses not previously recognised	**(772)**	(528)
Tax effect of tax losses not recognised	**12,936**	12,824
Effect of different tax rates of subsidiaries	**(3,428)**	1,371
Others	**(460)**	(400)
Income tax expense/(credit) (relating to continuing operations)	**1,300**	(566)

9. DISCONTINUED OPERATION

On 31 December 2019, the Company entered into a sale and purchase agreements to dispose of interests in Anhui Huayuan Guoyi Medical Investment Management Limited (安徽華源國怡醫療投資管理有限公司).

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit for the year from discontinued operation:		
Revenue	**58,204**	53,702
Cost of Sales	**(53,114)**	(28,487)
Other income	**451**	2,223
Selling expenses	**(1,529)**	(1,733)
Administrative expenses	**(3,824)**	(2,529)
Other operating expenses	**(14,684)**	–
Finance cost	**(1,283)**	(1,874)
(Loss)/profit before tax	**(15,779)**	21,302
Income tax credit/(expense)	**286**	(5,410)
	(15,493)	15,891
Gain on disposal of operation	**754**	–
(Loss)/profit for the year from discontinued operation	**(14,739)**	15,891

10. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

11. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the following:

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(171,735)**	(57,984)

(a) Basic loss per share

Number of shares — Basic

	2019	2018
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**5,945,311,400**	5,945,311,400

(b) Diluted loss per share

No diluted loss per share was presented as the Company did not have any diluted potential ordinary shares for the years ended 31 December 2019 and 2018.

From continuing operations

The calculation of the basic loss per share from continuing operations is based on the following:

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(171,735)**	(57,984)
Less: (Loss)/profit for the year from discontinued operation	**(7,147)**	8,104
Less: Loss for the year attributable to non-controlling interests from continuing operations	**–**	(897)
Loss attributable to owners of the Company, used in the basic loss per share calculation from continuing operations	**(164,588)**	(65,191)

From discontinued operation

Basic loss per share from the discontinued operation is 0.121 HK cents per share (2018: gain of 0.137 HK cents per share) based on the loss (2018: profit) for the year from discontinued operation attributable to the owners of the Company of approximately HK$7,147,000 (2018: HK$8,104,000) and the denominators used are the same as those detailed above for basic loss per share.

12. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**132,912**	156,205
Allowance for trade receivables	**(1,860)**	(444)
	131,052	155,761

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2019 HK$'000	2018 HK$'000
0 to 90 days	**108,667**	135,996
91 to 180 days	**22,142**	17,454
181 to 365 days	**133**	1,305
Over 365 days	**110**	1,006
	131,052	155,761

Reconciliation of allowance for trade receivables:

	2019 HK$'000	2018 HK$'000
At the beginning of year	**444**	3,601
Impairment losses for the year	**1,550**	148
Bad debts written off	**–**	(141)
Disposal of a subsidiary	**(134)**	–
Reversal	**–**	(3,164)
At 31 December	**1,860**	444

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and the receivables are not expected to be recovered.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
United States dollar ("USD")	**127,490**	131,606
Hong Kong dollar ("HKD")	**29**	693
Renminbi ("RMB")	**3,533**	23,462
Total	**131,052**	155,761

13. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**46,675**	70,149
91 to 180 days	**6,601**	2,619
181 to 365 days	**234**	2,133
Over 365 days	**912**	1,573
	54,422	76,474

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
USD	**22,986**	7,860
HKD	**25,500**	26,471
RMB	**5,827**	41,596
Euro	**109**	547
Total	**54,422**	76,474

14. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

In addition, the comparative profit/(loss) from discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary results announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Year, the global economy suffered from geopolitical conflicts and the Sino-US trade dispute. China's annual GDP growth in 2019 fell to approximately 6.1%, the lowest since 1990.

Even though the overall demand of our products was turning weak under the aforementioned context, the Group has managed to maintain a stable performance in the EMS and Distribution of Communication Products businesses while a mild decrease in revenue was recorded.

In order to expand revenue streams, the Group proactively looked for business opportunities in Southeast Asia and Pan-Asia, in particular, in the real estate supply chain business. As part of the business strategy, the Group has changed its name from "China Healthcare Enterprise Group Limited" to "Link-Asia International Co. Ltd." on 20 November 2019, signifying an important step into the promising realm of Southeast Asia with massive population. The Group has leveraged its network in selected Southeast Asian countries to locate high-quality real estate projects since the second half of 2019.

For the Year, the Group generated total revenue from continuing operations of approximately HK$629.9 million (2018: HK$681.5 million). Gross profit from continuing operations amounted to approximately HK$135.8 million (2018: HK$147.3 million), and loss attributable to owners of the Company amounted to approximately HK$171.8 million (2018: HK$58.0 million).

As at 31 December 2019, the Group had bank and cash balances totalling approximately HK$241.4 million (2018: HK$354.2 million) and maintained a healthy financial position.

REVIEW OF OPERATIONS

The EMS and Distribution of Communications Products Businesses

The EMS and Distribution of Communication Products businesses contributed revenue of approximately HK$582.5 million (2018: HK$622.9 million) and HK$36.5 million (2018: HK$43.7 million), respectively, to the Group. The Group has seen an overall weak demand in both residential and business phone sectors in the major markets. Nevertheless, the Group managed to maintain a relatively stable performance in the turnover and only a mild decrease of approximately 7.1% was recorded in 2019.

Securities and Other Assets Investment

Indicative of its relatively brief period of operation, having been established in 2016, the Securities and Other Assets Investment business contributed revenue of approximately HK$11.0 million (2018: 14.9 million) to the Group during the Year, primarily through the provision of catering service.

Geographical Analysis

Revenue from the major European countries (the United Kingdom, Switzerland, Poland and France) totalled approximately HK$328.5 million (2018: HK$271.3 million), and accounted for approximately 52.2% (2018: 39.8%) of the Group's revenue from continuing operations for the Year. The U.S.A. market contributed approximately HK$52.8 million (2018: HK$129.9 million) in revenue and accounted for approximately 8.4% (2018: 19.1%) of the Group's revenue from continuing operations. The PRC (including Hong Kong) and other countries accounted for approximately HK$113.5 million (2018: HK$120.0 million) and HK$135.1 million (2018: HK$160.2 million), respectively, representing approximately 18.0% (2018: 17.6%) and 21.4% (2018: 23.5%) of the Group's revenue from continuing operations.

FINANCIAL REVIEW

Revenue

The Group's reporting segments are strategic business units that offer different products and services. There are three broad groups of business units for segment accounting purpose, namely, EMS, Distribution of Communications Products and the Securities and Other Assets Investment. In EMS segment, there are also two main groups of products, namely, communications and non-communications products, whereas non-communications products mainly include appliances and appliances control products and multimedia products. Distribution of Communications Products segment represents the marketing and distribution of communications products. The function of the Securities and Other Assets Investment segment is to carry out effective financial management and new business development.

For the Year, the Group recorded total revenue from continuing operations of approximately HK$629.9 million (2018: HK$681.5 million).

For the Year, the revenue from EMS segment decreased by approximately 6.5% to HK$582.5 million (2018: HK$622.9 million), whereas the revenue from Distribution of Communications Products segment decreased by approximately 16.6% to HK$36.5 million (2018: HK$43.7 million). The Securities and Other Assets Investment segment contributed revenue of approximately HK$11.0 million (2018: HK$14.9 million).

The decrease in the revenue of EMS segment was composed of approximately HK$24.7 million decrease in the appliance and appliances control product of approximately HK$27.5 million in residential phone product, as a result of weaker market demand, offset by the increase in sales of multimedia products of approximately HK$12.7 million.

The decrease in the revenue of Distribution of Communications Products segment was caused by the fall in overall demand in the business phone sector.

Cost of Sales

Cost of sales decreased by 7.5% from approximately HK$534.2 million in 2018 to HK$494.1 million in 2019 in line with the decrease of the revenue.

Gross Profit

Gross profit from continuing operations decreased by approximately 7.8% from HK$147.3 million in 2018 to HK$135.8 million in 2019, as a result of diminished turnover achieved during the Year, while the gross profit margin was maintained at approximately 21.6% in both years.

Investment and other income

The investment and other income decreased from approximately HK$15.1 million in 2018 to HK$12.4 million in 2019. The major components of the investment and other income were interest income of approximately HK$8.3 million and reimbursement from suppliers for testing defective products of approximately HK$1.7 million. The decrease was mainly due to no consultancy fee income recognised in 2019 (2018: HK$2.5 million) and no waive of license rights payable in 2019 (2018: HK$1.9 million) offset by the increase in reimbursement from suppliers for testing defective products by approximately HK$1.5 million.

Other gains and losses

Other gains and losses decreased from approximately HK$9.1 million in 2018 to HK$3.9 million in 2019. The major components of other gains and losses were net foreign exchange gains of approximately HK$3.9 million. The decrease was mainly due to no gain on disposal of subsidiaries recognised and less net foreign exchange gains in the Year.

Selling and distribution expenses

Selling and distribution expenses of approximately HK$28.8 million (2018: HK$27.5 million) accounted for approximately 4.6% in 2019 and 4.0% in 2018 of the Group's revenue from continuing operations. The increases was mainly attributable to the increase of approximately HK$2.7 million in the royalty expense and partially offset by the decrease of approximately HK$1.3 million in the freight and transportation cost in distribution business in the U.S.A..

Administrative expenses

Administration expenses of approximately HK$179.4 million (2018: HK$182.5 million) accounted for approximately 28.5% in 2019 and 26.8% in 2018 of the Group's revenue from continuing operations, respectively. The decrease of approximately HK$3.1 million was mainly attributable to the decrease in rental expenses.

Impairment losses for loans to other parties, net

Impairment losses for loans to other parties increased from approximately HK$5.0 million in 2018 to HK$54.6 million in 2019. A valuation of expected credit loss was performed by an independent valuer, based on the credit rating analysis of the borrowers. As the borrowers' financial situation deteriorated during the Year, the expected credit loss has risen significantly.

Other operating expenses

Other operating expenses increased from approximately HK$20.0 million in 2018 to HK$42.5 million in 2019. The increase was mainly attributable to the disposal of fixed assets of approximately HK$2.1 million, loss of disposal of a subsidiary of approximately HK$19.2 million and a reinstatement provision of approximately HK$1.5 million during the Year. The loss of disposal of a subsidiary included the goodwill of approximately HK$18.8 million as disclosed in the profit warning announcement on 24 January 2020.

Finance costs

The Group's finance costs mainly comprise the interest on loans from independent third party and related companies. The Group's finance costs were approximately HK$6.8 million in 2019 and HK$2.8 million in 2018, representing approximately 1.1% and 0.4% of the Group's revenue from continuing operations in 2019 and 2018, respectively. The increase was mainly due to the interest expenses on lease liabilities of approximately HK$4.4 million (after the adoption effect of HKFRS 16) comparing with last year.

Income tax expenses

The Group's income tax expense represents amounts of income tax paid by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong, PRC and the U.S.A.. The Group had no tax payable in other jurisdictions during the years ended 31 December 2019 and 2018.

Loss attributable to owners of the Company

The loss attributable to owners of the Company is of approximately HK$171.7 million (2018: HK$58.0 million). The Group's net loss margin attributable to owners of the Company for the year ended 31 December 2019 was approximately -27.3% (2018: -8.5%).

Loss for the year attributable to non-controlling interests

Loss for the year attributable to non-controlling interests amounted to approximately HK$7.6 million for the year ended 31 December 2019 (2018: profit of HK$8.7 million). The loss attributable to the non-controlling interests mainly contributed by the sales of medical equipments in the PRC.

Discontinued operation

On 31 December 2019, Anhui Huayuan Guoyi Medical Investment Management Limited ("**Guoyi**") was disposed at a consideration of approximately HK$0.6 million. The disposal gain was recorded as approximately HK$0.7 million.

A sale and purchase agreement to dispose Guoyi was entered on 31 December 2019 and completed on the same date. The financial reporting of Guoyi has been reclassified as discontinued operation. The total revenue of the discontinued operation was approximately HK$58.2 million (2018: HK$53.7 million).

Loss for the year from discontinued operation was approximately HK$14.7 million for the Year (2018: profit of HK$15.9 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group generally finances its operations and capital expenditure by internally generated cashflows.

As at 31 December 2019, the bank and cash balances amounted to approximately HK$241.4 million (2018: HK$354.2 million), representing an decrease of approximately HK$112.8 million from 2018. Respective sum of approximately 18.8%, 67.2% and 10.2% of the bank and cash balances was denominated in RMB, USD and HKD, respectively.

The Group's current ratio remains in a healthy position at 1.9 times (2018: 2.15 times).

As at 31 December 2019, the carrying amounts of the loans from related companies and loan from an independent third party were approximately HK$0.6 million and HK$20.0 million, respectively. As at 31 December 2018, the borrowings represented the loans from related companies and loan from an independent third party of approximately HK$20.3 million and HK$20.0 million, respectively.

Cash flow

In 2019, approximately HK$62.4 million was used in the operating activities, whilst approximately HK$0.5 million and HK$37.6 million were generated from investing activities and used in financing activities, respectively. Net cash outflow from financing activities was related to the payment of lease liabilities after the adoption effect of HKFRS 16.

Exchange risk exposure

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD, respectively. As at 31 December 2019, the Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in USD for the respective group entities with HKD being the functional currency. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2019, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Capital expenditure

Capital expenditure for 2019 amounted to approximately HK$9.2 million and capital commitments as at 31 December 2019 amounted to approximately HK$96,000. Both the capital expenditure and capital commitments were mainly related to the acquisition of plant and machinery to replace retired ones.

Pledge of assets

As at 31 December 2019, no bank deposits (2018: HK$1.3 million) were pledged to banks for securing banking facilities and also certain shares of subsidiaries have been pledged to an independent third party to secure a loan facility available to the Group.

Contingent liabilities

(i) As at 31 December 2018 and 2019, the Group had an outstanding guarantee (the "**Guarantee**") to one of the suppliers of an overseas subsidiary (the "**Disposed Subsidiary**"), which was disposed on 7 October 2015, for payment in relation to a sum of US$2.6 million (equivalent to approximately HK$20.3 million), representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary had agreed with the third party for a final settlement by instalment of US$650,000 (equivalent to approximately HK$5.1 million). In this regards, as at 31 December 2019, the Group had an outstanding guarantee of the sum limited to US$650,000, subject to the full payment of the final settlement effected by the Disposed Subsidiary.

The Disposed Subsidiary had issued counter guarantee to the Company to indemnify the Company for any loss in relation to the Guarantee.

(ii) In 2018, a lawsuit was lodged against a subsidiary of the Company, Guangzhou Telefield Limited. The plaintiff seeks compensation of approximately RMB1 million (equivalent to approximately HK$1.1 million). A settlement agreement was signed with the plantiff to compensate RMB1 million (equivalent to approximately HK$1.1 million) in five payment instalments. As at 31 December 2019, four instalments were made and the remaining instalment was approximately RMB0.2 million (equivalent to approximately HK$0.22 million).

Apart from the above, the Group and the Company did not have any significant contingent liabilities.

Significant investments

As at 31 December 2019, the Group was holding listed equity investments at fair value of approximately HK$13.4 million (2018: HK$27.2 million), which were classified as equity investments at fair value through other comprehensive income ("**FVTOCI**"). The fair value change in respect of such investments of approximately HK$9.4 million (2018: downward movement of HK$25.7 million) was recorded in other comprehensive income. No dividend income was received during the year ended 31 December 2019 in respect of these investments.

Apart from the aforesaid transactions, there were no other material investment by the Group that should be notified to the Shareholders of the Company.

Human resources

As at 31 December 2019, the Group had approximately 1,400 employees in various operating units located in Hong Kong, U.S.A. and PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, it offers competitive remuneration packages, with reference to market conditions, individual qualifications and experience.

There is no outstanding share option as at 31 December 2019 and 2018. In addition, no share option was granted, cancelled or lapsed during the year ended 31 December 2019.

PROSPECTS

In 2020, the unexpected COVID-19 outbreak has been a major challenge to the global public healthcare system as well as the economy, leading to worldwide disruptions. Due to the continued spread of the virus and the rise in the number of infected cases, markets become volatile.

Although the quantitative impact on the economics has yet to be unveiled, it is expected that there will be a severe contraction. The Group's operating environment in China and overseas markets has also been affected. The Group has taken contingency measures to mitigate the impact of the outbreak. However, the situation remains unstable at this stage.

Nevertheless, the Group believes that due to stricter measures adopted by international governments, such as community and/or border restrictions, the virus spread will gradually slow down and eventually suppressed. The economy will also resume to normal over time.

As such, the Group will firmly continue to develop its core businesses, which are the EMS and Communication Product Distribution business, and the new business including the real estate sale supply chain service business in Southeast Asia. The Group will proactively consolidate its resources in those business sectors and adopt a prudential approach in the year ahead. Meanwhile, the Group will leverage its network and resources to grasp the opportunities in the global fight against the COVID-19 outbreak, including but not limited to the trading of diagnosis kit and other medical equipment.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

Purchase, Sale or Redemption of Listed Securities of the Company

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the year ended 31 December 2019.

Events After Reporting Period

*(i) Placing of new shares of the Company (the "**Placing**")*

On 29 January 2020, the Company and Zinvest Global Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, in aggregate of up to 1,189,062,000 new shares of the Company to be allotted and issued pursuant to the terms and conditions of the Placing Agreement (the "**Placing Shares**").

On 19 February 2020, the condition precedent set out in the Placing Agreement had been fulfilled, and completion of the Placing took place on 19 February 2020 in accordance with the terms and conditions of the Placing Agreement. In accordance with the terms and conditions of the Placing Agreement, the Placing Shares are to be placed by the Placing Agent on a best endeavour basis. The Placing Shares under the Placing have not been fully placed. An aggregate of 1,189,060,000 Placing Shares, which represents approximately 16.7% of the issued share capital of the Company immediately after completion of the Placing, has been successfully placed to not less than six Placees, at the placing price of HK$0.035 per Placing Share. The net proceeds from the Placing (after deduction of commission and other expenses of the Placing) are approximately HK$41.4 million.

Details of the Placing are set out in the announcements of the Company dated 29 January 2020, 3 February 2020 and 19 February 2020, respectively.

(ii) Share option schemes

On 17 February 2020, the Company proposed to the shareholders of the Company at the extraordinary general meeting to be held on 10 March 2020 (the "**EGM**") to terminate the share option scheme adopted by the Company on 31 December 2010 (the "**2010 Share Option Scheme**") and to approve and adopt a new share option scheme (the "**New Share Option Scheme**"). Details of the New Share Option Scheme are set out in the circular of the Company dated 17 February 2020.

On 10 March 2020, at the EGM, the proposed adoption of the New Share Option Scheme and the termination of the 2010 Share Option Scheme were duly passed by the shareholders of the Company by way of poll.

(iii) Settlement of legal proceeding

On 21 October 2019, the Company has been served a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by the lender as the plaintiff (the "**Plaintiff**") against the Company as the defendant. The Plaintiff claims against the Company for a sum of HK$20,000,000, being the loan principal under a facility agreement, plus interest and costs. Details of which are set out in the announcement of the Company dated 23 October 2019.

Subsequent to the end of the reporting period, the Company has entered into a settlement agreement in respect of the legal proceeding, pursuant to which, amongst others, to settle the amount in full and final by way of assignment of the rights of two loans due to the Company and the Plaintiff has unconditionally and irrevocably agreed in writing to waive its right to claim again the Company. Details of which are set out in the announcement of the Company dated 24 March 2020.

(iv) Fair value of Equity Investments at FVTOCI

Subsequent to the end of the reporting period and up to the date of this announcement, the Group's equity investments at FVTOCI has suffered a decline in market value of approximately HK$9.0 million, due to market volatility, as compared to the carrying amount as at 31 December 2019.

(v) The COVID-19 outbreak

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the impact of the COVID-19 outbreak remains uncertain, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date of this announcement.

Code on Corporate Governance Practices

The corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2019, the Company has applied the principles and complied with all the applicable code provisions set out in the Code, except for the deviation from code provision A.2.1 of the Code as described below.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" and this is deviated from the code provision A.2.1 of the Code.

Mr. Lin Dailian, who acts as the chairman and an executive Director of the Company since 12 July 2019, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

On 12 August 2019, Mr. Wong Chun Hung resigned as an independent non-executive Director, the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee and nomination committee of the Company. Following the resignation of Mr. Wong Chun Hung, the number of independent non-executive Directors of the Company fell below the minimum number required under Rule 3.10(1) of the Listing Rules and the Company failed to meet the requirement set out in Rule 3.10A of the Listing Rules. Further, the Company fails to meet the requirements set out in Rule 3.21 of the Listing Rules in respect of the constitution of the Audit Committee. According to Rule 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rule 3.10 and 3.21 of the Listing Rules within three months after failing to meet the requirements. On 14 October 2019, Mr. Li Huiwu was appointed as an independent non-executive Director and the chairman of the Audit Committee.

Following the appointment of Mr. Li Huiwu on 14 October 2019 as an independent non-executive Director and the chairman of the Audit Committee, the Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the year.

Audit Committee and Review of Accounts

The Audit Committee currently has three members comprising Mr. Li Huiwu (chairman), Mr. Bao Jinqiao and Mr. Wang Guozhen, all being independent non-executive Directors. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and internal control system of the Group.

There is no disagreement between the Board and the Audit Committee during the Year. The annual results of the Company have been reviewed by the Audit Committee.

Publication of Annual Report on the website of the Stock Exchange

The annual report for the year ended 31 December 2019 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of the Company in due course.

By Order of the Board
LINK-ASIA INTERNATIONAL CO. LTD.
Lin Dailian
Chairman and Executive Director

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Duan Chuanhong and Mr. Xia Xiaobing as executive Directors; Mr. Bao Jinqiao, Mr. Li Huiwu and Mr. Wang Guozhen as independent non-executive Directors.