百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

2019
ANNUAL REPORT

* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Xiang Ya Bo
(Chairman and Chief Executive Officer)
Chen Wei

Non-executive Directors

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin *(Chairman)*
Tian Jin
Xiang Bing

NOMINATION COMMITTEE

Tian Jin *(Chairman)*
Xiang Bing
Xiang Ya Bo
Xin Luo Lin

REMUNERATION COMMITTEE

Xin Luo Lin *(Chairman)*
Xiang Bing
Xiang Ya Bo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Website : http://www.sinolinkhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Guantao & Chow Solicitors & Notaries
JunHe Law Offices
Norton Rose Fulbright Hong Kong
Tsang, Chan & Wong

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Ping An Bank

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CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Sinolink Worldwide Holdings Limited ("Sinolink" or the"Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

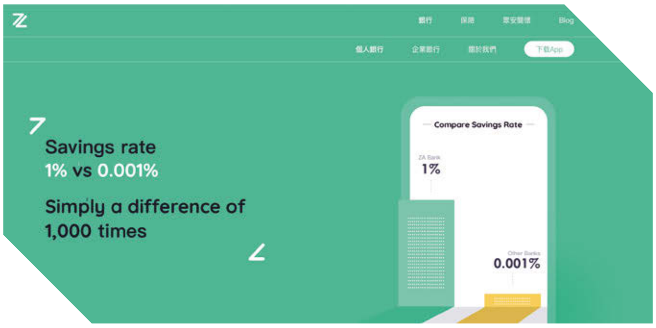
New Branding "ZA"

REVIEW

During the year ended 31 December 2019, the Group's core businesses remained focused on financial service sector, asset financing management, property development, commercial property investment and operating property management, financial products and securities investment. The Group recorded a turnover of HK$448.9 million for the year and loss attributable to owners of the Company of HK$316.6 million. Basic loss per share amounted to HK8.94 cents. The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

China's gross domestic product ("GDP") amounted to RMB99.09 trillion in 2019, up 6.1% year-on-year, which was in line with the expected target of 6%-6.5%. The GDP per capita in China exceeded USD10,000. 2019 was the year of fluctuation and consolidation. Supported by the favourable factors including the easing of US-China trade tension, the implementation of low interest rate and accommodative policy by the central banks all over the world and the stabilization of the global economy, the PRC economy reversed its downward trend in the first three quarters and realised stable growth for the short term in the fourth quarter. In general, the domestic and international economy underwent consolidation in 2019, and the PRC economy remained under great downward pressure. At present, while China's economic structure is still undergoing continuous adjustment and optimization and the market remains at the bottom, we are expected to witness increasing policy efforts to promote steady growth amidst economic downturn. The outbreak of COVID-19 prior to the Spring Festival has put all activities at a halt in China and has delivered short-term shocks to the PRC economy, while its medium to long-term impact on the livelihood and economy remains unclear at present. Coupled with the confirmed cases around the world in recent days and the ongoing spread of the epidemic, we expect to witness greater impact on the global economy and even the PRC economy. Against this backdrop, the PRC government has launched a series of policies, and it is expected that more macro-economic control policies and financial reform policies will be introduced in the future to counter the global impact of the epidemic and maintain "stable growth" momentum.

ZA at the Hong Kong Fintech Week 2019



ZA Bank – Hong Kong's first virtual bank leads in product innovation

Against this backdrop and macro environment, Sinolink has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in financial technology and new economy sectors and striving for greater room to expand its operations in pursuit of sustainable development and stable return.

PROSPECTS

In 2020, the outbreak of COVID-19 delivered a heavy blow to the short-term economic momentum, while its medium to long-term impact remains unclear at present. Rather than reversing the mid-and long-term development momentum of the PRC economy, we are optimistic that the epidemic will only impose short-term impact on the domestic macro-economy but to an extent that is manageable. In light of the negative impact of the epidemic on the Chinese economy, the government shall be more cautious in the implementation of all macro-economic control policies, with an aim to strike a delicate balance between the combat against the epidemic and the goal to promote steady economic growth.

2020 marks the last year in accomplishing the target of "Doubling GDP in 10 Years", and the goal of building a well-off society and the "13th Five-Year" plan will remain the priority of the government for the year. Faced with a complex domestic and international environment and under the pressure of financial risks prevention while maintaining stable economic operation, coupled with the impact from the outbreak of COVID-19, China's macro-economic control policies and financial reform policies in 2020 will continue to focus on the promotion of "steady growth".

CHAIRMAN'S STATEMENT

Yuanmingyuan Road,
Rockbund, Shanghai

The night view of Rockbund, Shanghai

Despite of the cautious view on the short- and medium-term economic trends in China, we are still confident about the Group's business prospects in the long run. We are keeping a close watch on potential short-term fluctuations in the economy while maintaining a long-term vision in business planning. With an aim to create more value for the Company, we will take on market challenges in a prudent manner to explore potential business opportunities after careful analysis, sparing no effort in shaping the Company into a sustainable business with greater room and momentum for development.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their devoted work and give my sincere gratitude to all our shareholders for their continual support over the years.

Xiang Ya Bo
Chairman
Hong Kong, 17 April 2020

Looking back at 2019, under the combined effect of the easing of US-China trade tension and the implementation of low interest rate and accommodative policy by the central banks all over the world, the global economy showed signs of stabilization in the short run. The PRC economy also reversed its downward trend in the first three quarters and realised stable growth for the short term in the fourth quarter. In general, the domestic and international economy underwent consolidation in 2019, and the domestic economy remained under great downward pressure.

In 2019, the US economy substantially maintained stable. The actual growth rate of the US economy for the year was 2.3%, down by 0.6 percentage point as compared to 2.9% in 2018. China's gross domestic product ("GDP") amounted to RMB99.09 trillion in 2019, up 6.1% year-on-year, which was in line with the expected target of 6%-6.5%. The actual year-on-year growth rates for each quarter was 6.4%, 6.2%, 6.0% and 6.0%, respectively. The GDP per capita in China exceeded USD10,000.

The growth in the PRC economy showed a downward trend over the past year, with weakened momentum in the three major driving forces for economic growth. Coupled with the negative impact on the economy from the outbreak of Coronavirus disease 2019 ("COVID-19") in China, it is expected that the overall growth of the PRC economy will continue to show a trend of gradual slowdown in 2020. In light of the domestic and international macro environment, we believe that the Chinese government will prudently introduce more macro-economic control policies and financial reform policies to maintain "stable growth" momentum and accomplish the goal of building a well-off society and the "13th Five-Year" plan.

In 2019, the Company actively considered enhancing its business model and creating value for the Group in response to the Chinese government's and the Hong Kong SAR government's continued approach to promote financial technology ("Fintech") development. During the year, while maintaining to develop real estate business and financing services business, the Group actively collaborated with leading financial technology companies in the market and grasped every opportunity to develop in the financial technology market. For instance, we further invested a joint venture company, ZhongAn Technologies International Group Limited ("ZhongAn International").

For the year ended 31 December 2019, the Group's revenue was HK$448.9 million, decreasing by 15% as compared to the same period of last year. Gross profit was HK$265.8 million, decreasing by 3% as compared to the same period of last year. The Company recorded loss attributable to the owners of the Company of HK$316.6 million during the year, increasing by 18% as compared to the same period of last year. Basic loss per share amounted to HK8.94 cents, increasing by 18% year-on-year.

PROPERTY RENTAL

For the year ended 31 December 2019, total rental income amounted to HK$213.2 million, representing an increase of 3% as compared to the same period of last year.

The rental income was mainly contributed by our commercial property portfolio, composed of The Vi City, Sinolink Garden Phase One to Four and Sinolink Tower.

Sinolink Tower

Located in Luohu district, Shenzhen, Sinolink Tower, composed of the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area ("GFA") of approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 31 December 2019, the occupancy rate of the office portion of Sinolink Tower was 90%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering customized experience, has 188 rooms and suites, a stylish restaurant, a specialty coffee shop, a premium fitness club and other facilities. Our principle is to develop niche projects based on a differentiated operating model, focusing on quality but not quantity.

Confronted by the outbreak of COVID-19 which delivered a heavy blow to the short-term economic momentum, especially O Hotel, as a proprietary brand of boutique hotels, may see its average rent and occupancy rate under pressure. We acknowledge that a strong hotel brand takes time to build. Nevertheless, we are confident that holding a good quality asset for the long term will maximize its value. We will wait patiently for the investment return comprising a higher value of the asset and an increase in operating profit generated therein.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2019, the Group has the following properties under development:

1. Rockbund

Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures had been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2021.

2. Ningguo Mansions

Located in Changning District, Shanghai, Ningguo Mansions is a residential project under construction and inspection. The project, with a total site area of 13,599.6 square meters and a plot ratio of 1.0, will be developed into 11 court houses boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhood in Shanghai, Ningguo Mansions is approximately 10-minute and 30-minute ride away from the airport and the downtown respectively.

The project is currently undergoing inspection, with 4 luxuriously decorated buildings and 7 bare shells, and the landscaping work under subsequent improvement and inspection. Due to the unstable market conditions, appropriate operational arrangements will be made based on the actual situation.

ASSET FINANCING

眾聯融資租賃（上海）有限公司 (Zhong Lian Financial Leasing (Shanghai) Co., Ltd.*), 眾安國際融資租賃（天津）有限公司 (Zhong An International Financial Leasing Co., Ltd.*) and 眾安國際商業保理（天津）有限公司 (Zhong An International Commercial Factoring Co., Ltd.*), the wholly-owned subsidiaries of the Group, are principally engaged in financing business, including asset financing business and providing various customers with financial leasing, business factoring and other loan financing services.

For the year ended 31 December 2019, the revenue from financing services business amounted to HK$34.9 million (for the year ended 31 December 2018: HK$129.2 million) with effective interest rate ranging from 5.7% to 7.6% per annum (for the year ended 31 December 2018: 6.4% to 16.0%). As China's finance leasing industry has witnessed many years of fast development and adjustment, market competition and regulation policies also continue to increase. The relevant decline is primarily due to market fluctuations and inclination to select high-quality borrowers. The Company will be more discreet on asset financing business to improve its credit management.

Due to the lack of credit reference systems and the failure to provide standard collaterals by SME borrowers, domestic SMEs face long-term difficulties in obtaining financing from banks. In addition, the tightening of domestic monetary policy has resulted in further credit crunching, which continuously limited the financing channels available for SMEs and increased their financing costs. Compared with business factoring companies, banks tend to carry out business with large-scale companies and adopt a more prudent credit policy, and the approval process also generally takes longer time. This makes it difficult for SMEs to obtain financing in a timely manner for operation or business expansion, and so they will consider other financing channels such as business factoring, thereby creating business opportunities for business factoring companies.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project management services. For the year ended 31 December 2019, the Group recorded a turnover of HK$200.7 million from other businesses, representing a year-over-year increase of 4%.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the year ended 31 December 2019, the Group recorded share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$134.7 million, representing a year-on-year decrease of 15%, in respect of the Rockbund project, which was mainly due to the changes in the valuation of the investment properties.

* *for identification purpose only*

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact a net investment, the Group has recognized its share of loss of RGAP in excess of the investment cost against the loan receivable. Since Hong Kong Financial Reporting Standards ("HKFRS") 9 became effective on 1 January 2018, the loan receivable from RGAP is measured at fair value through profit or loss. The directors consider that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates represent an investment in the project of RGAP and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, loan receivable from associates as well as the amounts due from associates are both measured at fair value through profit or loss. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. During the year, RGAP has delayed the selling plan of its property project. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be recovered.

A fair value loss of HK$203,000,000 (2018: HK$158,475,000) is recognised in profit or loss during the year ended 31 December 2019.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$935,313,000 (2018: HK$1,289,063,000) and amounts due from associates of HK$125,537,000 as at 31 December 2018 and considered that these amounts are fully recoverable.

SIGNIFICANT INVESTMENTS

As at 31 December 2019, total equity instruments at fair value through other comprehensive income amounted to HK$1,994.6 million (31 December 2018: HK$1,895.0 million), mainly representing that of ZhongAn Online P&C Insurance Co., Ltd ("ZhongAn Online") (stock code: 6060) owned by the Group of approximately HK$1,884.9 million (31 December 2018: HK$1,790.1 million), which was measured at fair value at the end of the reporting period. As at 31 December 2019, the fair value of Zhong An Online represented 17.6% of the Group's total assets. The Group owns approximately 5.51% of the total issued share capital of ZhongAn Online, of which the original cost is approximately RMB81 million (equivalent of HK$90 million).

In estimating the fair value of the investment in ZhongAn Online, the Group has taken into consideration the marketability discount on domestic shares of ZhongAn Online.

As a leading online insurance technology ("Insurtech") company in the world, ZhongAn Online is committed to enabling the development of insurance industry with technology advancement through advanced technologies including big data, cloud computing, artificial intelligence and blockchain. After years of development, ZhongAn Online has established and continuously optimized the cooperation modes with online scenario parties, with an aim to enhance the operation efficiency of scenario platforms and realize in-depth cooperation with quality scenario parties. Moreover, ZhongAn Online's capabilities in big data for customers acquisitions, scenario customer operation, artificial intelligence and other technologies also provided support for the operation and development of its proprietary platforms. Upholding the ecosystem-oriented Insurtech strategy, ZhongAn Online is expected to make continuous efforts in consolidating and enhancing its ecosystem service capability by applying its technology strength to more ecosystem partners. We believe ZhongAn Online will continue to improve the development of its existing five major ecosystems, including health, consumer finance, auto, lifestyle consumption and travel, and apply leading technologies in its insurance business, so as to consolidate its leading position in the online Insurtech sector.

JOINT VENTURE – ZHONGAN INTERNATIONAL

The Company entered into the joint venture agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology"), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology agreed to jointly invest in ZhongAn International to enable the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech in overseas markets. Pursuant to the Joint Venture Agreement, (a) the Company and ZhongAn Technology made a capital contribution in cash in the amount of RMB60 million and RMB50 million, respectively, to ZhongAn International in consideration of its ordinary shares; and (b) the Company made an additional capital contribution of RMB620 million in cash to ZhongAn International in consideration of redeemable preference shares. The Company and ZhongAn Technology owns 49% and 51% of the voting interests in ZhongAn International, respectively.

During the year ended 31 December 2019, the Company has completed the additional capital contribution of RMB620,000,000 in consideration of Redeemable Preference Shares. In October 2019, ZhongAn International redeemed parts of RMB140,000,000 Redeemable Preference Shares from the Group. As of 31 December 2019, the Group holds 480,000,000 redeemable preference shares of ZhongAn International in cash consideration of RMB480,000,000 (equivalent to HK$546.7 million). As at 31 December 2019, the fair value of these Redeemable Preference Shares amounted HK$581.5 million representing 5.4% of the total assets of the Group. On 16 January 2020, ZhongAn International redeemed all RMB480,000,000 of Redeemable Preference Shares from the Group.

ZhongAn International have the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares (whose term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology) at the amount of the Redeemable Preference Shares attributable to the Group plus an interest rate of 5.5% per annum on the price redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of a return of capital, liquidation, dissolution or winding-up of ZhongAn International, the Group shall be entitled to receive in cash, the amount of contribution attributable to the then issued Redeemable Preference Shares and the amount of revenue as of the day on which any of the above incidents happens. As the rights and obligations of the ownership over Redeemable Preference Shares are different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

As stated in the announcement dated 18 July 2019 and a circular dated 16 August 2019, the Company entered into the joint venture share subscription agreement with ZhongAn Technology and ZhongAn International, pursuant to which (1) the Company conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to allot and issue, an aggregate of 980,000,000 new joint venture Ordinary Shares for a total subscription price of RMB960,784,313.73 payable in cash; and (2) ZhongAn Technology conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to allot and issue, an aggregate of 1,020,000,000 new joint venture Ordinary Shares for a total subscription price of RMB1,000,000,000 payable in cash. Upon final completion, the voting interest held by ZhongAn Technology and the Company in ZhongAn International shall remain 51% and 49%, respectively.

The share subscription were approved by the shareholders of the Company in a special general meeting on 4 September 2019. As at 31 December 2019, the Company subscribed 392,000,000 shares Ordinary Shares for a total subscription price of RMB384,313,725. In January 2020, the Company completed the subscription of 588,000,000 shares Ordinary Shares for a total subscription price of RMB576,470,588.24 payable in cash.

The Board acknowledges that ZhongAn International, as a Fintech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. Fintech industry is fast growing and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in ZhongAn International is a long-term investment and believes that the performance of ZhongAn International will improve over the next few years. Given the considerable impact of Fintech and Hong Kong government's continuing support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company.

The additional capital contribution from the Company and ZhongAn Technology will provide additional working capital and greater financial flexibility to ZhongAn International which will further facilitate its business agenda of exploring international business development, collaboration and investment opportunities in the areas of Fintech and Insurtech in overseas markets. The Company subscription will enable the Company to better align its investment objectives and strategy to achieve more stable return in respect of its investment in ZhongAn International.

For the year ended 31 December 2019, the Group's share of loss of ZhongAn International was HK$147.1 million (2018: HK$67.6 million), which was mainly attributable to the initial development costs incurred by ZhongAn International.

As an international development platform for ZhongAn Online, the first Insurtech company in China, ZhongAn International was established in Hong Kong in September 2017 to explore international business development, virtual bank, cooperation and investment opportunities in relation to Fintech and Insurtech business in overseas markets. ZhongAn International focuses on providing innovative technologies and solutions for the traditional insurance companies and developing integrated insurance and financial solutions for the internet platforms. ZhongAn International has basically completed the preparation work for its international business, with a focus to export technologies to Asian markets at the early stage of development.

ZhongAn International has actively engaged in Fintech and innovation in Hong Kong and participated in the application of Hong Kong's first batch of virtual banking license, aiming to provide customized and comprehensive financial services to individual customers and the SMEs and improve financial inclusion with technology. On 27 March 2019, ZA Bank Limited ("ZA Bank"), a wholly-owned subsidiary of ZhongAn International, was granted a virtual banking license issued by Hong Kong Monetary Authority ("HKMA"), allowing it to provide a wide range of brand new online financial services in Hong Kong. On 18 December 2019, as the first virtual bank in Hong Kong, ZA Bank announced the launch of its pilot trial to offer a brandnew experience of its banking services to the selected users in Hong Kong before full business launch to the general public. The pilot will be conducted under the Fintech Supervisory Sandbox of HKMA. At the beginning of the pilot, ZA Bank will provide services for approximately 2,000 local retail customers to gather feedbacks for further improvement of its service platform, so as to make preparations for its full official business launch.

Unlike the physical operating model of traditional banks, ZA Bank provides users with a full suite of services 24/7. Users can carry out account opening, deposit, transfer and other services through the one-stop mobile App, saving them the trouble to go to any branch bank to complete these procedures. Users can open an account in five minutes soonest with his/her own Hong Kong identity card only. Furthermore, ZA Bank will support inter-bank transfer through the Faster Payment System (FPS) a number of innovative features such as "5-second transfer recall" and "facial authentication".

Through the non-profit entity ZA Care, ZA International empowers local charities to build and run online registration and donation by developing a digital platform, eliminating the venue and time constraints for donation and fundraising and further reducing the charities' operating costs, so that they could focus on raising more donations. In September 2019, ZA Care used technology to help the cancer community to raise funds and walk with patients by assisting the "Hong Kong Cancer Information Charity Fund" to establish an online registration and fundraising platform. The public can sign up for charity run or donate online to support cancer patients.

We believe, based on its own experiences gained from the insurtech market in China, ZhongAn International will develop world-leading cloud-based and open-ended finance industry core platform products, and create hybrid ecosystems integrating online and offline platforms, with an aim to become the preferred partner for finance digitalization and service provider in the Asia Pacific region.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward to 2020, the PRC economy still faces with numerous challenges, including the trade dispute between China and the US and the negative impact on the PRC economy from the outbreak of COVID-19, which significantly affect the rental income from properties lease. Despite of the accommodative policy implemented by the Central Government, the PRC economy will remain under downward pressure in 2020. In light of this, the Group will continue to pay close attention to economic changes and make corresponding adjustments in its development and operation strategy.

Of all the industries, we consider that the Fintech industry has the greatest development potential. Fintech has experienced rapid development over the past several years, and this technology is continuously being applied to various financial service scenarios, which not only increases the efficiency of the financial service industry, but also provides the general public with more product and service options.

In terms of business development, while striving to balance the profitability and growth of the existing business, we also spare no effort in exploring new development opportunities. The Group will continue to ride on the development momentum of the Fintech industry in the future, and hope that proper resource allocation and effective management can provide a business development for the Group's stable growth and bring long-term values for shareholders.

FINANCIAL REVIEW

The Group's total borrowings decreased from HK$1,026.8 million as at 31 December 2018 to HK$797.6 million as at 31 December 2019. As at 31 December 2019, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 12.1% as compared with 14.8% as at 31 December 2018. The Group remained financially strong with a net cash position.

At 31 December 2019, bank deposits of HK$778,865,000 (2018: HK$776,857,000), structured deposits of HK$123,884,000 (2018: HK$116,438,000) and investment properties with an aggregate carrying amount of HK$517,817,000 (2018: HK$528,539,000) were pledged to banks to secure general banking facilities granted to the Group. The borrowings of the Group are denominated in RMB and HK$. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rate fluctuation on the Group.

The Group's cash and bank balances amounted to HK$2,718.6 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 31 December 2019, mostly denominated in RMB, HK$ and USD.

SUBSCRIPTION OF AN INVESTMENT FUND – NANJING KUAN PING CHENG NUO YIYAO INVESTMENT LIMITED PARTNER

On 20 December 2019, the Company announced that the Group entered into the limited partnership agreement with 5 other partners and the manager in respect of, among other matters, the establishment of an investment fund 南京寬平晟諾醫藥投資合夥企業(有限合夥) (Nanjing Kuan Ping Cheng Nuo Yiyao Investment Limited Partner*), a limited partnership established under the laws of PRC and the subscription of interests therein ("Limited Partnership Agreement"). Pursuant to the Limited Partnership Agreement, the total capital commitment to the Investment Fund is RMB708,000,000 (equivalent to approximately HK$789,000,000) of which RMB150,000,000 (equivalent to approximately HK$167,000,000) is to be contributed by the Group as a Limited Partner to engage in investments (mainly in the healthcare sector primarily focusing on biotechnology, pharmaceutical, medical device, healthcare services and digital medics, etc.) in accordance with the terms of the Limited Partnership Agreement in order to achieve investment returns for the Partners. Details of the Limited Partnership Agreement are set out in the announcement of the Company dated 20 December 2019. Subsequent to the reporting period, on 19 March 2020, the Group subscribed RMB75,000,000 (equivalent to approximately HK$84,000,000) as first injection.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group had commitments of HK$40.3 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 31 December 2019, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$11.1 million.

EVENTS AFTER THE REPORTING PERIOD

The COVID-19 outbreak has certain impacts on the business operation and overall economy in some areas or industries around the world, including in China. The degree of the impact depends on the situation of the epidemic preventive measures, the duration of the epidemic and the implementation of regulatory policies, which remains unclear at present. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group going forward.

FINAL DIVIDEND

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

* *for identification purpose only*

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed approximately 725 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, effectiveness of internal controls, audit process and risk management.

The annual results of the Group for the year ended 31 December 2019 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") was scheduled to be held on Friday, 29 May 2020. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 25 May 2020.

EXECUTIVE DIRECTORS

Mr. Xiang Ya Bo, aged 63, was appointed as the chairman of the board of directors (the "Chairman") and a member of remuneration committee and nomination committee of the Company on 28 June 2017. He was an executive director of the Company in 2011 and the chief executive officer in August 2013. Mr. Xiang is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He graduated with an engineering degree. Mr. Xiang has over 34 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 58, was appointed as an executive director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 34 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. He was an executive director, the chairman of the board of directors and a member of remuneration committee of Oshidori International Holdings Limited (formerly known as Enerchina Holdings Limited), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from May 2007 to 5 April 2017. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Ou Jin Yi Hugo, aged 27, was appointed as a non-executive director of the Company in January 2016. He was appointed as a non-executive director of ZhongAn Online P & C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange (SEHK: 6060), on 3 July 2017 and was re-designated as an executive director on 27 November 2017. He obtained a Bachelor's degree in East Asian Studies from Princeton University. He worked as an associate of the investment team at Thrive Capital, a New York-based venture capital firm with investments in Instagram, Twitch, Spotify, and other software companies. He had served as an investment manager and the deputy director of the Corporate Development Department of the Company from 2010 to 2012 and 2012 to 2015, respectively. He has extensive experience in reviewing residential and commercial property development deals in the United States and portfolio managing of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the Chairman, chief executive officer and an executive director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS

Mr. Ou Yaping, aged 58, was appointed as the chairman and an executive director of the Company in December 1997 and re-designated as a non-executive director and resigned as the chairman of the board of directors and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder of the Group and a substantial shareholder of the Company. He is the chairman of ZhongAn Online P&C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange (SEHK: 6060). Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director, the Chairman and chief executive officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 56, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the Chairman and a member of the remuneration committee of the Company in August 2013. Mr. Tang was also appointed as a member of nomination committee of the Company since 27 March 2012. Mr. Tang was re-designated as a non-executive director and ceased to act as the Chairman, a member of remuneration committee and nomination committee on 28 June 2017. He was an executive director of Oshidori International Holdings Limited (formerly known as Enerchina Holdings Limited), a company listed on the Stock Exchange for the period from May 2002 to June 2017. He is currently a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang was the chief financial officer of Zhongan Online P & C Insurance Co., Ltd., a company listed on the Stock Exchange, from 3 July 2017 to 23 March 2020. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang was responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 62, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from 14 November 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, director of Academic Technology Development of DePaul University, director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 58, was appointed as an independent non-executive director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of Longfor Properties Co., Ltd., a company listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director and a member of audit committee and chairman of the remuneration committee of China Dongxiang (Group) Co., Ltd., a company listed on the Stock Exchange, until 5 July 2017. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Xin Luo Lin, aged 71, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Beijing Sports and Entertainment Industry Group Limited, all are listed companies on the Stock Exchange. Mr. Xin is a director of Daikokuya Holdings Co., Ltd., a public company listed on the Tokyo Stock Exchange. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

REPORT OF DIRECTORS

The directors of the Company (the "Directors") present their report and the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 44 and 17 respectively to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company's business are provided in the "Chairman's Statement" and "Management Discussion and Analysis" from pages 2 to 4 and pages 5 to 14 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 180 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in notes 33 and 34 to the consolidated financial statements and the "Management Discussion and Analysis" from pages 5 to 14 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to certain laws, rule and regulations concerning environmental protection in Hong Kong ("HK") and PRC including those in relation to the discharge of gaseous waste, liquid waste and solid waste, the disposal of hazardous substances and noise pollution during the construction and development of projects.

The Group emphasizes on complying with relevant environmental laws and regulations and requires its own staff and construction contractors to comply with the relevant laws and regulations relating to the operation and quality of construction including environmental, labour, social and safety regulations, as well as its own standards.

The Directors believe that the Group is compliance in all material respects with applicable environmental laws and regulations in HK and PRC.

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

A report containing the prescribed information of environmental, social and governance matters will be published on the Company's website within 3 months after the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business are mainly carried out by the Company's subsidiaries established in HK, PRC and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, PRC, the British Virgin Islands and HK.

During the year ended 31 December 2019 and up to the date of this report, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group during the year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has always paid great attention to and maintained a good working relationship with its suppliers of construction materials, and has been providing quality professional and customer-oriented services for its regional government, markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

The Group has not only been committed to providing safe and premium quality property projects to its tenants but also to improving the urban living environment and quality of life overall. Throughout the life-cycle of the property development projects, the Group persistently places its customers at the center of its products and services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss on page 53 of the annual report.

No interim dividend (2018: Nil) was paid to the shareholders of the Company during the year.

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 57 of this annual report.

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2019 amounted to HK$623,321,000 (2018: HK$601,042,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 180 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 32 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Xiang Ya Bo *(Chairman and Chief Executive Officer)*
Chen Wei

Non-executive Directors:

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Xiang Ya Bo, Dr. Xiang Bing and Mr. Xin Luo Lin will retire by rotation at the forthcoming annual general meeting (the "AGM"). All the above retiring Directors will, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARE OPTIONS

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Interest in shares: Personal interest	Interest in shares: Corporate interest	Interest in shares: Family interest	Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 31.12.2019
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,000,000	16,500,000	0.46%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,590,283,250 (Note)	7,285,410	1,597,568,660	–	1,597,568,660	45.11%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	35,000,000	56,375,000	1.59%
Tian Jin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Bing	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Ya Bo	Beneficial owner	–	–	–	–	35,000,000	35,000,000	0.98%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%

Note: These 1,590,283,250 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted by the Directors are set out in the below section headed "Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation".

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 31 December 2019 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price	Number of shares subject to outstanding options as at 1.1.2019	Number of shares subject to outstanding options as at 31.12.2019	Percentage of the issued shares of the Company as at 31.12.2019
			HK$			
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.37	1,500,000	1,500,000	0.04%
		15.05.2016-14.05.2025	1.37	1,500,000	1,500,000	0.04%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter mentioned) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption. The remaining life of the 2012 Share Option Scheme is approximately 2 years.

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any Directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an Independent Non-executive Director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's shareholders.

The exercise price for the share options under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for acceptance of a grant of option.

As at the date of this report, a total of 354,111,283 shares (representing approximately 10% of the existing issued shares of the Company), as refreshed by shareholders at the annual general meeting held on 19 May 2016, may be granted under the 2012 Share Option Scheme and a total of 114,000,000 shares (representing approximately 3.22% of the existing issued shares of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme.

Details of specific categories of options are as follows:

Option type	**Date of grant**	**Exercise period**	**Exercise price**
			HK$
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
	15.05.2015	15.11.2016-14.05.2025	1.37

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the year:

	Option types	Outstanding at 1.1.2019	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2019
Category 1: Directors						
Chen Wei	2015A Option	3,000,000	–	–	–	3,000,000
Tang Yui Man Francis	2015A Option	35,000,000	–	–	–	35,000,000
Tian Jin	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Bing	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Ya Bo	2015A Option	35,000,000	–	–	–	35,000,000
Xin Luo Lin	2015A Option	2,000,000	–	–	–	2,000,000
Total for Directors		79,000,000	–	–	–	79,000,000
Category 2: Employees						
	2015B Option	35,000,000	–	–	–	35,000,000
Total for employees		35,000,000	–	–	–	35,000,000
All categories		114,000,000	–	–	–	114,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

2. During the year, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.

Additional information in relation to the Company's share option scheme are set out in note 36 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to "Share Option Scheme of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that for the time being acting in relation to any of the affairs of the Company, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done about the execution of duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to any Director or chief executive of the Company, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2019 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions and short positions in shares or underlying shares of the Company

Name of shareholder	Capacity/ Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 31.12.2019
Asia Pacific (Note)	Beneficial owner/ Beneficial interest	1,590,283,250 (Long)	–	1,590,283,250 (Long)	44.90%

(Long) - Long position

Note:

The 1,590,283,250 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO. His interests are disclosed in the section headed "Directors' Interests or Short Positions in Shares and Share Options" above.

Save as disclosed above, as at 31 December 2019, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, there were no transactions which need to be disclosed as connected transactions and continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 35 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2019, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 31 December 2019 is presented as follows:

	HK$'000
Non-current assets	5,735,034
Current assets	1,363,365
Current liabilities	(741,876)
Non-current liabilities	(8,143,610)
Net liabilities	(1,787,087)

The Group's attributable interest in the associated companies as at 31 December 2019 comprised net liabilities of HK$854,704,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as 31 December 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the operating cost attributable to the Group's five largest suppliers was less than 30% during the year. The percentage of the revenue attributable to the Group's five largest customers was less than 30% during the year.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors, owned more than 5% of the Company's issued shares, had an interest in the share capital of any of the five largest suppliers and customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 36 to the consolidated financial statements and under the heading "Share Option Scheme of the Company" of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2019 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Sinolink Worldwide Holdings Limited

Xiang Ya Bo
Chairman & Chief Executive Officer
Hong Kong, 17 April 2020

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules as its own corporate governance practices.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

During the year, the Company has complied with the code provisions as set out in the Code in Appendix 14 of the Listing Rules save as disclosed below.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Xiang Ya Bo was appointed as the Chairman of the Board on 28 June 2017. Since then, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and also as the Chief Executive Officer of the Company is acceptable and in the best interest of the Group. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

BOARD OF DIRECTORS

Composition

The Board currently comprises 8 members (each member of the Board, a "Director"). Mr. Xiang Ya Bo, an Executive Director, acts as the Chairman and Chief Executive Officer of the Company. Other Executive Director is Mr. Chen Wei and Non-executive Directors are Mr. Ou Jin Yi Hugo, Mr. Ou Yaping and Mr. Tang Yui Man Francis. The Company has 3 Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, and all Independent Non-executive Directors possess appropriate professional accounting experience and related financial management expertise and represent at least one-third of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 15 to 17 of this annual report.

Each of the Independent Non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

Save for the family relationship between Mr. Ou Yaping, Mr. Xiang Ya Bo and Mr. Ou Jin Yi Hugo as disclosed in the biographical details on pages 15 to 17 of this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship) between any other members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election in that meeting. The term of office of each Non-executive Director (including the Independent Non-executive Director) is for a period of 1 year from 1 January 2020 to 31 December 2020 subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

The Executive Directors are responsible for day-to-day management of the Company's operations. The Executive Directors conduct regular meetings with the management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

The procedures to enable the Directors to seek independent professional advice in appropriate circumstances at the Company's expenses, was established.

The Bye-laws state the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports and financial results of the Company and policies.

During the year 2019, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and any Board meetings convened when necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. An annual general meeting was also held during the year. Details of individual attendance of the Directors in respect of 4 regular Board meetings, the annual general meeting and a special general meeting are set out below:

	No. of meeting(s) attended		
	Regular Board Meetings	Annual General Meeting	Special General Meeting
Executive Directors			
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	4	1	1
Chen Wei	4	1	1
Non-executive Directors			
Ou Jin Yi Hugo	4	1	1
Ou Yaping	4	1	1
Tang Yui Man Francis	4	1	1
Independent Non-executive Directors			
Tian Jin	4	1	1
Xiang Bing	4	1	1
Xin Luo Lin	4	1	1

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, the Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on responsibilities of directors of listed companies.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Xiang Ya Bo *(Chairman and Chief Executive Officer)*	✓	✓
Chen Wei	✓	✓
Non-executive Directors		
Ou Jin Yi Hugo	✓	✓
Ou Yaping	✓	✓
Tang Yui Man Francis	✓	✓
Independent Non-executive Directors		
Tian Jin	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and the Chief Executive Officer of the Company from 28 June, 2017 onward is acceptable and in the best interest of the Group. The Board will review this situation periodically.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development of the Group. During the year, the Chairman had held a meeting with the Independent Non-executive Directors without the presence of the Executive Director and the Non-executive Directors.

The Chief Executive Officer, assisted by the other Executive Director, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

— attending regular Board meetings and focusing on business development and strategy, operational issues and financial performance;

— review, approval and the monitoring of all material policies, including risk management, internal control, dividend policy and other significant financial and operational matters;

— active participation on the respective board of directors of the subsidiaries and associated companies of the Company;

— approval of annual budgets and business plan for each operating company covering strategy, financial and business performance, key risks and opportunities;

— monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

— monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

— considering misuse of corporate assets and abuse of related party transactions; and

— ensuring processes in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of the Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and

— to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

— review of the policies (including shareholders communication policy, etc.) and practices on corporate governance and compliance with legal and regulatory requirements adopted by the Company, training for the Directors and senior management and code of conduct and compliance manual, etc.;

— review of the compliance with the Code and disclosure of the corporate governance report; and

— review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one Executive Director, being Mr. Xiang Ya Bo, and two Independent Non-executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendations to the Board on (i) the Company's remuneration policy for the Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments (under code provision B.1.2(c)(ii)), and (iii) remuneration of the Non-executive Directors, etc.

During the year 2019, the Remuneration Committee:

— reviewed the remuneration policy for 2019/2020;

— reviewed the remuneration of the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors and management year-end bonus;

— assessed performance of the Executive Directors, reviewed and approved the services agreement of the Executive Directors; and

— made recommendations to the Board on the above matters.

The Remuneration Committee held 1 meeting during 2019 with individual attendance as follows:

Members of Remuneration Committee	No. of meeting(s) attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	1
Xiang Bing	1
Xiang Ya Bo	1

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including the Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

The remuneration of the members of the senior management (including all Executive Directors) by band for the year ended 31 December 2019 is set out below:

Remuneration bands (HK$)	Number of person(s)
2,000,001 to 3,000,000	1
5,000,001 to 6,000,000	1

Further particulars regarding the Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the consolidated financial statements.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor, at least twice a year, to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

During the year 2019, the Audit Committee:

— reviewed the financial statements for the year ended 31 December 2018 and for the six months ended 30 June 2019;

— reviewed the effectiveness of the risk management and internal control systems;

— reviewed the internal and external auditor's findings;

— reviewed and approved remuneration of auditor for financial year of 2018 and recommended the re-appointment of external auditor; and

— reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy.

As at 31 December 2019, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the year.

The Audit Committee held 3 meetings during the year 2019 with individual attendance as follows:

Members of Audit Committee	**No. of meeting(s) attended**
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Tian Jin	3
Xiang Bing	3

Nomination Committee

The Nomination Committee comprises one Executive Director, being Mr. Xiang Ya Bo and three Independent Non-executive Directors, being Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Tian Jin.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.sinolinkhk.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size and composition of the Board and any change thereon; assessing the independence of the Independent Non-executive Directors and recommending the re-election of Directors, etc.

During the year 2019, the Nomination Committee:

- reviewed the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board;
- reviewed the board diversity policy;
- assessed the independence of the Independent Non-executive Directors; and
- reviewed and made recommendations to the Board on re-election of retiring directors at the 2020 annual general meeting.

The Nomination Committee held 1 meeting during the year 2019 with individual attendance as follows:

Members of Nomination Committee	**No. of meeting(s) attended**
Tian Jin *(Chairman of the Nomination Committee)*	1
Xiang Bing	1
Xin Luo Lin	1
Xiang Ya Bo	1

In considering the nomination of re-appointment of directors, the Nomination Committee assessed the relevant candidates on criteria such as integrity, experience, skill, professional qualifications, independent mind and ability to commit time etc, and made recommendation to the Board for approval.

With the nomination of the Nomination Committee and recommendation of the Board, Mr. Xiang Ya Bo, Dr. Xiang Bing and Mr. Xin Luo Lin, the retiring Directors are proposed for re-election by shareholders of the Company at the forthcoming 2020 annual general meeting.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

NOMINATION POLICY

The Nomination Committee has formulated and set out a nomination policy ("Nomination Policy"). The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary). The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

DIVIDEND POLICY

The dividend policy adopted by the Company in December 2018 is intended to be prudent and sustainable, and will be evaluated from time to time. The Company do not have any predetermined dividend payout ratio. The Company currently intends to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Subject to compliance with applicable rules and regulations, the Board may, at its discretion, determine the declaration of payment of dividend(s) to its shareholders in any amount, frequency in any financial year depending on, among other things, the Company's operation and financial performance, liquidity condition, capital requirements, future funding needs, contractual restrictions, availability of reserves and prevailing economic climate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2019, all Directors have complied with the required standard set out in the Model Code.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for management and any individuals who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2019. Deloitte also reviewed the 2019 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2019 amounted to HK$2,780,000. Non-audit services fees charged by Deloitte are as follows:

	Fee *HK$'000*
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2019	525

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems and to review their effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management and internal control systems are designed to manage, not eliminate, the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework includes the following elements:

- identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- develop necessary measures to manage those risks; and
- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group's internal audit team, representatives from major departments of the Company, and by engaging independent professional adviser, as a whole, to perform internal audit function. During the year ended 31 December 2019, Vision & Co. CPA Limited was engaged to conduct independent review of certain internal control matters and no significant deficiency was found during the review. On this basis, the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the Audit Committee and the Board review at least annually the Group's risk management and internal control systems.

Audit committee reported to the Board the implementation of the Group's risk management and internal control policies which, among other things, included the determination of risk factors, evaluation of risk level and internal controls the Group could take the effectiveness of risk management and internal control measures. Based on the reports from the Group's internal audit team, representatives from major departments of the Company and independent professional adviser, and the Audit Committee, the Board considers the Group's risk management and internal control systems are adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the Code.

During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the risk management and internal control systems of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. Based on the results of the review, the systems were satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the risk management and internal control systems.

Handling and dissemination of inside information

For the purposes of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to all Directors and the relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner. The policy has been reviewed by the board in December 2019.

The Company provides each employee with an employee manual, which states how employees can communicate with the Company in case any problem arises. The Company considers this as a mechanism to help encourage communications between the Company and employees. Moreover, regular meetings are held to provide an avenue for mutual understanding between the Company and employees. The Company has also made arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Company attaches great importance to fair disclosure as it is considered a key means by which to enhance corporate governance standards and provide necessary information to shareholders and other stakeholders, to enable them to form their own judgments, as well as providing feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information"

- informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange

- has developed procedures and mechanisms for the disclosure of inside information and established the working team to evaluate whether disclosure of the inside information is required

- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person of the Company with the company secretary is Mr. Xiang Ya Bo, the Chairman, Chief Executive Officer and Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.sinolinkhk.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will commonly be present and available to answer questions and shareholders may also contact the company secretary of the Company to direct their written enquires.

At the 2019 annual general meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemized in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their respective duly appointed delegates and representatives of Deloitte participated the 2019 annual general meeting and answered questions from Shareholders.

At the 2019 special general meeting, a resolution was proposed by the chairman of the meeting in respect of the issue itemized in the notice. The Chairman of the Board and other Directors participated the 2019 special general meeting and answered questions from Shareholders.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.sinolinkhk.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

28/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: ir@sinolinkhk.com

In addition, procedures for shareholders to propose a person for election as a director of the Company is available on the Company's website at www.sinolinkhk.com.

The above procedures are subject to the bye-laws of the Company and applicable laws and regulations.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 45 to 52.

Deloitte.

德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 53 to 178, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment – ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")	
We identified the valuation of the investment in ZhongAn Online as a key audit matter due to the inherent level of subjective judgements and estimates required by the management in the fair value measurement of the investment in ZhongAn Online. As set out in note 18 to the consolidated financial statements, the investment in ZhongAn Online is measured at fair value since the listing of shares of ZhongAn Online on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The fair value is HK$1,884,893,000 as at 31 December 2019. As set out in notes 4 and 34 to the consolidated financial statements, the domestic shares of ZhongAn Online are measured at fair value through other comprehensive income, which is based on a valuation performed by independent professional valuers. The fair value of the investment in ZhongAn Online is assessed based on the share price of the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"), which is listed on the Stock Exchange, discounted for lack of marketability based on estimation through Average-price Asian Put Option model with key inputs including expected time for conversion of domestic shares to listed shares, volatility of ZhongAn Online H Shares and expected dividend yield.	Our procedures in relation to the valuation of the investment in ZhongAn Online included: • Understanding the rationale of the management in assessing the valuation of the investment in ZhongAn Online; • Assessing the competence, capabilities, and objectivity of the independent professional valuers and checking the qualification of the independent professional valuers; • Discussing the scope of work of the valuers with management of the Group and reviewing the terms of engagement to determine that there were no matters that affected the valuers' objectivity or imposed scope limitations upon the valuers; • Obtaining an understanding from the valuers about the methodologies used and the key inputs, including time for conversion of domestic shares to listed shares, volatility of ZhongAn Online H Shares and expected dividend yield with available market data; • Engaging our valuation specialist to assess the appropriateness of methodologies and key inputs used; and • Assessing whether the disclosures of the valuation in the consolidated financial statements are sufficient and appropriate.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of loan receivable from associates	
We identified the fair value of loan receivable from associates to be a key audit matter due to the inherent level of subjective judgements and estimates required by the management in the fair value measurement of the loan receivable from associates. As discussed in notes 4 and 19 to the consolidated financial statements, the carrying amount of loan receivable from associates was HK$78,703,000. As further disclosed in note 19, the Group's major associates are principally engaged in property development and property investment in Shanghai. The Group has a loan receivable which represents a shareholder's loan advanced to the Group's associate for financing the associate's property development and property investment project in Shanghai.	Our procedures in relation to the fair value of loan receivable from associates included: • Understanding the rationale of the management in assessing the estimated future cash flow and timing of such cash flows of the loan receivable from associates as well as the discount rate applied during the fair value measurement of loan receivable from associates; • Assessing the competence, capabilities, and objectivity of the independent professional valuers and checking the qualification of the independent professional valuers; • Discussing with the management of the associate and performing site visit to evaluate the development status of the property development and property investment project; • Reviewing the detailed budget report and the cash flow forecast of the property development and property investment project and comparing the budgeted revenue to their expected market prices and future rental income from the properties;

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of loan receivable from associates (Continued)	
In determining the fair value of loan receivable from associates, the management has taken into account the development status of the property development and property investment project, the expected time to sell the residential properties, the expected market price and the future rental income of the properties, where appropriate, in order to estimate the future cash flows and timing of such cash flows of the loan receivable from associates. Also, the management engaged independent professional valuers to estimate the discount rate representing the credit risk of the associate. During the year, the Group has recognised the fair value loss of loan receivable from associates of HK$203,000,000 to the profit or loss.	• Assessing the appropriateness of the expected market prices and future rental income used by the management with reference to market prices achieved in the same projects or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by the management of the Group based on our knowledge of the Group's business and real estate industry in the People's Republic of China ("PRC"); • Evaluating the cash flow projection prepared by the management of the Group in respect of the expected repayments by the associate, including assessing the reasonableness of the assumptions applied, including the timing of the repayments and the discount rate applied to the forecast; • Discussing the scope of work of the valuers with management of the Group and reviewing the terms of engagement to determine that there were no matters that affected the valuers' objectivity or imposed scope limitations upon the valuers; • Engaging our valuation specialist to assess the appropriateness of the discount rate used; • Obtaining an understanding from the valuers on the estimation on the discount rate about the methodologies used and the key inputs, including benchmarking the credit rating of associate, with available market data; and • Assessing whether the disclosures related to the valuation in the consolidated financial statements are sufficient and appropriate.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the inherent level of complex and subjective judgements and estimates required in determining the fair values. The Group's investment property portfolio comprises office and retail premises and carparks located in the PRC and is stated at fair value of HK$2,599,888,000 as at 31 December 2019 with a net fair value gain on investment properties of HK$4,545,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended as disclosed in note 16 to the consolidated financial statements. The Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in notes 4 and 16 to the consolidated financial statements, in determining the fair values of the Group's investment properties, the Valuer has applied income capitalisation method or direct comparison method, as appropriate, for respective properties, which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary rental value and market transactions of comparable carparks, as appropriate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms; • Challenging the reasonableness of the key assumptions and appropriateness of valuation models applied based on available market data and our knowledge of the property industry and whether the assumptions and methodologies are consistent with those used in prior year; • Assessing the reasonableness of key inputs used in the valuation, on a sample basis, by checking to the publicly available information on comparable market transactions, comparing rental income, terms of existing leases to the existing lease summary of the Group and evaluating capitalisation rates adopted are comparable to market.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 April 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	5		
Interest income		**29,921**	92,775
Rental income		**213,226**	206,884
Other revenue from contracts with customers		**205,761**	228,765
Total revenue		**448,908**	528,424
Cost of sales		**(183,141)**	(255,334)
Gross profit		**265,767**	273,090
Other income	6	**154,348**	103,667
Selling expenses		**(4,546)**	(5,276)
Administrative expenses		**(127,185)**	(131,612)
Other gains and losses	7	**(14,003)**	(397)
Increase in fair value of investment properties	16	**4,545**	81,818
Fair value gain (loss) on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**30,202**	(49,659)
Fair value loss on loan receivable from associates and amounts due from associates	19	**(203,000)**	(158,475)
Share of results of associates		**(281,349)**	(225,200)
Finance costs	8	**(34,778)**	(25,165)
Loss before taxation	9	**(209,999)**	(137,209)
Taxation	11	**(69,188)**	(85,965)
Loss for the year		**(279,187)**	(223,174)
Attributable to:			
Owners of the Company		**(316,575)**	(267,723)
Non-controlling interests		**37,388**	44,549
		(279,187)	(223,174)
		HK cents	*HK cents*
Loss per share	13		
Basic		**(8.94)**	(7.56)
Diluted		**(8.94)**	(7.56)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 *HK$'000*	2018 *HK$'000*
Loss for the year	**(279,187)**	(223,174)
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(162,475)**	(403,147)
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**108,155**	(2,184,591)
	(54,320)	(2,587,738)
Total comprehensive expense for the year	**(333,507)**	(2,810,912)
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(361,038)**	(2,345,967)
Non-controlling interests	**27,531**	(464,945)
	(333,507)	(2,810,912)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	NOTES	2019 *HK$'000*	2018 *HK$'000*
Non-current assets			
Property, plant and equipment	14	**300,419**	258,820
Prepaid lease payments	15	**–**	58,412
Investment properties	16	**2,599,888**	2,654,600
Amounts due from associates	17	**–**	125,537
Interests in associates	17	**401,946**	115,681
Equity instruments at FVTOCI	18	**1,994,592**	1,894,958
Other financial assets at FVTPL	24	**693,096**	–
Other receivables	11	**158,399**	158,399
Loans receivables	22	**–**	1,491
Loan receivable from associates	19	**78,703**	567,146
Finance lease receivables	23	**416**	69,150
Deferred tax assets	31	**3,191**	828
Long-term bank deposits	25	**54,449**	50,228
Pledged bank deposits	25	**758,929**	776,256
		7,044,028	6,731,506
Current assets			
Stock of properties	20	**866,726**	867,991
Trade and other receivables, deposits and prepayments	21	**93,023**	91,593
Loans receivables	22	**419,075**	360,389
Finance lease receivables	23	**1,561**	84,221
Other financial assets at FVTPL	24	**387,298**	1,304,546
Prepaid lease payments	15	**–**	1,227
Short-term bank deposits	25	**12,846**	141,919
Structured deposits	26	**408,482**	239,726
Pledged bank deposits	25	**19,936**	601
Cash and cash equivalents	25	**1,463,952**	1,538,713
		3,672,899	4,630,926

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Current liabilities			
Trade payables, deposits received and accrued charges	27	**453,357**	501,388
Contract liabilities	28	**10,719**	10,865
Taxation payable		**707,977**	710,667
Borrowings	29	**112,167**	341,205
Lease liabilities	30	**8,895**	–
		1,293,115	1,564,125
Net current assets		**2,379,784**	3,066,801
Total assets less current liabilities		**9,423,812**	9,798,307
Non-current liabilities			
Borrowings	29	**685,419**	685,599
Lease liabilities	30	**11,286**	–
Deferred tax liabilities	31	**841,148**	825,060
		1,537,853	1,510,659
Net assets		**7,885,959**	8,287,648
Capital and reserves			
Share capital	32	**354,111**	354,111
Reserves		**6,228,862**	6,589,900
Equity attributable to owners of the Company		**6,582,973**	6,944,011
Non-controlling interests		**1,302,986**	1,343,637
Total equity		**7,885,959**	8,287,648

The consolidated financial statements on pages 53 to 178 were approved and authorised for issue by the Board of Directors on 17 April 2020 and are signed on its behalf by:

Xiang Ya Bo
EXECUTIVE DIRECTOR

Chen Wei
EXECUTIVE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Share option reserve *HK$'000*	General reserves *HK$'000* (note a)	Contributed surplus *HK$'000* (note b)	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2018 (restated)	354,111	1,824,979	689,378	79,300	182,802	367,782	2,737,748	3,053,878	9,289,978	1,836,097	11,126,075
(Loss) profit for the year	–	–	–	–	–	–	–	(267,723)	(267,723)	44,549	(223,174)
Other comprehensive expense for the year	–	–	(330,230)	–	–	–	(1,748,014)	–	(2,078,244)	(509,494)	(2,587,738)
Total comprehensive expense for the year	–	–	(330,230)	–	–	–	(1,748,014)	(267,723)	(2,345,967)	(464,945)	(2,810,912)
Disposal of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	(3,902)	(3,902)
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	(23,613)	(23,613)
Transfers	–	–	–	–	709	–	–	(709)	–	–	–
At 31 December 2018	354,111	1,824,979	359,148	79,300	183,511	367,782	989,734	2,785,446	6,944,011	1,343,637	8,287,648
(Loss) profit for the year	–	–	–	–	–	–	–	(316,575)	(316,575)	37,388	(279,187)
Other comprehensive (expense) income for the year	–	–	(131,256)	–	–	–	86,793	–	(44,463)	(9,857)	(54,320)
Total comprehensive (expense) income for the year	–	–	(131,256)	–	–	–	86,793	(316,575)	(361,038)	27,531	(333,507)
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	(68,182)	(68,182)
Transfers	–	–	–	–	787	–	–	(787)	–	–	–
At 31 December 2019	354,111	1,824,979	227,892	79,300	184,298	367,782	1,076,527	2,468,084	6,582,973	1,302,986	7,885,959

Notes:

a. General reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

b. Contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 *HK$'000*	2018 *HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	**(209,999)**	(137,209)
Adjustments for:		
Share of results of associates	**281,349**	225,200
Depreciation of property, plant and equipment	**55,991**	53,063
Release of prepaid lease payments	**–**	1,269
Interest income	**(176,144)**	(190,841)
Interest expenses	**34,778**	25,165
Dividend income	**(3,097)**	(246)
Increase in fair value of investment properties	**(4,545)**	(81,818)
Fair value loss of loan receivable from associates and amounts due from associates	**203,000**	158,475
Impairment losses under expected credit loss model, net of reversal		
– loans receivables	**887**	(590)
– finance lease receivables	**2,551**	1,181
– trade receivables	**8,166**	117
Loss on disposal of property, plant and equipment	**17**	–
Gain on disposal of a subsidiary	**–**	(2,098)
Gain on disposal of interest in an associate	**(103)**	–
Operating cash flows before movements in working capital	**192,851**	51,668
Increase in stock of properties	**(18,439)**	(21,255)
(Increase) decrease in loans receivables	**(67,347)**	622,761
Decrease (increase) in finance lease receivables	**148,109**	(49,906)
Decrease (increase) in trade and other receivables, deposits and prepayments	**14,679**	(14,974)
Decrease (increase) in other financial assets at FVTPL	**171,337**	(246,559)
Decrease in trade payables, deposits received and accrued charges	**(31,506)**	(5,087)
Increase (decrease) in contract liabilities	**98**	(2,038)
Cash generated from operations	**409,782**	334,610
Taxation paid	**(57,189)**	(51,022)
Interest received from financing services business	**29,921**	92,775
NET CASH FROM OPERATING ACTIVITIES	**382,514**	376,363

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 *HK$'000*	2018 *HK$'000*
INVESTING ACTIVITIES		
Other interest received	**120,827**	84,367
Dividend received	**3,097**	246
Placement of long-term bank deposits	**(63,123)**	(51,948)
Withdrawal of long-term bank deposits	**56,536**	–
Placement of short-term bank deposits	**(163,030)**	(448,764)
Withdrawal of short-term bank deposits	**291,223**	739,705
Placement of structured deposits	**(725,000)**	(1,208,973)
Withdrawal of structured deposits	**547,727**	1,531,287
Placement of pledged bank deposits	**(19,888)**	(802,834)
Withdrawal of pledged bank deposits	**188**	–
Proceeds from disposal of property, plant and equipment	**82**	–
Payment for property, plant and equipment acquired in previous years	**(2,960)**	–
Purchase of property, plant and equipment	**(14,963)**	(9,914)
Payment for investment properties acquired in previous years	**(6,004)**	–
Repayment of loan advances from independent third parties	**–**	50,000
Investment in associate	**(436,524)**	–
Advances to associate	**(13,899)**	(14,299)
Repayment of amount due from an associate (note 17)	**139,436**	–
Repayment of loan receivable from associates (note 19)	**145,750**	–
Proceed from disposal of interest in an associate	**3,706**	–
Purchase of equity instruments at FVTOCI	**(11,150)**	(47,532)
Proceed from return of capital from equity instruments at FVTOCI	**11,221**	–
Purchase of Redeemable Preference Shares (defined in note 17) (note 24 (i))	**(106,276)**	(600,000)
Proceed from redemption of Redeemable Preference Shares (note 24 (i))	**159,091**	–
Purchase of redeemable convertible preference shares (note 24 (ii))	**–**	(113,482)
Net cash outflow on disposal of a subsidiary (note 7 (ii))	**–**	(7,389)
NET CASH USED IN INVESTING ACTIVITIES	**(83,933)**	(899,530)
FINANCING ACTIVITIES		
New borrowing raised	**112,000**	1,010,640
Repayment of borrowings	**(340,114)**	(742,798)
Repayment of lease liabilities	**(9,342)**	–
Interest paid	**(32,894)**	(25,165)
Dividend paid to non-controlling shareholder of a subsidiary	**(68,182)**	(23,613)
NET CASH (USED IN) FROM FINANCING activities	**(338,532)**	219,064
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(39,951)**	(304,103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,538,713**	1,928,596
Effect of foreign exchange rate changes	**(34,810)**	(85,780)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,463,952**	1,538,713

1. GENERAL

Sinolink Worldwide Holdings Limited ("the Company") is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ultimate and immediate holding company is Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Ou Yaping, a non-executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HK$ as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange.

The Company is an investment holding company. The activities of its subsidiaries are set out in note 44.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "Group") has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded Hong Kong Accounting Standards ("HKAS") 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review; and

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.22%.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	11,110
Lease liabilities discounted at relevant incremental borrowing rates	10,582
Less: Recognition exemption – short-term leases	(792)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	9,790
Analysed as	
Current	7,779
Non-current	2,011
	9,790

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**At 1 January 2019** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		9,790
Reclassified from prepaid lease payments	(a)	59,639
		69,429
By class:		
Leasehold lands		59,639
Land and buildings		9,790
		69,429

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$1,227,000 and HK$58,412,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(b) Before application of HKFRS 16, refundable rental deposits received was considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$6,104,000 was adjusted to refundable rental deposits received and advance lease payments on 1 January 2019.

There is no the impact of transition to HKFRS 16 on retained earnings at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessor (Continued)

	Notes	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment		258,820	69,429	328,249
Prepaid lease payments	(a)	58,412	(58,412)	–
Current assets				
Prepaid lease payments	(a)	1,227	(1,227)	–
Current liabilities				
Trade and other payables, deposits received and accrued charges				
– rental deposits	(b)	(38,151)	6,104	(32,047)
– advance lease payments	(b)	(16,471)	(6,104)	(22,575)
Lease liabilities		–	(7,779)	(7,779)
Non-current liabilities				
Lease liabilities		–	(2,011)	(2,011)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

The following tables summarise the impacts of applying HKFRS 16 as a lessor on the Group's consolidated statement of financial position as at 31 December 2019 and its consolidated statement profit or loss and other comprehensive income for the current period for each of the line items affected. Line items that were not affected by the changes have not been included.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessor (Continued)

Impact on the consolidated statement of financial position

	Note	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 16, as a lessor** *HK$'000*
Current liabilities				
Trade and other payables, deposits received and accrued charges				
– rental deposits	(b)	29,802	4,613	34,415
– advance lease payments	(b)	22,929	(4,479)	18,450
Capital and reserves				
Reserves		6,228,862	(107)	6,228,755
Non-controlling interests		1,302,986	(27)	1,302,959

Impact on the consolidated statement of profit and loss and other comprehensive income

	Note	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 16, as a lessor** *HK$'000*
Revenue				
Rental income	(c)	213,226	(2,018)	211,208
Finance costs	(c)	(34,778)	1,884	(32,894)
Total comprehensive expense attributable to:				
Owners of the Company		(361,038)	(107)	(361,145)
Non-controlling interests		27,531	(27)	27,504
Loss per share (HK cents)		(8.94)	–	(8.94)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessor (Continued)

Impact on the consolidated statement of cash flows

	Note	As reported *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 16, as a lessor *HK$'000*
Operating cash flows before movements in working capital	(c)	192,851	(134)	192,717
Decrease in trade and other payables, deposits received and accrued charges	(c)	(31,506)	134	(31,372)

Note:

(c) The adjustments relate to reduction in rental income and finance costs of HK$2,018,000 and HK$1,884,000 respectively if the discounting effects for refundable rental deposits were not adjusted.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- has exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group recognises revenue under HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") mainly from the (i) property management income; (ii) service income from finance leasing and loan financing services; (iii) consultancy service income from financing services; and (iv) hotel operation income.

Property management fee income/consultancy service income from financing services/ hotel operation income

Under the terms of these contracts, the customer of the Group simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs and thus these income are recognised over time.

Service income from finance leasing and loan financing services

Service income from finance leasing and loan financing services is recognised at a point in time when the results from the services required by the customers of the Group have transferred.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under 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.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of HKFRS 16) or "prepaid lease payments" (before application of HKFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for an investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock of properties

Stock of properties includes properties under development for sale.

Properties under development which are intended to be sold upon completion of development classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties for sale upon completion.

Financial instruments

Financial assets and financial liabilities are recognised in a consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets al FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including trade receivables, other receivables and deposits, loans receivables, long-term and short-term bank deposits, pledged bank deposits and bank balances, and other items (finance lease receivables and financial guarantee contracts) which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of the reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and finance lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer of the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a finance lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and finance lease receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment reversal or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, loans receivables, finance lease receivables and financial guarantee contracts where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities, other than derivative financial instruments, including borrowings, trade payables, deposits received and accrued charges are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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 the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The investment properties held by the Group's associates are also held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted. Thus, the Group has recognised deferred tax liabilities on the fair value change of the Group's investment properties based on the enterprise income tax ("Enterprise Income Tax") in the PRC.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of the investment in ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")

During the assessment of the fair value of equity interest of ZhongAn Online, the directors of the Company use their judgment in selecting appropriate valuation inputs for the valuation of domestic shares of ZhongAn Online owned by the Group, which is different from the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"). The Group engaged independent professional valuers to perform the valuation. The fair value of the investment in ZhongAn Online is assessed based on share price of ZhongAn Online H Shares and discount for lack of marketability based on estimation through Average-price Asian Put Option model with key inputs including expected time for conversion of domestic shares to listed shares, volatility of ZhongAn Online H Shares (2018: volatility of the comparable entities in the same industry) and expected dividend yield. The valuation involves certain estimations. Where there are any changes in the assumptions due to the market conditions, the estimate of fair value of equity interest in ZhongAn Online may be significantly affected. As at 31 December 2019, the fair value of equity interest in ZhongAn Online classified as equity instruments at FVTOCI was approximately HK$1,884,893,000 (2018: HK$1,790,137,000). Details of the valuation methodology are disclosed in note 34.

Fair value of loan receivable from associates and amounts due from associates

The Group has a loan receivable from associates (see note 19) which represents a shareholder's loan advanced to the Group's associate for financing a property development and property investment project in Shanghai. As at 31 December 2018, there was also amounts due from associates (note 17) represent receivables from associates which are mainly arisen from provision of property management services by the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of loan receivable from associates and amounts due from associates (Continued)

Loan receivable from associates as well as the amounts due from associates represent an investment in the project of Rockefeller Group Asia Pacific, Inc. ("RGAP") and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding and loan receivable from associates as well as the amounts due from associates are measured at FVTPL. The fair values of these amounts are dependent on the cashflow to be generated from the property development and property investment project and the discount rate applied. Where the actual future cash flows or discount rate are changed, a change of fair value may arise.

In determining the fair values of loan receivable from associates as at 31 December 2019 and 2018 and amount due from associates as at 31 December 2018, the directors of the Company have taken into account the development status of the property development and property investment project, the expected time to sell the residential properties and the expected market price and the future rental income of the properties, where appropriate, in order to determine the estimated future cash flows and timing of such cash flows of the loan receivable from associates as well as the amounts due from associates. Also, the Group engaged independent professional valuers to perform the estimation of discount rate representing the credit risk of the associates. The carrying amounts of loan receivable from associates are HK$78,703,000 (2018: HK$567,146,000) as at 31 December 2019 and the carrying amounts of amounts due from associates are HK$125,537,000 as at 31 December 2018. A fair value loss of HK$203,000,000 (2018: HK$158,475,000) was recognised during the year ended 31 December 2019.

Impairment of property, plant and equipment

Assessing impairment of property, plant and equipment requires an estimation of its recoverable amounts which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset when there are no recent transaction prices for similar properties in similar location. The Group determines the recoverable amount of the individual asset based on the value in use calculation. The value in use assessment involves the application of subjective estimation about future business performances. Certain assumptions made by the directors of the Company and the estimation made by independent professional valuers in the impairment assessment are considered to be key areas of judgement, including comparable market rent and capitalization rate during the year ended 31 December 2019 and the discount rates applied during the year ended 31 December 2018. Where there are any changes in assumptions due to market conditions, the estimate of recoverable amount may be affected. Details of the recoverable amount calculation of the asset are disclosed in note 14. During the year ended 31 December 2019 and 2018, the Group has no impairment loss on property, plant and equipment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurement and valuation process

The directors of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged independent professional valuers to perform the valuation. The directors of the Company works closely with the independent professional valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of financial instruments and investment properties. Notes 34 and 16 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial instruments and investment properties, respectively.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions such as market evidence of transaction prices for similar properties in the same locations and conditions or, when appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions and the current condition of the properties. Changes to these assumptions would result in changes in the fair values of the Group's and the associates' investment properties and the corresponding adjustments to the amount of fair value gain or loss of the Group's investment properties and share of results of associates reported in the profit or loss. As at 31 December 2019, the carrying amount of investment properties is HK$2,599,888,000 (2018: HK$2,654,600,000) and the carrying amount of investment properties held by an associate is HK$5,602,679,000 (2018: HK$5,582,191,000).

Provision of ECL for trade receivables, loans receivables and finance lease receivables

Except for trade receivables from financial services business which are assessed individually for ECL, the Group uses provision matrix to calculate ECL for the remaining trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical observed default rates, current post due exposure of the debtors and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. At the end of the reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, loans receivables and finance lease receivables are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables, loans receivables and finance lease receivables are disclosed in note 34.

5. REVENUE AND SEGMENT INFORMATION

(A) Revenue

(i) Disaggregation of revenue from contracts with customers

Revenue primarily represents revenue arising from property management fee income, rental income, interest income from financing services business and other service income, after deducting other sales related taxes. An analysis of the Group's revenue for the period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Recognised over time under HKFRS 15:		
– Property management fee income	**127,461**	121,598
– Consultation service income from financing services business	**62**	31,820
– Other service income	**73,275**	70,707
Recognised at a point in time under HKFRS 15:		
– Service income from finance leasing and loan financing services	**4,963**	4,640
Recognised under HKFRS 15	**205,761**	228,765
Recognised under other HKFRSs:		
– Rental income	**213,226**	206,884
– Interest income from financing services business	**29,921**	92,775
	448,908	528,424

5. REVENUE AND SEGMENT INFORMATION (Continued)

(A) Revenue (Continued)

(i) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the year ended 31 December 2019

	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Others HK$'000	Total HK$'000
Property management fee income	127,461	–	–	–	127,461
Consultation service income from financing services business	–	–	5,025	–	5,025
Others	–	–	–	73,275	73,275
Revenue from contracts with customers	127,461	–	5,025	73,275	205,761
Rental income	–	213,226	–	–	213,226
Interest income from financing services business	–	–	29,921	–	29,921
Total revenue	127,461	213,226	34,946	73,275	448,908

For the year ended 31 December 2018

	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Others HK$'000	Total HK$'000
Property management fee income	121,598	–	–	–	121,598
Consultation service income from financing services business	–	–	36,460	–	36,460
Others	–	–	–	70,707	70,707
Revenue from contracts with customers	121,598	–	36,460	70,707	228,765
Rental income	–	206,884	–	–	206,884
Interest income from financing services business	–	–	92,775	–	92,775
Total revenue	121,598	206,884	129,235	70,707	528,424

5. REVENUE AND SEGMENT INFORMATION (Continued)

(A) Revenue (Continued)

(ii) Performance obligations for contracts with customers

Property management fee income/consultancy service income from financing services/hotel operation income

Under the terms of these contracts, the customer of the Group simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs (i.e. services rendered by the Group under property management contracts with the customers with standard contract period up to twelve years, service rendered by the Group under a financial consultancy contracts with the customers with fixed contract period and service rendered by the Group to the customers for the Group's hotel operation) and thus these income are recognised over time.

Service income from finance leasing and loan financing services

Service income from finance leasing and loan financing services is recognised at a point in time when the results from the services required by the customers of the Group have transferred.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations of property management services (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Within one year	**27,519**	26,787
More than one year but not more than two years	**16,708**	17,052
More than two years but not more than five years	**20,625**	21,534
More than five years	**18,295**	22,420
	83,147	87,793

All consultancy services, hotel operation services and other services delivered by the Group are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(A) Revenue (Continued)

(iv) Leases

	Year ended 31 December 2019 **HK$'000**
For operating leases properties:	
– Lease payments that are fixed	**177,407**
– Variable lease payments that do not depend on an index or a rate	**35,819**
	213,226
For finance leases equipment:	
– Finance income on the net investment in the lease	**10,022**
	223,248

	Year ended 31 December 2018 *HK$'000*
Operating lease income – properties	206,884
Finance lease income – equipment	22,399
	229,283

Included in the operating lease income for year ended 31 December 2018 is contingent rental of HK$11,538,000.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information

The Group was organised into four operating divisions for management purposes – property development and sale of properties ("property development"), property management, property investment and provision of finance leasing and loan financing services in the PRC ("financing services"). These divisions are the basis on which the Group reports to the executive directors of the Company, the Group's chief operating decision makers ("CODM"), for performance assessment and resource allocation.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2019

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	-	127,461	213,226	34,946	375,633	73,275	448,908
RESULT							
Segment results	(1,547)	6,405	209,510	7,291	221,659	(26,045)	195,614
Other income							154,348
Unallocated corporate expenses							(68,637)
Unallocated other gains and losses							(2,399)
Fair value gain on other financial assets at FVTPL and derivative financial instruments							30,202
Fair value loss on loan receivable from associates							(203,000)
Share of results of associates							(281,349)
Finance costs							(34,778)
Loss before taxation							(209,999)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

For the year ended 31 December 2018

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	–	121,598	206,884	129,235	457,717	70,707	528,424
RESULT							
Segment results	(2,413)	4,500	216,436	38,108	256,631	36,218	292,849
Other income							103,667
Unallocated corporate expenses							(74,829)
Other gains and losses							(397)
Fair value loss on other financial assets at FVTPL and derivative financial instruments							(49,659)
Fair value loss on loan receivable from associates and amounts due from associates							(158,475)
Share of loss of associates							(225,200)
Finance costs							(25,165)
Loss before taxation							(137,209)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned/loss incurred by each segment without allocation of other income, certain other gains and losses, central administration costs, directors' salaries, share of results of associates, change in fair value of financial assets at FVTPL and derivative financial instruments, loan receivable from associates and amounts due from associates, certain finance costs and taxation.

No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the CODM for review.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Other segment information

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Financing services HK$'000	Others in operating segments HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 December 2019							
Amounts included in measure of segment results:							
Depreciation of other property, plant and equipment	–	2,546	1,642	75	30,401	10,640	45,304
Increase in fair value of investment properties	–	–	4,545	–	–	–	4,545
Impairment losses under expected credit loss model, net of reversal							
– loans receivables	–	–	–	887	–	–	887
– finance lease receivables	–	–	–	2,551	–	–	2,551
– trade receivables	–	–	–	8,166	–	–	8,166
Interest income from financing services	–	–	–	29,921	–	–	29,921
Amounts regularly provided to chief operating decision but not included in the measure of segment results:							
Depreciation of right-of-use assets	–	–	1,221	1,392	8,074	–	10,687
Fair value loss on loan receivable from associates	–	–	–	–	–	203,000	203,000
Share of results of associates	–	–	–	–	–	281,349	281,349
Interest income (other than interest income from financing services)	–	–	–	–	–	146,223	146,223
Fair value gain on financial assets at FVTPL and derivative financial instruments	–	–	–	–	–	30,202	30,202
Finance costs	–	–	–	–	–	34,778	34,778

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Other segment information (Continued)

	Property development *HK$'000*	Property management *HK$'000*	Property investment *HK$'000*	Financing services *HK$'000*	Others in operating segments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2018							
Amounts included in measure of segment results:							
Depreciation of property, plant and equipment	–	2,735	1,852	67	37,629	10,780	53,063
Increase in fair value of investment properties	–	–	81,818	–	–	–	81,818
Impairment loses under expected credit loss model, net of reversal							
– loans receivables	–	–	–	(590)	–	–	(590)
– finance lease receivables	–	–	–	1,181	–	–	1,181
– trade receivables	–	–	–	117	–	–	117
Interest income from financing services	–	–	–	92,775	–	–	92,775
Amounts regularly provided to chief operating decision but not included in the measure of segment results:							
Release of prepaid lease payments	–	–	–	–	1,269	–	1,269
Fair value loss on loan receivable from associates and amounts due from associates	–	–	–	–	–	158,475	158,475
Share of loss of associates	–	–	–	–	–	225,200	225,200
Interest income (other than interest income from financing services)	–	–	–	–	–	98,066	98,066
Fair value loss on financial assets at FVTPL and derivative financial instruments	–	–	–	–	–	49,659	49,659
Finance costs	–	–	–	–	–	25,165	25,165

All the Group's revenue for both years is generated from the PRC (based on where the properties are located) and substantially all the Group's non-current assets other than financial instruments are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the revenue of the Group during each of the year ended 31 December 2019 or 2018.

6. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Dividends from financial assets at FVOCI	1,518	–
Dividends from financial assets at FVTPL	1,579	246
Interest income from bank deposits	76,216	73,883
Interest income on other financial assets at FVTPL	70,007	22,433
Interest income from loans receivables	–	1,750
Others	5,028	5,355
	154,348	103,667

7. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Loss on disposal of property, plant and equipment, net	(17)	–
Net exchange loss	(1,327)	(1,627)
Impairment losses under expected credit loss model, net of reversal (note i)		
– loans receivables	(887)	590
– finance lease receivables	(2,551)	(1,181)
– trade receivables	(8,166)	(117)
Gain on disposal of a subsidiary (note ii)	–	2,098
Gain on disposal of an associate (note iii)	103	–
Others	(1,158)	(160)
	(14,003)	(397)

Notes:

(i) Details of impairment assessment for the year ended 31 December 2019 and 2018 are set out in note 34.

(ii) During the year ended 31 December 2018, the Group disposed 30% equity interests in Credence Online Group Limited ("Credence Online") to another existing shareholder of Credence Online at a cash consideration of HK$6,000,000. As at date of disposal, Credence Online had cash and cash equivalents of HK$13,389,000 and net asset value of HK$13,006,000. It resulted in a gain on disposal of HK$2,098,000. After the disposal, the Group retains 40% equity interests in Credence Online and Credence Online becomes an associate of the Group.

(iii) During the year ended 31 December 2019, the Group disposed 40% equity interests in Credence Online to an independent third party of Credence Online at a cash consideration of HK$3,706,000. Before the disposal, the Group owned 40% interest in Credence Online and the investment was previously accounted for as an investment in an associate using the equity method of accounting. As at date of disposal, Credence Online had cash and cash equivalents of HK$10,151,000 and net asset value of HK$9,007,000. It resulted in a gain on disposal of HK$103,000. The Group has no retained interest in Credence Online after the disposal.

8. FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest on borrowings	32,455	25,165
Interest on lease liabilities	439	–
Interest on deposits received for rental	1,884	–
	34,778	25,165

9. LOSS BEFORE TAXATION

	2019	2018
	HK$'000	HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	2,700	2,650
Staff costs including directors' remuneration		
Salaries	135,362	126,874
Retirement benefits schemes contributions	12,145	12,421
	147,507	139,295
Depreciation of right-of-use assets	10,687	N/A
Depreciation of other property, plant and equipment	45,304	53,063
Minimum operating lease rentals in respect of land and buildings	N/A	10,909
Release of prepaid lease payments	N/A	1,269

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 8 (2018: 9) directors of the Company were as follows:

	Year ended 31 December 2019								
	Executive directors		Non-executive directors			Independent non-executive directors			
	Mr. Xiang Ya Bo *HK$'000* (note e)	Mr. Chen Wei *HK$'000*	Mr. Ou Yaping *HK$'000*	Mr. Ou Jin Yi Hugo *HK$'000*	Mr. Tang Yui Man Francis *HK$'000*	Mr. Xin Luo Lin *HK$'000*	Mr. Tian Jin *HK$'000*	Dr. Xiang Bing *HK$'000*	Total *HK$'000*
Fees (Note a)	-	-	-	-	-	250	250	250	750
Other emoluments									
Salaries and other benefits (Notes b and c)	3,995	2,240	3,097	650	2,240	-	-	-	12,222
Bonuses (Note c)	1,000	-	-	-	-	-	-	-	1,000
Retirement benefits schemes contributions	18	42	42	18	18	-	-	-	138
Total emoluments	5,013	2,282	3,139	668	2,258	250	250	250	14,110

	Year ended 31 December 2018									
	Executive directors		Non-executive directors				Independent non-executive directors			
	Mr. Xiang Ya Bo *HK$'000* (note e)	Mr. Chen Wei *HK$'000*	Mr. Law Sze Lai *HK$'000* (note f)	Mr. Ou Yaping *HK$'000*	Mr. Ou Jin Yi Hugo *HK$'000*	Mr. Tang Yui Man Francis *HK$'000*	Mr. Xin Luo Lin *HK$'000*	Mr. Tian Jin *HK$'000*	Dr. Xiang Bing *HK$'000*	Total *HK$'000*
Fees (Note a)	–	–	–	–	–	–	250	250	250	750
Other emoluments										
Salaries and other benefits (Notes b and c)	4,187	2,240	627	3,597	650	2,240	–	–	–	13,541
Bonuses (Note c)	1,200	–	–	–	–	–	–	–	–	1,200
Retirement benefits schemes contributions	18	42	12	42	18	18	–	–	–	150
Total emoluments	5,405	2,282	639	3,639	668	2,258	250	250	250	15,641

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors and the remuneration committee of the Company with reference to their duties and responsibilities with the Group, the Group's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. The annual salary increment and year-end discretionary bonus (if any) of executive directors and non-executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to their duties and responsibilities within the Group, the Group's performance and the prevailing market situation.

d. The executive directors' emoluments (including Mr. Xiang Ya Bo and Mr. Chen Wei) shown above were for their services in connection with the management of the affairs of the Company and the Group. The directors' emoluments of the non-executive directors (including Mr. Ou Yaping, Mr. Law Sze Lai, Mr. Ou Jin Yi Hugo and Mr. Tang Yui Man Francis) were for their services as directors of the Company and certain subsidiaries undertaking. The independent non-executive directors' emoluments were for their services as directors of the Company.

e. Mr. Xiang Ya Bo is also the chief executive of the Company and his remuneration disclosed above included these services rendered by him as chief executive.

f. Mr. Law Sze Lai retired as director after the conclusion of the annual general meeting held on 31 May 2018.

Of the five individuals with the highest emoluments in the Group, four (2018: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining one (2018: one) highest paid employee who was neither a director nor chief executive of the Company is follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and other benefits	**1,800**	1,170
Retirement benefits schemes contributions	**42**	42
	1,842	1,212

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

The number of the highest paid employee who is not the director of the Company and whose remuneration fell within the following band:

	2019 Number of employee	2018 Number of employee
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–

During the year, no remuneration was paid by the Group to the five highest paid individuals or directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remunerations for the years ended 31 December 2019 and 2018.

11. TAXATION

	2019	2018
	HK$'000	*HK$'000*
The charge comprises:		
Current tax PRC Enterprise Income Tax	**58,008**	59,373
Deferred taxation (note 31)	**(2,456)**	21,869
Withholding tax	**13,636**	4,723
	69,188	85,965

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2019 (2018: 25%) according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

Under the EIT Law of the PRC, withholding tax is imposed on the dividend declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. During the year ended 31 December 2019, withholding tax amounted to HK$13,636,000 (2018: HK$4,723,000) was charged by the PRC tax authority which levied on the dividends paid to overseas group entities.

In addition, Land Appreciation Tax (the "LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development.

11. TAXATION (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2019 HK$'000	2018 HK$'000
Loss before taxation	**(209,999)**	(137,209)
Tax at the applicable tax rate of 25% (2018: 25%)	**(52,500)**	(34,302)
Tax effect of expenses not deductible for tax purpose	**25,787**	26,403
Tax effect of income not taxable for tax purpose	**(18,523)**	(4,601)
Tax effect of share of results of associates	**70,337**	56,300
Tax effect on deferred tax liabilities resulting from withholding tax on undistributed profits of subsidiaries	**(9,091)**	–
Withholding tax on distributed profits of subsidiaries	**13,636**	4,723
Tax effect of tax losses not recognised	**783**	8,915
Tax effect of deductible temporary differences not recognised	**50,750**	39,619
Utilisation of tax losses previously not recognised	**(7,151)**	(4,028)
Utilisation of deductible temporary difference previously not recognised	**(4,840)**	(7,064)
Taxation for the year	**69,188**	85,965

Since prior years, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2012/13. Up to 31 December 2019, the IRD has issued estimated/additional assessments demanding final tax (the "Assessments") for the years of assessment 2006/2007 to 2012/2013 and the Group has purchased tax reserve certificates of approximately HK$134,750,000 (2018: HK$134,750,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2012/2013 and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. Up to the date of issuance of these consolidated financial statements, the statements of facts to be issued by commissioner are yet to be received. Having considered advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

11. TAXATION (Continued)

Also, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax returns for the year of assessment 2007/2008. Up to 31 December 2019, the Group has purchased tax reserve certificates of approximately HK$23,649,000 (2018: HK$23,649,000) for conditional standover order of objection and the amount is presented as "other receivables" in the Group's consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group would put up the case for Commissioner's determination. Up to the date of issuance of these consolidated financial statements, the statements of facts to be issued by commissioner are yet to be received. Having considered advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

12. DIVIDENDS

No dividends were paid, declared or proposed during both years.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: nil).

13. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(316,575)**	(267,723)

	Number of shares	
	2019	2018
Number of shares for the purpose of basic and diluted loss per share	**3,541,112,832**	3,541,112,832

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both 2019 and 2018.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings	Hotel buildings	Building improvement in hotel	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2018	199,327	263,152	193,169	85,638	14,473	755,759
Currency realignment	(9,284)	(12,016)	(8,821)	(2,947)	(480)	(33,548)
Additions	5,510	–	–	1,423	2,981	9,914
Write-off	–	–	–	(92)	(1,128)	(1,220)
At 31 December 2018	195,553	251,136	184,348	84,022	15,846	730,905
Adjustment upon application of HKFRS 16	83,778	–	–	–	–	83,778
At 1 January 2019 (restated)	279,331	251,136	184,348	84,022	15,846	814,683
Currency realignment	(6,227)	(4,707)	(5,033)	(1,391)	(262)	(17,620)
Additions	16,179	–	919	2,270	–	19,368
Modification of lease terms	15,357	–	–	–	–	15,357
Disposals	–	–	–	(185)	(697)	(882)
At 31 December 2019	304,640	246,429	180,234	84,716	14,887	830,906
DEPRECIATION AND IMPAIRMENT						
At 1 January 2018	97,692	110,887	161,722	60,761	10,253	441,315
Currency realignment	(5,029)	(5,427)	(8,025)	(2,201)	(391)	(21,073)
Provided for the year	15,981	10,021	18,741	6,829	1,491	53,063
Eliminated on write-off	–	–	–	(92)	(1,128)	(1,220)
At 31 December 2018	108,644	115,481	172,438	65,297	10,225	472,085
Adjustment upon application of HKFRS 16	14,349	–	–	–	–	14,349
At 1 January 2019 (restated)	122,993	115,481	172,438	65,297	10,225	486,434
Currency realignment	(3,010)	(2,776)	(4,060)	(1,103)	(206)	(11,155)
Provided for the year	25,734	10,068	11,856	6,547	1,786	55,991
Eliminated on disposals	–	–	–	(86)	(697)	(783)
At 31 December 2019	145,717	122,773	180,234	70,655	11,108	530,487
CARRYING VALUES						
At 31 December 2019	158,923	123,656	–	14,061	3,779	300,419
At 31 December 2018	86,909	135,655	11,910	18,725	5,621	258,820

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of the Group's leasehold land and buildings and hotel buildings comprises properties situated in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Leasehold land and buildings	Over the term of the lease
Hotel buildings	Over the shorter of the lease term and 20 years
Building improvement in hotel	20%
Furniture, fixtures and equipment	20% to 30%
Motor vehicles	20% to 30%

Right-of-use assets (included in the leasehold lands and buildings)

	Leasehold land *HK$'000*	Leased properties *HK$'000*	Total *HK$'000*
At 1 January 2019			
Carrying amount	59,639	9,790	69,429
At 31 December 2019			
Carrying amount	57,109	20,076	77,185
For the year ended 31 December 2019			
Depreciation charge	1,221	9,466	10,687
Additions/modification to right-of-use assets	–	19,762	19,762
Expense relating to short-term leases			942
Expense relating to leases of low-value assets, excluding short-term leases of low value assets			99
Total cash outflow for leases			10,822

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of one to three years, but may have extension option as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns offices and hotel buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets (included in leasehold lands and buildings) (Continued)

The Group regularly entered into short-term leases for offices. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense for year ended 31 December 2019 disclosed above.

The Group has extension option in a lease for an office. It is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the lessor.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for extension option in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2019	**Potential future lease payments not included in lease liabilities (undiscounted)**
	HK$'000	*HK$'000*
Office – Hong Kong	19,196	27,629

During the year ended 31 December 2019, the Group did not exercise any renewal options.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

Impairment assessment on hotel buildings and building improvement in hotel

In previous years, the Group recorded an impairment loss on hotel buildings and building improvement in hotel due to the loss-making hotel operation suffered by the Group. As at 31 December 2019 and 2018, the aggregate impairment losses on hotel buildings and building improvement in hotel was HK$88,211,000.

The Group carried out a review of the recoverable amount of the hotel buildings and the building improvement in hotel. The recoverable amount of the hotel buildings (2018: hotel buildings and the building improvement in hotel) at 31 December 2019 and 2018 has been arrived at on the basis of a valuation carried out by Messrs. Cushman & Wakefield Limited ("C&W"), independent qualified professional valuers which are not connected with the Group, who are the members of The Hong Kong Institute of Surveyors.

14. PROPERTY, PLANT AND EQUIPMENT

Impairment assessment on hotel buildings and building improvement in hotel (Continued)

As at 31 December 2019, the recoverable amount of hotel buildings was assessed based on fair value less costs of disposal. It was determined based on income capitalisation approach with unit rent of RMB32 per square meter per month after adjustment of location, decoration standard, level and size from market rent and capitalisation rate of 9.5%.

As at 31 December 2018, the recoverable amount of hotel buildings and the building improvement in hotel was assessed based on value in use. It was determined based on the discounted cash flow approach with a discount rate of 10%, 5-year net cash flow projection assuming occupancy rate ranging from 20% to 35%, and net cash flows beyond the 5-year period until end of the land use term using an annual growth rate of 1%. These assumptions are determined based on expectations for the market development in the PRC and is not expected to exceed the average long-term growth rate for the hotel industry. These cash flow projections represent management's best estimates achievable from operating the hotel itself, and the resulting recoverable amount of the hotel buildings and the building improvement in hotel approximates that as determined by C&W assuming the hotel is operated by market participants.

Since the recoverable amount of the hotel buildings (2018: hotel buildings and the building improvement in hotel) determined based on the above is approximate to the carrying amount as at 31 December 2019 and 2018, no impairment loss is recognised in profit or loss during the year ended 31 December 2019 and 2018.

15. PREPAID LEASE PAYMENTS

	2018 *HK$'000*
The Group's prepaid lease payments comprise:	
Leasehold land outside Hong Kong	
Non-current assets	58,412
Current assets	1,227
	59,639

16. INVESTMENT PROPERTIES

The Group leases out various offices and retail premises and carparks located in the PRC under operating leases with rentals payable monthly. The leases typically run for an initial period of one to twelve years. The leases of retail stores contain variable lease payment that are based on 3% to 25% sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee or lessee's option to purchase the property.

	HK$'000
FAIR VALUE	
At 1 January 2018	2,698,723
Exchange realignment	(125,941)
Increase in fair value of investment properties	81,818
At 31 December 2018	2,654,600
Exchange realignment	(59,257)
Increase in fair value of investment properties	4,545
At 31 December 2019	2,599,888
Unrealised gain on property revaluation included in profit or loss:	
For the year ended 31 December 2019	4,545
For the year ended 31 December 2018	81,818

The fair values of the completed investment properties at 31 December 2019 and 2018 have been arrived at on the basis of a valuation carried out on those dates by C&W.

16. INVESTMENT PROPERTIES (Continued)

The fair values of office and retail premises were determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, supported by the terms of existing lease and the market rentals of the similar properties in the neighbourhood. The capitalisation rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Shenzhen and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value of car parks was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The management of the Group works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

The fair value of investment properties as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

There were no transfers into or out of Level 3 during both years.

16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value	Fair value hierarchy	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
	HK$'000					
As at 31 December 2019						
Office and retail premises	1,916,295	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	4.25% - 6.75%	(i) The higher the capitalisation rate,the lower the fair value.
					(a) Office: RMB140 to RMB150 per month per square meter	(ii) The higher the market rent, the higher the fair value.
					(b) Retails: RMB130 to RMB160 per month per square meter	
				(ii) Adjustments (location, size and decoration standard)	81% - 102%	The higher the premium/ discount, the higher/ lower the fair value.
Car parks	683,593	Level 3	Direct comparison approach	(i) Market price	RMB120,000 to RMB150,000 per lot	The higher the market price, the higher the fair value.
				(ii) Location adjustment	80% - 110%	The higher the premium/ discount, the higher/ lower the fair value.
	2,599,888					

16. INVESTMENT PROPERTIES (Continued)

Description	Fair value	Fair value hierarchy	Valuation techniques	Key inputs	Range of significant inputs	Relationship of inputs to fair value
	HK$'000					
As at 31 December 2018						
Office and retail premises	1,955,479	Level 3	Income capitalisation approach	(i) Capitalisation rate taking into account the capitalisation of existing contracts rent, market rent and nature of property	4.75% - 7.25%	(i) The higher the capitalisation rate, the lower the fair value.
					(a) Office: RMB130 to RMB150 per month per square meter	(ii) The higher the market rent, the higher the fair value.
					(b) Retails: RMB100 to RMB200 per month per square meter	
				(ii) Adjustments (location, size and decoration standard)	67% - 130%	The higher the premium/ discount, the higher/ lower the fair value.
Car parks	699,121	Level 3	Direct comparison approach	(i) Market price	RMB80,000 to RMB220,000 per lot	The higher the market price, the higher the fair value.
				(ii) Location adjustment	80% - 100%	The higher the premium/ discount, the higher/ lower the fair value.
	2,654,600					

All of the Group's interests in leasehold land in respect of completed properties and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as completed investment properties.

The investment properties are situated in the PRC.

At 31 December 2019, the Group's investment properties with a carrying value of HK$517,817,000 (2018: HK$528,539,000) were pledged to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2019 *HK$'000*	2018 HK$'000
Cost of unlisted interests in associates	**610,767**	179,446
Share of post-acquisition results	**(208,821)**	(63,765)
	401,946	115,681
Amounts due from associates (note)	**–**	125,537

Note: At 31 December 2018, amounts due from associates, which represented the current account with RGAP, were unsecured, interest-free and repayable on demand. Due to the delay of the construction plan of the property project of RGAP as disclosed in note 19, the directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amount is classified as a non-current asset. During the year ended 31 December 2019, RGAP has repaid entire amounts due from associates.

Details of the Group's principal associates as at 31 December 2019 and 2018 are as follows:

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2019	2018	Principal activities
Interest directly held by the Group					
RGAP	The British VirginIslands ("BVI") – limited liability company	Hong Kong	**49%**	49%	Investment holding
ZhongAn Technologies International Group Limited ("ZhongAn International") (note i)	Hong Kong – limited liability company	Hong Kong	**49%**	49%	Financial technology and insurance technology development and consulting
Chongqing ZhongAn Loan Co., Ltd. ("Chongqing ZhongAn") (note ii)	PRC – sino-foreign equity joint venture	PRC	**18%**	30%	Money lending in the PRC
MMT E Buy (Cayman) Corporation ("MMT E Buy") (note i)	Cayman Islands – limited liability company	PRC	**30%**	30%	Investment holding
Credence Online (note iii)	Hong Kong	Hong Kong	**–**	40%	Online insurance business

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2019	2018	Principal activities
Key subsidiaries of RGAP					
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	PRC – Sino-foreign equity joint venture	PRC	**44.57%***	44.57%*	Property development and property investment
Shanghai Rockbund Property Management Limited	PRC – limited liability company	PRC	**44.57%***	44.57%*	Property management
Key subsidiaries of ZhongAn International					
ZA Tech Global Limited	Hong Kong	Hong Kong	**24.01%#**	49%#	Financial technology and insurance technology development and consulting
ZA Bank Limited (formerly known as ZhongAn Virtual Finance Limited)	Hong Kong	Hong Kong	**49%#**	31.85%#	Virtual Banking in Hong Kong
ZA Life Limited	Hong Kong	Hong Kong	**31.85%#**	–	Dormant
Key subsidiary of MMT E Buy					
深圳市買買提信息科技有限公司	PRC – limited liability	PRC	**30%***	30%*	Online lending platform company

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

* The percentage represented the effective interest in these entities by the Group. RGAP has 90.96% interest in Shanghai Rockefeller and Shanghai Rockbund Property Management Limited. MMT E Buy has 100% interest in 深圳市買買提信息科技有限公司.

\# The percentage represented the effective interest in these entities by the Group.

As at 31 December 2018, ZhongAn International has 100% interest in ZA Tech Global Limited. During the year ended 31 December 2019, an independent third party subscribed for new shares issued by ZA Tech Global Limited and ZhongAn International's interests in ZA Tech Global Limited has decreased to 49%. The directors of ZhongAn International considered that ZhongAn International controls ZA Tech Global Limited, even though it holds less than half of the equity interests as the subscription agreement signed between the shareholders of ZA Tech Global Limited grants ZhongAn International the right to appoint a majority of the board of directors who is responsible for directing the relevant activities of ZA Tech Global Limited.

As at 31 December 2018, ZhongAn International has 65% interest in ZhongAn Financial Services Limited (the immediate holding company of ZA Bank Limited). During the year ended 31 December 2019, ZhongAn International acquired the remaining 35% of the issued shares of ZhongAn Financial Services Limited and ZhongAn International's interests in ZA Bank Limited through ZhongAn Financial Services Limited has increased to 100%.

ZhongAn International has 65% interest in ZA Life Limited during the year ended 31 December 2019, which was newly set up in 2019.

Notes:

(i) The Group collaborates with financial technology companies to develop in the financial technology market. ZhongAn International focuses on providing innovative technologies and solutions for the traditional insurance companies and developing integrated insurance and financial solutions for the internet platforms. MMT E Buy focuses on developing financial technologies for online lending platform.

(ii) The Group invested in Chongqing ZhongAn to enrich its financial services portfolio for offering small loans in the PRC.

(iii) During the year ended 31 December 2019, the Group disposed 40% equity interests in Credence Online to an independent third party of Credence Online at a cash consideration of HK$3,706,000. After the disposal, the Group retains no equity interests in Credence Online. Details of the disposal are disclosed in note 7(iii).

Summarised financial information in respect of each of the Group's material associates is set out below:

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

RGAP and its subsidiaries (collectively known as RGAP Group)

The functional currency of RGAP is RMB. For financial reporting purpose, the assets and liabilities of RGAP Group are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year.

	2019 HK$'000	2018 HK$'000
Non-current assets	**5,735,034**	5,721,253
Current assets (mainly represented by properties under development for sale)	**1,363,365**	1,454,122
Current liabilities	**(741,876)**	(851,911)
Long-term borrowings	**(2,537,581)**	(2,271,689)
Deferred tax liabilities	**(552,740)**	(546,068)
Amounts due to shareholders – due after one year	**(5,053,289)**	(4,929,502)
Net liabilities	**(1,787,087)**	(1,423,795)
Deficiency in equity attributable to owners of RGAP	**(1,744,295)**	(1,514,154)
Non-controlling interests of RGAP's subsidiaries	**(42,792)**	90,359
	(1,787,087)	(1,423,795)
Revenue	**203,289**	195,288
(Decrease) increase in fair value of investment properties	**(108,566)**	76,470
Administrative expenses and other income	**(67,706)**	(60,921)
Net exchange loss	**(93,589)**	(253,848)
Finance cost	**(189,108)**	(203,050)
Tax charge	**(19,204)**	(77,536)
Loss for the year (note)	**(274,884)**	(323,597)
Group's share of loss of associates for the year	**(134,693)**	(158,563)

Note: Based on the agreement between RGAP and non-controlling shareholder of Shanghai Rockefeller, non-controlling shareholder of Shanghai Rockefeller would not share any of the losses incurred by Shanghai Rockefeller. Subsequent profits earned by Shanghai Rockefeller will be used first to recover the losses borne by RGAP, and then be shared by RGAP and non-controlling shareholder of Shanghai Rockefeller based on their profit sharing ratio.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

RGAP and its subsidiaries (collectively known as RGAP Group) (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019	2018
	HK$'000	*HK$'000*
Net liabilities of RGAP Group attributable to owners of RGAP	**(1,744,295)**	(1,514,154)
Proportion of the Group's ownership interest in RGAP Group	**49%**	49%
Carrying amount of the Group's interest in RGAP Group	**–**	–

The cumulative loss in excess of cost of interest in RGAP recognised against loan receivable from RGAP is disclosed in note 19.

The main non-current assets of RGAP Group are investment properties in the PRC. The following table shows the valuation techniques and inputs used in the determination of fair values for investment properties of RGAP Group as well as fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

Description	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000					
As at 31 December 2019						
Investment properties under construction	2,611,607	Level 3	Residual approach	(i) Market unit sales rate with an expected profit margin of 6%	Market unit sale rate: RMB101,000 to RMB162,000 per square meter	The higher the market unit sales rate, the higher the fair value.
				(ii) Adjustments to market unit sales rate (location, size and decoration standard)	103% - 120%	The higher the premium/ discount, the higher/ lower the fair value.
Completed office and retail premises	2,991,072	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.0% - 6.6%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB353 – RMB1,320 per month per square meter	The higher the market rent, the higher the fair value.
				(iii) Adjustments to market rent (location, size and decoration standard)	45% - 103%	The higher the premium/ discount, the higher/ lower the fair value.
	5,602,679					

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

RGAP and its subsidiaries (collectively known as RGAP Group) (Continued)

Description	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK$'000					
As at 31 December 2018						
Investment properties under construction	2,573,059	Level 3	Residual approach	(i) Market unit sales rate with an expected profit margin of 7%	Market unit sale rate: RMB100,000 to RMB158,000 per square meter	The higher the market unit sales rate, the higher the fair value.
				(ii) Adjustments to market unit sales rate (location size and decoration standard)	106% - 122%	The higher the premium/ discount, the higher/ lower the fair value.
Completed office and retail premises	3,009,132	Level 3	Income capitalisation approach	(i) Capitalisation rate	5.5% – 7.0%	The higher the capitalisation rate, the lower the fair value.
				(ii) Market rent	RMB275 – RMB1,200 per month per square meter	The higher the market rent, the higher the fair value.
				(iii) Adjustments to market rent (location size and decoration standard)	49% - 106%	The higher the premium/ discount, the higher/ lower the fair value.
	5,582,191					

Note: During the year ended 31 December 2018, RGAP Group completed certain construction on investment properties. As at 31 December 2018, fair value of these investment properties of HK$633,971,000 is then classified as completed office and retail premises.

The valuations of investment properties under construction as at 31 December 2019 and 2018 were arrived at with adoption of the residual approach on the basis that they will be developed and completed in accordance with the latest development proposals and taking into account the construction costs that will be expended to complete the development to reflect the quality of the completed development, as well as developer's profit margin which reflects the risk associated with the development of properties and the return the developer would require so as to complete the properties.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, management of RGAP has taken the highest and best use of the properties into account.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Chongqing ZhongAn

During the year ended 31 December 2017, the Group has entered into a joint venture formation agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology Services"), which is a wholly-owned subsidiary of ZhongAn Online. The Group and ZhongAn Technology Services agreed that the Group contributed RMB90,000,000 to Chongqing ZhongAn in cash for 30% equity interest of Chongqing ZhongAn.

During year ended 31 December 2019, an independent third party injected additional capital into Chongqing ZhongAn. As a result, the Group's equity interests in Chongqing ZhongAn decreased from 30% to 17.64%. The management of the Group considers that the Group has significant influence over Chongqing ZhongAn because the Group can appoint one out of five directors of Chongqing ZhongAn to participate in the financial and operating policy decisions of Chongqing ZhongAn based on the shareholders' agreement. Thus, the Group can exercise its significant influence over Chongqing ZhongAn.

The functional currency of Chongqing ZhongAn is RMB. For financial reporting purpose, the assets and liabilities of Chongqing ZhongAn are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year. Details of the financial information of Chongqing ZhongAn are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Non-current assets	**5,738**	6,100
Current assets (mainly represented by loan receivables (2018: cash and cash equivalents))	**691,310**	384,572
Current liabilities	**(120,536)**	(42,962)
Net assets	**576,512**	347,710
Revenue	**30,849**	24,236
Provision for loss allowance on financial assets	**(9,906)**	–
Administrative expenses	**(18,548)**	(15,740)
Profit for the year	**2,395**	8,496
Group's share of profit of associate for the year	**423**	2,548

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Chongqing ZhongAn (Continued)

Reconciliation of the above summarised financial information of Chongqing ZhongAn to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019	2018
	HK$'000	*HK$'000*
Net assets attributable to owners of Chongqing ZhongAn	**576,512**	347,710
Proportion of the Group's ownership interest in Chongqing ZhongAn	**17.64%**	30%
	101,697	104,312
Exchange difference	**6,939**	3,900
Carrying amount of the Group's interest in Chongqing ZhongAn	**108,636**	108,212

ZhongAn International

During the year ended 31 December 2017, the Group has entered into another joint venture formation agreement (the "2nd JV Agreement") with ZhongAn Technology Services. The Group and ZhongAn Technology Services agreed that the Group contributed RMB60,000,000 to ZhongAn International in cash for 49% equity interest of ZhongAn International. Pursuant to the 2nd JV Agreement, the Group has the right to appoint one out of the three directors of ZhongAn International. The relevant activities of ZhongAn International are controlled by the board of directors of ZhongAn International and the decisions of the board of directors of ZhongAn International are made through the majority vote in the meetings of board of directors. Accordingly, the Group is able to exercise significant influence over ZhongAn International.

Furthermore, the Group agreed to invest RMB620 million in consideration for redeemable preference shares of ZhongAn International ("Redeemable Preference Shares"). As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL. Details of the Redeemable Preference Shares are disclosed in note 24.

Based on the revised shareholders' agreement of ZhongAn International during the year ended 31 December 2018, ZhongAn International has a right to require the Group to subscribe the remaining Redeemable Preference Shares of RMB93,549,000 at any time and such obligation of subscription of Redeemable Preference Shares are considered as derivatives and measured at FVTPL as at 31 December 2018. In the opinion of the directors of the Company, the fair value of the commitment to subscribe for the Redeemable Preference Share is insignificant as at 31 December 2018. During the year ended 31 December 2019, the Group has subscribed the remaining Redeemable Preference Shares of RMB93,549,000. There is no outstanding commitment to subscribe Redeemable Preference Shares as at 31 December 2019.

During the year ended 31 December 2019, the Group has further subscribed 392,000,000 new ordinary shares of ZhongAn International at RMB384,314,000 in cash. As at 31 December 2019, the Group is committed to subscribe for a further 588,000,000 new ordinary shares in proportion to its existing shareholding at a fixed consideration of RMB576,471,000.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

ZhongAn International (Continued)

Details of the financial information of ZhongAn International are as follows:

	2019 HK$'000	2018 HK$'000
Non-current assets	**84,730**	2,948
Current assets (mainly represented by cash and cash equivalents)	**2,418,646**	1,164,019
Current liabilities	**(436,129)**	(119,374)
Non-current liabilities	**(12,248)**	–
Net assets	**2,054,999**	1,047,593
Surplus (deficiency) in equity attributable to owners of ZhongAn International	**545,979**	(4,741)
Redeemable Preference Shares	**1,480,721**	700,000
Non-controlling interests of subsidiaries of ZhongAn International	**28,299**	352,334
	2,054,999	1,047,593
Revenue	**110,362**	13,771
Interest income	**21,851**	6,705
Administrative expenses and other expenses	**(487,082)**	(154,181)
Net exchange gain (loss)	**2,486**	(1,890)
Loss for the year	**(352,383)**	(135,595)
Attributable to:		
Owners of ZhongAn International	**(300,160)**	(137,929)
Non-controlling interests of subsidiaries of ZhongAn International	**(52,222)**	2,334
	(352,382)	(135,595)
Group's share of loss of associate for the year	**(147,079)**	(67,585)

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

ZhongAn International (Continued)

Reconciliation of the above summarised financial information of ZhongAn International to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019	2018
	HK$'000	*HK$'000*
Net assets (liabilities) attributable to owners of ZhongAn International	**545,979**	(4,741)
Proportion of the Group's ownership interest in ZhongAn International	**49%**	49%
	267,530	(2,323)
Exchange difference	**8,835**	(975)
Other adjustment (note)	**16,945**	7,164
Carrying amount of the Group's interest in ZhongAn International	**293,310**	3,866

Note:

Other adjustment represented the Group's contribution to ZhongAn International which is not in proportion to equity interest shared by the Group and transaction with non-controlling shareholder by ZhongAn International.

MMT E Buy

During the year ended 31 December 2018, the Group subscribed a redeemable convertible preference shares in MMT E Buy with a cash consideration of HK$113,482,000. The Group can covert the preference shares into fully-paid ordinary shares of MMT E Buy and has rights to receive dividend from MMT E Buy. The Group has the right to redeem all or any portion of this redeemable convertible preference shares on or before 31 December 2020 upon occurrence of the breach of obligation or dishonesty by MMT E Buy or the majority shareholder of MMT E Buy at the redemption price of the amount the Group's contribution attributable to redeemable convertible preference shares plus the higher of (i) simple rate of 10% per annum or (ii) per share fair value on the redeemable convertible preference shares. In the event of liquidation, the Group ranks in priority to other classes of shares in MMT E Buy at the price of the amount the Group's contribution attributable to redeemable convertible preference shares plus all accrued or declared but unpaid dividends to such shares. As the rights and obligations of the ownership over this redeemable convertible preference shares is substantially different from the ownership of ordinary shares of MMT E Buy, the Group's investment in this redeemable convertible preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL in note 24.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

MMT E Buy (Continued)

Other than the terms mentioned above, the Group has the rights to vote in the meetings of MMT E Buy and the Group has the rights to appoint one out of three directors to MMT E Buy. The relevant activities of MMT E Buy are controlled by the board of directors and the decisions of the board of directors are made through the majority vote in the meetings of board of directors. Accordingly, the Group is able to exercise significant influence over MMT E Buy.

The functional currency of MMT E Buy is RMB. For financial reporting purpose, the assets and liabilities of MMT E Buy are translated into HK$ using exchange rates prevailing at the end of the reporting period, while income and expenses items are translated at the average exchange rate for the year. Details of the financial information of MMT E Buy are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Non-current assets	**20,821**	2,059
Current assets (mainly represented by loan receivables)	**595,077**	219,853
Current liabilities (mainly represented by preference shares)	**(445,069)**	(68,602)
Non-current liabilities	**(1,839)**	(3,117)
Net assets	**168,990**	150,193

	1.1.2019 to 31.12.2019 ***HK$'000***	4.7.2018 to 31.12.2018 *HK$'000*
Revenue	**441,841**	151,118
Selling and administrative expenses and other gain and losses	**(244,264)**	(97,925)
Provision for loss allowance on financial assets	**(169,308)**	(27,468)
Tax charge	**(2,079)**	(3,398)
Profit for the year/period	**26,190**	22,327
Group's share of profit of associate for the year/period (note)	**–**	–

Note: For the purposes of HKAS 28, equity method is not applicable as the rights and obligations of the ownership over the redeemable convertible preference shares is substantially different from the ownership of ordinary shares of MMT E Buy.

17. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (Continued)

Aggregation information of associate that not individually material

	2019 HK$'000	2018 HK$'000
The Group's share of loss	–	(1,600)
Carrying amount of the Group's interests in the associate	–	3,603

18. EQUITY INSTRUMENTS AT FVTOCI

	2019 HK$'000	2018 HK$'000
Equity instruments at FVTOCI comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value (note i)	1,884,893	1,790,137
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value (note ii)	109,699	104,821
Total (note iii)	1,994,592	1,894,958

Notes:

(i) The Group held domestic shares of ZhongAn Online. The marketability of domestic shares is different from ZhongAn Online H Shares. The fair value of investment in Zhong An Online at 31 December 2019 and 31 December 2018 has been arrived at on the basis of a valuation carried out by independent professional valuers not connected with the Group. Details of the fair value estimation are set out in note 34.

During the year ended 31 December 2019, the Group purchased credit insurance over certain of the loans receivables and finance lease receivables (as disclosed in notes 22 and 23) through ZhongAn Online for an insurance premium of HK$341,000 (2018: HK$33,862,000) as part of the credit management over financing services operation of the Group.

(ii) During the year ended 31 December 2019, the Group additionally invested in an unlisted equity security in overseas of HK$11,150,000. During the year ended 31 December 2018, the Group additionally invested in three unlisted equity securities in oversea of HK$50,441,000.

(iii) the Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

19. LOAN RECEIVABLE FROM ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Shareholder's loan receivable		
– measured at FVTPL	**935,313**	1,289,063
Less: Share of loss and other comprehensive expenses of associates in excess of cost of investment	**(856,610)**	(721,917)
	78,703	567,146

RGAP is principally engaged in property development and property investment in Shanghai. The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable was considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The loan receivable is unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

Loan receivable from associates as well as the amounts due from associates as stated in note 17 represent an investment in the project of RGAP. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from associates and amounts due from associates by the Group and a detailed analysis of the particular facts and circumstances at the date of origination of the advances led to the conclusion that the contractual cash flows of the advances did not represent purely a return on time value of money and credit risk. Hence, loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. During the year, RGAP has delayed the selling plan of its property project based on market situation. As such, the Group has revised its estimates as to when the amounts due from associates and loan receivable from associates can be received. Details of the valuation techniques and key inputs are stated in note 34.

A fair value loss of HK$203,000,000 (2018: HK$158,475,000) is recognised in profit or loss during the year ended 31 December 2019.

The directors of the Company have reviewed the carrying amount of the loan receivable from associates of HK$935,313,000 (2018: HK$1,289,063,000) and amounts due from associates of HK$125,537,000 as at 31 December 2018 and considered that these amounts are fully recoverable.

20. STOCK OF PROPERTIES

	2019 *HK$'000*	2018 *HK$'000*
Properties under development	**866,726**	867,991

As at 31 December 2019, properties under development of HK$866,726,000 (2018: HK$867,991,000) represent the carrying amount of the properties expected to be completed more than one year from the end of the reporting period upon the Group's revision on the selling strategy over the properties under development during the year.

	HK$'000
Analysis of leasehold lands:	
As at 1 January 2019	387,175
Currency realignment	(8,642)
As at 31 December 2019	378,533

Effective from 1 January 2019, the carrying amount of leasehold lands is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2019.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 *HK$'000*	2018 *HK$'000*
Trade receivables from property management and property investment business	**2,530**	1,675
Trade receivables from financing services	**12,887**	28,229
	15,417	29,904
Less: allowance for credit loss	**(8,132)**	(114)
Total trade receivables	**7,285**	29,790
Interest receivables from bank deposits	**48,488**	23,092
Other receivables, deposits and prepayments (note)	**37,250**	38,711
	93,023	91,593

Note: As at 31 December 2018, the Group has prepayment of credit insurance over the loans receivables and finance lease receivables (as disclosed in notes 22 and 23) through ZhongAn Online of HK$303,000.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

As at 1 January 2018, trade receivables from contracts with customers amounted to HK$13,935,000.

The Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from invoices issuance dates. The following is an aged analysis of trade receivables from property management and property investment services presented based on invoice dates at the end of the reporting period, net of ECL:

	2019	2018
	HK$'000	*HK$'000*
Aged:		
0 to 60 days	**1,958**	1,049
61 to 180 days	**137**	283
Over 181 days	**435**	343
	2,530	1,675

The Group allows a credit period of 30 days to its customers of financing business. The following is an aged analysis of trade receivables from financing services presented based on invoice dates at the end of the reporting period, net of ECL:

	2019	2018
	HK$'000	*HK$'000*
Aged:		
0 to 30 days	**–**	–
31 to 360 days	**–**	28,115
Over 360 days	**4,755**	–
	4,755	28,115

Management of the Group closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality.

As at 31 December 2019, trade receivables from property management and property investment of HK$220,000 (2018: HK$626,000) and trade receivables from financing services of HK$4,755,000 (2018: HK$28,115,000) are past due. Out of the past due trade receivables from financing services, HK$4,755,000 (2018: HK$28,115,000) from a debtor has been past due 90 days or more which the directors of the Company do not consider as in default in view of the financial position of the guarantors of this debtor and the settlement history according to the new repayment schedule after re-negotiation from the debtor and the guarantors of this debtor.

the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. Details of the ECL of trade receivables were disclosed in note 34.

22. LOANS RECEIVABLES

	2019 HK$'000	2018 HK$'000
Factoring loans receivables with recourse (note (i))	**113,406**	240,534
Designated loan receivable through a trust (note (ii))	**–**	114,155
Other loans receivables (note (iii))	**308,437**	9,132
	421,843	363,821
Less: allowance for credit loss	**(2,768)**	(1,941)
Total	**419,075**	361,880
For the purpose of financial reporting, the loans receivables analysed as follows:		
Non-current	**–**	1,491
Current	**419,075**	360,389
Total	**419,075**	361,880

Notes:

(i) The Group provides loan factoring services to independent third parties, in terms of which the independent third parties factor to the Group a portfolio of loans or receivables originated by them to the underlying customers. According to the factoring agreements signed between the independent third parties and the Group, the legal title of the receivables of the underlying customers were transferred to the Group and the independent third parties are responsible for the management of the underlying customer receivables, including the collection of receivables from the underlying customers. Also, such receivable is guaranteed by the independent third parties and repayable by instalment based on the terms of the factoring agreement. In the event of default of repayment by the underlying customers, the Group has the right to request independent third parties to repurchase the outstanding receivables of the underlying customers plus accrued interest. The independent third parties are obliged to repay to the Group within 5 days upon their collection of money from the underlying customers, and the Group expects to realise such amounts by collecting the repayments from the independent third parties. The effective interest rates of the factoring loans receivables range mainly from 5.7% to 7.6% (2018: 6.4% to 16.0%) per annum as at 31 December 2019. The management of the Group reviews and assesses for impairment loans receivables originated by them individually and continues to monitor any significant changes.

As at 31 December 2019 and 2018, none of factoring loans receivables is past due or credit-impaired. As at 31 December 2019, none (2018: HK$222,388,000) of factoring loans receivables were insured and covered by ZhongAn Online.

22. LOANS RECEIVABLES (Continued)

Notes: (Continued)

(ii) During the year ended 31 December 2018, the Group entered into a trust loan agreement with a trustee, which is an independent third party. Pursuant to the agreement, the Group entrusted an amount of RMB100,000,000 (equivalent to HK$119,617,000) to a specific corporate borrower, which is also an independent third party, at an interest rate of 7.0% per annum. The trustee charged 0.1% per month on the loan receivable as trustee fee. This loan receivable has been fully settled during the year ended 31 December 2019.

(iii) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 4.0% to 6.5% (2018: 4.0% to 4.4%) per annum.

As at 31 December 2018, deposits of HK$12,109,000 had been received from the independent third parties by the Group to secure certain loans receivables and classified into current liabilities based on the final loan instalment due date stipulated in the loan agreements. The deposits were non-interest bearing and were repaid by the Group during the year ended 31 December 2019 upon the full settlement of the loans receivables by independent third parties.

Details of ECL on loans receivables are set out in note 34.

Transfers of financial assets

The followings were the loans receivables as at 31 December 2018 that were transferred to financial institutions by factoring loans receivables on a full recourse basis. As the Group has retained substantially all the risks and rewards of ownership of these loans receivables, it continues to recognise the full carrying amount of the loans receivables and has recognised the cash received on the transfer as secured factoring loan (see note 29). These financial assets are carried at amortised cost in consolidated statement of financial position.

	2018 *HK$'000*
Carrying amount of transferred assets	221,861
Carrying amount of associated liabilities	(216,062)

23. Finance lease receivables

The Group purchased equipment from independent third parties and leased these equipment to lessees under finance leases. All leases are denominated in RMB. The term of finance leases entered into is one to five years.

	Minimum lease payments As at 31 December 2019 *HK$'000*	Present value of minimum lease payments As at 31 December 2019 *HK$'000*
Finance lease receivables comprise:		
Within one year	5,597	5,182
In the second year	446	423
In the third year	79	72
In the fourth year	34	33
Gross investment in the lease	6,156	5,710
Less: Unearned finance income	(446)	N/A
Present value of lease obligations	5,710	5,710
Less: Impairment loss allowance	(3,733)	(3,733)
	1,977	
Less: Amounts receivable within one year (shown as current assets)		(1,561)
Amount receivable after one year (shown as non-current assets)		416

23. Finance lease receivables (Continued)

	Minimum lease payments As at 31 December 2018 *HK$'000*	Present value of minimum lease payments As at 31 December 2018 *HK$'000*
Amount receivable:		
Not later than one year	96,904	84,221
More than one year but not exceeding two years	74,526	70,406
Less: Unearned finance income	(16,803)	N/A
Present value of lease obligations	154,627	154,627
Less: Impairment loss allowance	(1,256)	(1,256)
	153,371	
Less: Amounts receivable within one year (shown as current assets)		(84,221)
Amount receivable after one year		69,150

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The effective interest rates of the finance leases as at 31 December 2019 range from 9.2% to 12.8% (2018: 9.2% to 12.8%) per annum.

As at 31 December 2019, finance lease receivables of HK$1,977,000 (2018: HK$153,371,000) were guaranteed by related parties of customers and secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

As at 31 December 2019 and 2018, the finance lease receivables are secured over the leased assets, mainly machinery leased. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

23. Finance lease receivables (Continued)

Fair value of collateral are estimated during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is reassessed by reference to market value such as recent transaction price of the assets.

The finance lease receivables of HK$572,000 (2018: HK$9,535,000) at 31 December 2019 are neither past due nor impaired.

As at 31 December 2018, the directors of the Company do not consider finance lease receivables of HK$143,836,000 from a lessee, which has past due finance lease receivables during the year, as in default in view of the financial position of the guarantors of this debtor and the settlement history according to the new repayment schedule after re-negotiation from the debtor and the guarantors of this debtor. These finance lease receivables are fully settled during the year ended 31 December 2019.

As at 31 December 2019, the directors of the Company do not consider finance lease receivables of HK$1,629,000 from a lessee, which has past due finance lease receivables during the year, as in default in view of the settlement history of the lessee.

Details of ECL on finance lease receivables are set out in note 34.

24. OTHER FINANCIAL ASSETS AT FVTPL

	2019 *HK$'000*	2018 *HK$'000*
Other financial assets at FVTPL		
– Equity securities listed in Hong Kong	**15,035**	17,696
– Equity securities listed in the overseas	**8,833**	–
– Equity securities listed in the PRC	**43,152**	66,372
– Investments in Redeemable Preference Shares (note i)	**581,489**	600,000
– Investments in redeemable convertible preference shares of an entity (note ii)	**111,607**	113,482
– Senior notes listed in Hong Kong	**14,352**	–
– Senior notes listed overseas	**33,647**	13,892
– Coupon notes linked with listed equity securities	**53,129**	57,142
– Unlisted fund investments in the PRC	**97,316**	373,289
– Unlisted fund investments overseas	**121,834**	62,673
	1,080,394	1,304,546
Non-current	**693,096**	–
Current	**387,298**	1,304,546
	1,080,394	1,304,546

Notes:

(i) As disclosed in note 17, the Group has Redeemable Preference Shares of RMB480,000,000 (2018: RMB526,451,000) as at 31 December 2019. ZhongAn International have the right to redeem from the Group all or any portion of Redeemable Preference Shares within 5 years from the date of the issuance of Redeemable Preference Shares (which term shall be renewed automatically every 5 years, subject to any veto by any of the Group or ZhongAn Technology Services) at the principal amount of the Redeemable Preference Shares being redeemed plus simple rate of 5.5% per annum on the amount redeemed calculated from the date of the relevant contribution by the Group on pro-rata basis. The Group did not have any voting rights from Redeemable Preference Shares and did not have any right to receive dividend from ZhongAn International. In the event of liquidation of ZhongAn International, the Group ranks in priority to other classes of shares in ZhongAn International. As the rights and obligations of the ownership over Redeemable Preference Shares is different from the ownership of ordinary shares of ZhongAn International, the Group's investment in Redeemable Preference Shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

The Group has subscribed additional Redeemable Preference Shares of HK$106,276,000 (equivalent to RMB93,549,000) during the year ended 31 December 2019. Also, ZhongAn International exercised its rights to redeem Redeemable Preference Shares of HK$159,091,000 (equivalent to RMB140,000,000) during the same year. Subsequent to the end of the reporting period, ZhongAn International exercises its rights to redeem all remaining Redeemable Preference Shares of the Group. Upon the redemption, the Group will have no further investments in Redeemable Preference Shares.

24. OTHER FINANCIAL ASSETS AT FVTPL (Continued)

Notes:– (Continued)

(ii) During the year ended 31 December 2018, the Group subscribed a redeemable convertible preference shares in MMT E Buy with a cash consideration of HK$113,482,000. As the rights and obligations of the ownership over this redeemable convertible preference shares are substantially different from the ownership of ordinary shares of the MMT E Buy, the Group's investment in this redeemable convertible preference shares is accounted for in accordance with HKFRS 9 and measured at FVTPL.

Details of the fair value estimation on other financial assets at FVTPL are set out in note 34.

25. LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Long-term bank deposits

Long-term bank deposits are deposits with banks with a maturity period of more than twelve months at the date of inception. Long-term bank deposits will mature after 12 months from the end of the reporting period and are therefore classified as non-current assets as at 31 December 2019 and 2018. The deposits carry interest at prevailing market rate 3.85% (2018: 3.85%) per annum.

Short-term bank deposits/pledged bank deposits/cash and cash equivalents

	2019	2018
	HK$'000	*HK$'000*
Cash and cash equivalents consist of:		
Bank balances and cash	**1,156,382**	1,001,734
Deposits in the brokers' house that can be withdrawn anytime with no penalty	**307,570**	536,979
Total	**1,463,952**	1,538,713

Short-term bank deposits are deposits with banks with a maturity period of more than three months at the date of inception. Short-term bank deposits will mature within 12 months from the end of the reporting period and are therefore classified as current assets as at 31 December 2019 and 2018. The deposits carry interest at prevailing market rate ranging from 3.58% to 3.85% (2018: 3.58% to 3.90%) per annum.

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2019, the Group has placed pledged bank deposits of HK$758,929,000 (2018: HK$776,256,000) to secure the long-term bank borrowings granted to the Group. Thus, such pledged bank deposits are classified as non-current assets as at 31 December 2019.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.00% to 4.18% (2018: 0.00% to 4.18%) per annum at 31 December 2019.

25. LONG-TERM BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Short-term bank deposits/pledged bank deposits/cash and cash equivalents (Continued)

Deposits in the brokers' house are for securities trading purpose. The deposits are interest-free, have no maturity date and there is no restriction on withdrawal of the deposits.

At the end of the reporting period, the Group has the following pledged bank deposits, long-term and short-term bank deposits and cash and cash equivalents denominated in foreign currencies of the relevant group entities:

	2019	2018
	HK$'000	*HK$'000*
USD	**6,111**	39,559
HK$	**34,310**	23,827
RMB	**2,800**	1,596

For long-term and short-term bank deposits, pledged bank deposits and cash and cash equivalents, the Group only transacts with reputable banks and financial institutions with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12-month ECL is insignificant as at 31 December 2019 and 2018.

26. STRUCTURED DEPOSITS

The Group entered into deposit placement with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain interest rates quoted in the market as specified in the relevant agreements.

Major terms of the structured deposits at the end of the reporting period are as follows:

At 31 December 2019

Principal amount	**Maturity**	**Annual interest rate**	**Note**
RMB366,000,000	February 2020 to July 2020	from 0.3% to 4.05%	(i)

At 31 December 2018

Principal amount	**Maturity**	**Annual interest rate**	**Note**
RMB210,000,000	January 2019 to August 2019	from 0.3% to 4.1%	(i)

26. STRUCTURED DEPOSITS (Continued)

Note:

(i) The annual interest rate is dependent on whether 3 months or 6 months London Inter Bank Offered Rate for deposits in USD falls within ranges as specified in the relevant deposits placement during the year from inception date to maturity date of the relevant agreements.

Because the contractual cash flows of structured deposits do not represent solely the payments of principal and interest on the principal amount outstanding, structured deposits are measured at FVTPL. Details of the fair value measurement over the structured deposits are disclosed in note 34.

At 31 December 2019, the Group has pledged structured deposits of HK$123,884,000 (2018: HK$116,438,000) to secure the short-term bank borrowings granted to the Group.

27. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**35,054**	39,807
Other payables for construction work	**188,204**	206,429
Deposits received for rental	**29,802**	38,151
Advance lease payments	**22,929**	16,471
Deposits received for management fee	**53,384**	40,893
Deposits received from customers of loans receivables	**–**	12,166
Other tax payables	**17,506**	20,945
Salaries payable and staff welfare payables	**58,677**	51,592
Other payables and accrued charges	**47,801**	74,934
	453,357	501,388

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**5,288**	5,808
91 to 180 days	**3,030**	1,529
181 to 360 days	**154**	125
Over 360 days	**26,582**	32,345
	35,054	39,807

27. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

As at year end, the Group has outstanding payables in relation to acquisition and/or construction of property, plant and equipment, investment properties and stock of properties amounting to HK$47,409,000 (2018: HK$51,465,000), HK$10,509,000 (2018: HK$16,780,000) and HK$130,286,000 (2018: HK$138,184,000) respectively which are included in other payables for construction work respectively.

Deposits received for rental and advance lease payments were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in note 2.

28. CONTRACT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Property management	**3,364**	2,819
Others	**7,355**	8,046
	10,719	10,865

When the Group receives a deposit before the provision of services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a one year deposit for certain property management and other services.

For the contract liabilities as at 31 December 2018 and 1 January 2018 of HK$10,865,000 and HK$13,450,000 respectively, the entire balances are recognised as revenue during the year ended 31 December 2019 and 2018.

29. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank borrowings – secured	**797,586**	786,771
Bank borrowings – unsecured	**–**	22,831
Other borrowings – unsecured	**–**	1,140
Factoring loans – secured	**–**	216,062
	797,586	1,026,804
Carrying amounts repayable based on a schedule repayment term:		
Within one year	**112,167**	125,143
More than one year but not exceeding two years	**685,167**	171
More than two years but not exceeding five years	**252**	685,428
	797,586	810,742
Carrying amounts of factoring loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**–**	216,062
	797,586	1,026,804
Less: Amount classified as current liabilities	**(112,167)**	(341,205)
Amount due after one year and classified as non-current liabilities	**685,419**	685,599

At 31 December 2019, bank borrowings of HK$112,586,000 (2018: HK$101,000,000) carried at fixed interest rate. At 31 December 2019, bank borrowings of HK$685,000,000 (2018: HK$708,602,000) carried interest at benchmark interest rate as stipulated by the People's Bank of China or Hong Kong Interbank Offered Rate plus or minus a certain percentage. As at 31 December 2018, the unsecured bank borrowings were also guaranteed by Shenzhen Mangrove West Coast Property Development Co., Ltd. ("SMWC"), one of the subsidiaries of the Group.

The other borrowings of RMB1,000,000 (equivalent to HK$1,140,000) as at 31 December 2018 represented an unsecured borrowing from a non-bank financial institution in the PRC carrying interest at 6.5% per annum and repayable within one year.

The Group's factoring loans as at 31 December 2018 represented the loans receivables of the Group discounting to financial institutions of the PRC on a full recourse basis with fixed interest rate. Details of loans receivables are disclosed in note 22.

The interest rates as at the end of the reporting period for the loans range from 2.68% to 4.41% (2018: 3.25% to 6.96%) per annum.

30. LEASE LIABILITIES

	2019
	HK$'000
Lease liabilities payable:	
Within one year	**8,895**
Within a period of more than one year but not more than two years	**8,989**
Within a period of more than two year but not more than five years	**2,297**
	20,181
Less: Amount due for settlement with 12 months shown under current liabilities	**(8,895)**
Amount due for settlement after 12 months shown under non-current liabilities	**11,286**

Lease obligations are denominated in the respective functional currencies of group entities.

31. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**3,191**	828
Deferred tax liabilities	**(841,148)**	(825,060)
	(837,957)	(824,232)

31. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The following are the major deferred tax (liabilities) and assets recognised and movements thereon during the current and prior years:

	Revaluation on investment properties HK$'000	Revaluation of equity instruments at FVTOCI HK$'000	Revaluation of other financial assets at FVTPL HK$'000	ECL provision HK$'000	Undistributed profits of subsidiaries HK$'000	Total HK$'000
At 1 January 2018	(354,672)	(1,181,335)	(1,744)	688	(41,649)	(1,578,712)
Currency realignment	16,871	29,855	133	(37)	1,902	48,724
(Charge) credit to profit or loss	(20,455)	–	(1,591)	177	–	(21,869)
Charge to other comprehensive income	–	727,625	–	–	–	727,625
At 31 December 2018	(358,256)	(423,855)	(3,202)	828	(39,747)	(824,232)
Currency realignment	8,018	10,508	213	(58)	725	19,406
(Charge) credit to profit or loss	(1,136)	–	(7,920)	2,421	9,091	2,456
Charge to other comprehensive income	–	(35,587)	–	–	–	(35,587)
At 31 December 2019	(351,374)	(448,934)	(10,909)	3,191	(29,931)	(837,957)

At the end of the reporting period, the Group has estimated unused tax losses of HK$87,360,000 (2018: HK$112,832,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams and such losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$882,378,000 (2018: HK$698,738,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributable retained earnings earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK$1,641,947,000 (2018: HK$2,002,984,000) as the directors of the Company are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

32. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Shares of HK$0.10 each		
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 31 December 2019	3,541,112,832	354,111

There was no movement in the Company's share capital for both years.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 29, and equity attributable to owners of the Company, comprising share capital and reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL	**1,567,579**	2,236,955
Financial assets at amortised cost	**2,801,913**	3,096,225
Equity instruments at FVTOCI	**1,994,592**	1,894,958
Financial liabilities		
Amortised cost	**1,138,265**	1,429,297

Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, loan receivable from associates, loans receivables, trade and other receivables and deposits, amounts due from associates, financial assets at FVTPL, long-term and short-term bank deposits, structured deposits, pledged bank deposits, cash and cash equivalents, borrowings, trade payables, deposits received and accrued charges. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management of the Group considers the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries). There were certain bank balances are denominated in foreign currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

Since the exchange rate of HK$ is pegged with USD, the Group does not expect any significant movements in USD/HK$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between USD and HK$. The Group's sensitivity is based on 5% increase and decrease in the functional currency of the respective group entity against relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

At the end of the reporting period, the Group has the following financial assets denominated in foreign currencies of the relevant group entities:

	2019	2018
	HK$'000	*HK$'000*
Cash and cash equivalents denominated in:		
USD against RMB as functional currency	**1,341**	4,343
USD against HK$ as functional currency	**4,770**	35,216
HK$ against RMB as functional currency	**34,310**	23,827
RMB against HK$ as functional currency	**2,800**	1,596
Loan receivable from associates denominated in USD against RMB as functional currency	**78,703**	567,147
Amounts due from associates denominated in USD against RMB as functional currency	**–**	125,537
Financial assets at FVTOCI denominated in:		
USD against HK$ as functional currency	**71,915**	58,191
Other financial assets at FVTPL denominated in:		
USD against HK$ as functional currency	**149,006**	136,527
HK$ against RMB as functional currency	**11,655**	5,827

If foreign currencies had weakened/strengthened 5% against the respective functional currencies and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2019 would increase/decrease by HK$4,830,000 (2018: HK$27,310,000). This is mainly attributable to the Group's exposure to foreign currency exchange rate on the bank balances and loan receivable from associates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable from associates, loans receivables, Redeemable Preference Shares and redeemable convertible preference shares of an entity, fixed-rate finance lease receivables, borrowings and lease liabilities as at 31 December 2019 and 2018 and amounts due from associates as at 31 December 2018. The Group is also exposed to cash flow interest rate risk in relation to variable-rate long-term and short-term bank deposits, structured deposits, bank balances, pledged bank deposits and bank borrowings as at 31 December 2019 and 2018.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest revenue:		
– Financial assets at amortised costs	**29,921**	92,775
Other income:		
– Financial assets at amortised costs	**76,216**	75,633
Total interest income	**106,137**	168,408

Total interest expenses from financial liabilities that are not measured at FVTPL is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest expenses:		
– Financial liabilities at amortised costs	**34,339**	51,695
– Lease liabilities	**439**	–
	34,778	51,695

<u>*Sensitivity analysis*</u>

The management of the Group considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and pledged bank deposits as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for financial instruments at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes took place at the beginning of the financial year with other variables held constant throughout the reporting period. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss after taxation for the year ended 31 December 2019 would increase/decrease by HK$1,037,000 (2018: HK$1,758,000). This is mainly attributable to the Group's exposure to interest rates on variable-rate structured deposits and bank borrowings in the PRC.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis (Continued)

Sensitivity analysis on loan receivable from associates (2018: loan receivable from associate and amounts due from associates) and investment in Redeemable Preference Shares and redeemable convertible preference shares of an entity is disclosed in sub-heading of fair value measurements of financial instruments in this note.

Other price risk

The Group is exposed to price risk through its financial assets at FVTPL (not including investment in Redeemable Preference Shares and redeemable convertible preference shares of an entity) and equity instruments at FVTOCI.

For equity securities measured at FVTPL quoted in the stock exchanges, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in diversified industry sectors for long term strategic purposes which had been designed as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year end exposure does not reflect the exposure during the year.

The sensitivity analyses below have been determined based on the exposure to equity price risks.

If the prices of the respective instruments had been 10% higher/lower, loss after taxation for the year ended 31 December 2019 decrease/increase by HK$9,237,000 (2018: HK$8,180,000) as a result of the changes in fair value of respective financial assets and investments revaluation reserve for the year ended 31 December 2019 decrease/increase by HK$149,594,000 (2018: HK$142,122,000) as a result of the change in fair value of equity instruments at FVTOCI.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position;
- financial lease receivables; and
- the amount of contingent liabilities disclosed in note 38.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers, loans receivables and finance lease receivables

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Credit risk of loans receivables and finance lease receivables are assessed individually. During the year ended 31 December 2019, the Group refined its credit risk assessment on trade receivables from financial services from group assessment under a provision matrix to individual assessment. The trade receivables from property management and property investment business are grouped under a provision matrix into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment on loans receivables and finance lease receivables individually as at 31 December 2019.

Other than the above, the management of the Group also managed the credit risk of loans receivables and finance lease receivables through the purchase of credit insurance through ZhongAn Online during the year ended 31 December 2019 and 2018.

In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and deposits

Management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

Long-term and short-term bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents

The credit risk on long-term and short-term bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents of the Group is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies and no history of default in the past. No loss allowance provision for long-term and short-term bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents was recognised. The Group has limited exposure to any single financial institution.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Long-term and short-term bank deposits, including interest receivables, pledged bank deposits and cash and cash equivalents (Continued)

The Group does not have any significant concentration of credit risk, except from finance lease receivables, 82% (2018: 94%) of which is due from one debtor operating in technology development business (2018: one entity operating in bike-sharing business), from loans receivables, 59% (2018: 61%) of which is a debtor operating in commercial factoring (2018: online trading) and from trade receivables, 65% (2018: 78%) of which is a debtor operating in bike-sharing business.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ finance lease receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (non-credit-impaired)	12-month ECL
Medium risk	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL (non-credit-impaired)	12-month ECL
High risk	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL (non-credit-impaired)	Lifetime ECL (non-credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, finance lease receivables and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating (note v)	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts 2019 *HK$'000*	2018 *HK$'000*
Financial assets at amortised costs						
Loans receivables (note i)	22	N/A	Low risk	12-month ECL	**258,178**	249,666
			Medium risk	12-month ECL	**163,665**	114,155
Trade receivables (note ii)	21	N/A	N/A	Lifetime ECL (provision matrix)	**2,530**	29,904
			High risk	Lifetime ECL	**12,887**	–
Other receivables and deposits	21	N/A	(note iii)	12-month ECL	**16,953**	20,375
		Aa2 – Baa2	N/A	12-month ECL	**48,488**	23,092
Long-term bank deposits	25	Aa2 – Baa2	N/A	12-month ECL	**54,449**	50,228
Short-term bank deposits	25	Ba2	N/A	12-month ECL	**12,846**	141,919
Pledged bank deposits	25	Aa2 – Baa2	N/A	12-month ECL	**778,865**	776,857
Cash and cash equivalents	25	Aa2 – Baa2	N/A	12-month ECL	**1,463,952**	1,538,713
Other items						
Finance lease receivables (note iv)	23	N/A	Low risk	Lifetime ECL	**–**	143,836
			Medium risk	Lifetime ECL	**348**	10,791
			High risk	Lifetime ECL	**5,362**	–
Financial guarantee contracts (note vi)	38	N/A	Low risk	12-month ECL	**11,057**	12,725

Notes:

(i) Loans receivables are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, the nature and prospect of the debtor's operation. The loss rate ranging from 0.3% to 1.2% (2018: 0.3% to 1.0%) is applied to the debtors. As at 31 December 2019, the impairment loss allowance on loans receivables is HK$2,768,000 (2018: HK$1,941,000).

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(i) (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

As at 31 December 2019, none (2018: HK$222,388,000) of loans receivables were insured and covered by ZhongAn Online.

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. During the year ended 31 December 2019, the Group refined its impairment assessment on trade receivables from financial services from group assessment under a provision matrix to individual assessment. To measure the ECL of trade receivables from property management and property investments business, trade receivables have been grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. Management of the Group considers that the ECL for trade receivables is insignificant as the debtors have good settlement history, except for a debtor from financial services with gross carrying amount of HK$12,887,000 (2018: HK$28,229,000) as at 31 December 2019.

The directors of the Company do not consider this balance as in default in view of the continuous discussion and assessment of this debtor. The management of the Group estimated a loss rate of 63.1% (2018: 0.41%) over the gross carrying amount of this debtor. As at 31 December 2019, the impairment loss allowance on trade receivables is HK$8,132,000 (2018: HK$114,000)

(iii) For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due	**Not past due/ no fixed repayment terms**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
2019			
Other receivables and deposits	**–**	**16,953**	**16,953**

	Past due	Not past due/ no fixed repayment terms	Total
	HK$'000	*HK$'000*	*HK$'000*
2018			
Other receivables and deposits	–	20,375	20,375

Based on the assessment of the management, the ECL on other receivables and deposits is insignificant.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(iv) The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of finance lease receivables, the debtors are assessed individually by the management of the Group by reference to past default experience, current past due exposure of the debtor, as well as the nature and prospect of the debtor's operation. The loss rate ranging from 2.1% to 69.6% (2018: 0.8% to 1.5%) is applied to the debtors. As at 31 December 2019, the impairment loss allowance on finance lease receivables is HK$3,733,000 (2018: HK$1,256,000).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort.

(v) External credit rating are from international credit-rating agency Moody's.

(vi) For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$11,057,000 (2018; HK$12,725,000) as at 31 December 2019. At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. Based on the assessment of the management, the ECL on financial guarantee contracts is insignificant.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of loss allowances that has been recognised for loans receivables which is measured under 12-month ECL and trade receivables and finance lease receivables which is measured under lifetime ECL:

	12-month ECL Loans receivables	Lifetime ECL (not credit-impaired) Finance lease receivables	Trade receivables
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2018	2,631	120	–
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(1,417)	–	–
New financial assets originated or purchased	827	1,181	117
Currency realignment	(100)	(45)	(3)
As at 31 December 2018	1,941	1,256	114
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(1,932)	(1,136)	–
– Impairment losses recognised	–	3,687	8,166
New financial assets originated or purchased	2,819	–	–
Currency realignment	(60)	(74)	(148)
At 31 December 2019	2,768	3,733	8,132

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Changes in the loss allowances for loans receivables, finance lease receivables and trade receivables are mainly due to:

	2019		2018	
	Increase (decrease) in 12-month ECL	**Increase (decrease) in lifetime ECL (not credit-impaired)**	Increase (decrease) in 12-month ECL	Increase (decrease) in lifetime ECL (not credit-impaired)
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Repayment from:				
– loans receivables with gross carrying amount of HK$354,689,000 (2018: HK$420,816,000)	**(1,932)**	**–**	(1,417)	–
– finance lease receivables with gross carrying amount of HK$143,836,000	**–**	**(1,136)**	–	–
Advance of:				
– loans receivables with gross carrying amount of HK$412,558,000 (2018: HK$209,402,000)	**2,819**	**–**	827	–
– finance lease receivables with gross carrying amount of HK$143,836,000 in 2018	**–**	**–**	–	1,181
Recognition of a trade debtor with gross carrying amount of HK$28,229,000	**–**	**–**	–	117
Increase of credit risk of				
– finance lease receivables with gross carrying amount of HK$5,362,000	**–**	**3,687**	–	–
– trade debtor with gross carrying amount of HK$12,887,000	**–**	**8,166**	–	–

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits and cash and cash equivalents) which is expected adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2019
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2019						
Trade payables, deposits received and accrued charges	–	106,702	233,977	–	340,679	340,679
Financial guarantees (Note)	–	11,057	–	–	11,057	–
Borrowings	3.67	2,456	137,808	701,521	841,785	797,586
Lease liabilities	5.47	749	9,012	11,690	21,451	20,181
		120,964	380,797	713,211	1,214,972	1,158,446

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2018
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2018						
Trade payables, deposits received and accrued charges	–	156,257	246,236	–	402,493	402,493
Financial guarantees (Note)	–	12,725	–	–	12,725	–
Borrowings	4.48	230,224	141,841	727,762	1,099,827	1,026,804
		399,206	388,077	727,762	1,515,045	1,429,297

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Note: The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the mortgage loans are defaulted by the counterparties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under that arrangement. However, this estimate is subject to change depending on the probability of the counterparties would default on the relevant loans under the guarantee which is a function of the likelihood that the financial receivables held by banks which are guaranteed suffer credit losses. Details refer to note 38.

Factoring loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK$216,062,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the financial institutions will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such factoring loans will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted average interest rate	On demand or less than 1 month	1 month to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings							
As at 31 December 2018	6.96	29,098	191,621	–	–	220,719	216,062

34. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)
	31.12.2019	31.12.2018		
	HK$'000	*HK$'000*		
Domestic shares of an entity listed in Hong Kong classified as equity instruments at FVTOCI	**1,884,893**	1,790,137	Level 3	Average-price Asian Put Option model (note i)
Unlisted equity securities classified as equity instruments at FVTOCI	**109,699**	104,821	Level 2	Net asset value of the entity (i.e. fair value of the portfolio included in the entity)
Unlisted fund investments classified as financial assets at FVTPL	**219,150**	435,962	Level 2	Net asset value of fund (i.e. fair value of the portfolio included in the fund)
Investment in listed equity securities held-for-trading	**67,020**	84,068	Level 1	Quoted bid prices in an active market
Redeemable Preference Shares classified as financial assets at FVTPL	**581,489**	600,000	Level 3	Discounted cash flow based on the estimated future cash flows that are discounted at rate of 5.5% (2018: 5.5%) (note ii)
Redeemable convertible preference shares classified as financial assets at FVTPL	**111,607**	113,482	Level 3	Expected redemption price (2018: Direct comparison approach for business value and Black Scholes Option Pricing model for equity allocation) (note iii)
Coupon notes linked with listed equity securities classified as financial assets at FVTPL	**53,129**	57,142	Level 3	Quoted prices from financial institutions
Investment in listed senior notes	**47,999**	13,892	Level 2	Recent transaction prices
Structured bank deposits	**408,482**	239,726	Level 3	Quoted prices from financial institutions
Loan receivable from associates	**78,703**	567,146	Level 3	Discounted cash flow based on the estimated future cash flows (including the key impact of 3.0% (2018: 2.8%) growth rate) that are expected to be received by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 18.3% (2018: 18.5%) (note iv)
Amounts due from associates	**–**	125,537	Level 3	

34. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Notes:

(i) The key inputs of valuation of ZhongAn Online's domestic shares at fair value included (i) share price of ZhongAn Online H Shares as at 31 December 2019 of HK$28.10 (2018: HK$25.05) per share; and (ii) discount for lack of marketability. The discount for lack of marketability is determined based on Average-price Asian put option model with unobservable inputs of (i) expected time for conversion of domestic shares to listed shares of 2.5 years (2018: 3 years), (ii) volatility of ZhongAn Online H Shares of 50% (2018: volatility of comparable entities in the same industry of ZhongAn Online of 30%); and (iii) expected dividend yield of 0% (2018: 0%).

A 1 year increase/decrease in expected time for conversion holding all other variables constant would decrease/increase the fair value on ZhongAn Online's domestic shares by HK$68,129,000/HK$68,129,000 (2018: HK$20,341,000/HK$40,683,000). A 5% increase/decrease volatility holding all other variables constant would decrease/increase the fair value on ZhongAn Online's domestic shares by HK$45,419,000/HK$22,710,000 (2018: HK$20,341,000/HK$40,683,000). A 5% increase in expected dividend yield all other variables constant would increase the fair value on ZhongAn Online's domestic shares by HK$45,419,000 (2018: HK$40,683,000).

(ii) A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the fair value of Redeemable Preference Shares by HK$17,481,000/HK$17,305,000 (2018: HK$25,658,000/HK$25,658,000).

(iii) As at 31 December 2018, the key inputs of valuation of redeemable convertible preference shares at fair value included (i) total return of comparable entities in the same industry of MMT E Buy of 70% and (ii) volatility of comparable of 68%. A 5% increase/decrease in total return holding all other variables constant would increase/decrease the fair value of redeemable convertible preference shares by HK$9,235,000/HK$10,026,000. A 5% increase/decrease in volatility holding all other variables constant would decrease/increase the fair value of redeemable convertible preference shares by HK$1,941,000/HK$1,973,000.

In January 2020, the Group has redeemed 214,286 shares of redeemable convertible preference shares at consideration of RMB57,370,000 (equivalent to HK$64,029,000).

(iv) A 0.5% increase/decrease in the growth rate holding all other variables constant would increase/decrease the fair value on loan receivable from associates by HK$45,801,000/HK$41,932,000 (2018: HK$46,792,000/HK$54,593,000) as at 31 December 2019 and amounts due from associates by HK$8,617,000/HK$9,444,000 as at 31 December 2018. A 0.5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the fair value on loan receivable from associates by HK$39,041,000/HK$50,127,000 (2018: HK$49,604,000/HK$50,088,000) and amounts due from associates by HK$8,575,000/HK$8,664,000) as at 31 December 2018.

There were no transfers between Level 1, 2 and 3 during both years.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

34. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Other financial assets at FVTPL HK$'000	Loan receivables from associates HK$'000	Amount due from associates HK$'000	Financial assets at FVTOCI HK$'000	Structured bank deposits HK$'000	Total HK$'000
At 1 January 2018 after application of HKFRS 9	131,655	895,967	140,455	4,807,679	577,751	6,533,507
Purchase	1,053,133	–	–	–	–	1,053,133
Disposal/settlement	(399,795)	–	–	–	–	(399,795)
Placement of structured deposits	–	–	–	–	1,208,973	1,208,973
Withdrawal of structured deposits	–	–	–	–	(1,531,287)	(1,531,287)
Advance to associates	–	–	14,299	–	–	14,299
Share of results of associate	–	(158,563)	–	–	–	(158,563)
Currency realignment	–	(34,536)	(6,464)	(123,729)	(15,711)	(180,440)
Fair value change to profit or loss	(14,369)	(135,722)	(22,753)	–	–	(172,844)
Fair value change to other comprehensive income	–	–	–	(2,893,813)	–	(2,893,813)
At 31 December 2018	770,624	567,146	125,537	1,790,137	239,726	3,493,170
Purchase	536,231	–	–	–	–	536,231
Disposal/settlement	(594,539)	–	–	–	–	(594,539)
Placement of structured deposits	–	–	–	–	725,000	725,000
Withdrawal of structured deposits	–	–	–	–	(547,727)	(547,727)
Advance to associates	–	–	13,899	–	–	13,899
Repayment from associates	–	(145,750)	(139,436)	–	–	(285,186)
Share of results of associate	–	(134,693)	–	–	–	(134,693)
Currency realignment	(1,875)	(5,000)	–	(42,407)	(8,517)	(57,799)
Fair value change to profit or loss	35,784	(203,000)	–	–	–	(167,216)
Fair value change to other comprehensive income	–	–	–	137,163	–	137,163
At 31 December 2019	746,225	78,703	–	1,884,893	408,482	3,118,303

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

Name of related party	Nature of transaction	2019 HK$'000	2018 HK$'000
Shanghai Rockefeller	Project management fee income	**26,195**	26,195
ZhongAn International	Interest income from Redeemable Preference Shares	**45,164**	–

The key management personnel are the executive directors of the Company. The details of the remuneration paid to them are set out in note 10.

36. SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group.

The Company's share options held by the directors and the employees are as follows:

	Number of share options
Exercisable at the end of the reporting period	
At 31 December 2018 and 31 December 2019	114,000,000

As at 31 December 2019, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 114,000,000 (2018: 114,000,000), representing 3.2% (2018: 3.2%) of the shares of the Company in issue at that date.

All share options granted have been vested during prior years. The share option is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK$1.37.

37. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a Mandatory Provident Fund ("MPF") Scheme for all its non-PRC employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year ended 31 December 2019, the Group made contributions to the retirement benefits schemes amounting to HK$12,145,000 (2018: HK$12,421,000).

38. CONTINGENT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**11,057**	12,725

Impairment assessment of these guarantees are disclosed in note 34 "Credit risk and impairment assessment" note (vi).

39. COMMITMENTS

Saved as disclosed elsewhere in the consolidated financial statements, the Group has following commitment at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the consolidated financial statements	**40,255**	37,184
Commitments in respect of establishment of investment fund (note)	**167,411**	–

Note: Details of the term are disclosed in announcement of the Company dated 20 December 2019.

40. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has lease payments receivable on leases are as follows:

	2019
	HK$'000
Within one year	149,281
In the second year	97,050
In the third year	69,825
In the fourth year	29,372
In the fifth year	67,861
After five years	163,456
	576,845

The Group had contracted with tenants for future minimum lease receipts in respect of investment properties under non-cancellable operating leases which fall due as follows:

	2018
	HK$'000
Within one year	160,382
In the second to fifth year inclusive	276,008
Over five years	196,270
	632,660

The properties held have committed tenants for periods up to eleven years (2018: twelve years) after the end of the reporting period.

The Group as lessee

	2018
	HK$'000
Minimum lease payments under operating leases during the year	10,909

40. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

The Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2018
	HK$'000
Within one year	9,077
In the second to fifth year inclusive	2,033
	11,110

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to three years.

41. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

At 31 December 2019, pledged bank deposits of HK$778,865,000 (2018: HK$776,857,000), structured deposits of HK$123,884,000 (2018: HK$116,438,000) and investment properties with an aggregate carrying amount of HK$517,817,000 (2018: HK$528,539,000) were pledged to banks to secure general banking facilities granted to the Group.

Restrictions on assets

In addition, lease liabilities of HK$20,181,000 are recognised with related right-of-use assets of HK$20,077,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable *HK$'000*	**Bank borrowings** *HK$'000*	**Lease liabilities** *HK$'000*	**Total** *HK$'000*
As at 1 January 2018	–	777,303	–	777,303
Financing cash flow	(23,613)	242,677	–	219,064
Interest expenses	–	25,165	–	25,165
Dividend declared	23,613	–	–	23,613
Currency realignment	–	(18,341)	–	(18,341)
As at 31 December 2018	–	1,026,804	–	1,026,804
Adjustment upon application of HKFRS 16	–	–	9,790	9,790
As at 1 January 2019 (restated)	**–**	**1,026,804**	**9,790**	**1,036,594**
Financing cash flow	**(68,182)**	**(260,569)**	**(9,781)**	**(338,532)**
Interest expenses	**–**	**32,455**	**439**	**32,894**
Dividend declared	**68,182**	**–**	**–**	**68,182**
New leases entered/leases modified	**–**	**–**	**19,762**	**19,762**
Currency realignment	**–**	**(1,104)**	**(29)**	**(1,133)**
As at 31 December 2019	**–**	**797,586**	**20,181**	**817,767**

43. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements and modified certain lease agreements for the use of leased properties for one to two years. On the date of lease commencement or lease modification, the Group recognised HK$19,762,000 of right-of-use asset and HK$19,762,000 of lease liability.

44. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2019 and 2018 are as follows:

Name of subsidiary	Place of incorporation/ establishment/operation	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2019	2018	**2019**	2018	
AA Services (Hong Kong) Limited*	Hong Kong	HK$100,000	**100%**	–	**–**	–	Administrative service supporting
Cnhooray Internet Technology Co., Ltd. ("Cnhooray Internet") 深圳日訊網絡科技股份有限公司	PRC-Sino-foreign equity joint venture	RMB40,000,000	**–**	–	**80%**	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Firstline Investment Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Global Mark Investments Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Hu Qin Investments Management Limited	BVI/Hong Kong	USD100	**–**	–	**60%**	60%	Investment holding
Knatwood Limited	BVI/Hong Kong	USD1	**–**	–	**100%**	100%	Investment holding
Link Capital Investments Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment holding
Moreluck Enterprises Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Ocean Diamond Limited	BVI/Hong Kong	USD50,000	**–**	–	**100%**	100%	Investment holding
Ocean Hill Investments Limited	BVI/Hong Kong	USD1	**–**	–	**–**	–	Investment holding
Real Achieve Limited	BVI/Hong Kong	USD1	**100%**	100%	**–**	–	Investment holding
Shanghai Sinolink Xijiao Property Development Co., Ltd. ("Shanghai Sinolink Xijiao") 上海百仕達西郊地產發展有限公司	PRC – Limited liability company	RMB190,000,000	**–**	–	**80%**	80%	Property development

44. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/operation	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly 2019	Directly 2018	Indirectly 2019	Indirectly 2018	Principal activities
上海百仕達蘇河灣地產發展有限公司 ("百仕達蘇河灣")	PRC – Limited liability company	RMB5,000,000	**-**	-	**80%**	80%	Property development
深圳市百仕達置地有限公司 ("百仕達置地")	PRC – Limited liability company	RMB10,000,000	**-**	-	**80%**	80%	Property development
SMWC 深圳紅樹西岸地產發展有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	**-**	-	**87%**	87%	Property development
深圳百仕達商業管理有限公司 ("百仕達商業")	PRC – Limited liability company	RMB1,000,000	**-**	-	**80%**	80%	Property management
深圳百仕達酒店管理有限公司 ("百仕達酒店管理")	PRC – Limited liability company	RMB1,000,000	**-**	-	**80%**	80%	Property management
Shenzhen Sinolink Property Management Co., Ltd. ("Sinolink Management") 深圳百仕達物業管理有限公司	PRC – Limited liability company	RMB5,000,000	**-**	-	**80%**	80%	Property management
Sinolink Assets Management Limited	BVI/Hong Kong	USD2	100%	100%	-	-	Investment holding
Sinolink LPG Development Limited	BVI/Hong Kong	USD1	-	-	100%	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI/Hong Kong	USD1	-	-	100%	100%	Investment holding
Sinolink Progressive Limited	BVI/Hong Kong	USD47,207	100%	100%	-	-	Investment holding
Sinolink Properties Agent Limited 百仕達物業代理有限公司	Hong Kong	HK$10,000	-	-	100%	100%	Dormant
Sinolink Properties Limited ("Sinolink Properties") 百仕達地產有限公司	PRC – Foreign equity joint venture	RMB375,000,000	-	-	80%	80%	Property development and property investment

44. LIST OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/operation	Issued and fully paid up share capital/registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly 2019	Directly 2018	Indirectly 2019	Indirectly 2018	Principal activities
Sinolink Shanghai Investments Ltd.	BVI/Hong Kong	USD1	100%	100%	–	–	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	–	–	100%	100%	Investment holding
Smart Orient Investments Limited	BVI/Hong Kong	USD1	100%	100%	–	–	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	100%	–	–	Investment holding
Winner Idea Limited	BVI/Hong Kong	USD1	100%	100%	–	–	Investment holding
AA Finance (Hong Kong) Limited* (formerly known as ZA Finance (Hong Kong) Limited)	Hong Kong	HK$1,000,000	100%	100%	–	–	Provision of insurance services
眾聯融資租賃(上海)有限公司	PRC – Limited liability company	RMB300,000,000	100%	100%	–	–	Financial leasing
眾安國際融資租賃(天津)有限公司	PRC – Limited liability company	RMB1,000,000,000	100%	100%	–	–	Financial leasing
眾安國際商業保理(天津)有限公司	PRC – Limited liability company	RMB50,000,000	100%	100%	–	–	Business factoring and other loan financing services
深圳市百仕達信息諮詢有限公司	PRC – Limited liability company	RMB1,000,000	100%	100%	–	–	Consultancy services in relation to information, investment and corporate management

* This subsidiary is newly incorporated/established during the year ended 31 December 2019.

Except for the investment holding companies or dormant companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had issued any debt securities at the end of the year.

44. LIST OF SUBSIDIARIES (Continued)

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sinolink Properties and its subsidiaries (note)	Hong Kong/PRC	**20%**	20%	**36,794**	47,013	**942,022**	997,777
Cnhooray Internet	PRC	**20%**	20%	**598**	(1,454)	**369,590**	354,482
Individual immaterial subsidiaries with non-controlling interests				**(4)**	(1,010)	**(8,626)**	(8,622)
				37,388	44,549	**1,302,986**	1,343,637

Note: The subsidiaries of Sinolink Properties include Shanghai Sinolink Xijiao, 百仕達蘇河灣, 百仕達置地, 百仕達商業, 百仕達酒店管理 and Sinolink Management.

Summarised consolidated financial information for the years ended 31 December 2019 and 2018 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Sinolink Properties and its subsidiaries

	2019	2018
	HK$'000	*HK$'000*
Non-current assets	**3,743,375**	3,826,332
Current assets	**2,464,002**	2,653,623
Non-current liabilities	**(356,895)**	(360,927)
Current liabilities	**(1,080,875)**	(1,105,252)
Net assets	**4,769,607**	5,013,776
Equity attributable to owners of the Company	**3,827,585**	4,015,999
Non-controlling interests of Sinolink Properties	**942,022**	997,777
Total equity	**4,769,607**	5,013,776

44. LIST OF SUBSIDIARIES (Continued)
Sinolink Properties and its subsidiaries (Continued)

	2019 HK$'000	2018 HK$'000
Revenue	**397,603**	385,290
Increase in fair value of investment properties	**4,545**	81,818
Other income	**92,610**	104,344
Other gain and loss	**13,260**	–
Expenses	**(304,706)**	(332,005)
Profit for the year	**203,312**	239,447
Other comprehensive expense for the year	**(101,152)**	(232,623)
Total comprehensive income for the year	**102,160**	6,824
Profit for the year attributable to:		
– owners of the Company	**166,518**	192,434
– non-controlling interests of Sinolink Properties	**36,794**	47,013
Profit for the year	**203,312**	239,447
Other comprehensive expense for the year attributable to:		
– owners of the Company	**(74,001)**	(181,158)
– non-controlling interests of Sinolink Properties	**(27,151)**	(51,465)
Other comprehensive expense for the year	**(101,152)**	(232,623)
Total comprehensive income (expense) for the year attributable to:		
– owners of the Company	**92,517**	11,276
– non-controlling interests of Sinolink Properties	**9,643**	(4,452)
Total comprehensive income for the year	**102,160**	6,824
Dividends paid	**(340,910)**	(118,065)

Note: The amount of non-controlling interests included 13% effective interest of SMWC. SMWC is 65% owned by Sinolink Properties and 35% owned by other group entities, which are wholly-owned by the Group.

44. LIST OF SUBSIDIARIES (Continued)

Sinolink Properties and its subsidiaries (Continued)

	2019 HK$'000	2018 HK$'000
Net cash inflow from operating activities	**215,847**	458,769
Net cash outflow from investing activities	**(69,389)**	(787,294)
Net cash outflow from financing activities	**(362,518)**	(61,085)
Net cash outflow	**(216,060)**	(389,610)

Cnhooray Internet

	2019 HK$'000	2018 HK$'000
Non-current assets	**1,906,734**	1,816,064
Current assets	**506,051**	500,285
Current liabilities	**(114,234)**	(118,754)
Non-current liabilities	**(450,601)**	(425,185)
Net assets	**1,847,950**	1,772,410
Equity attributable to owners of the Company	**1,478,360**	1,417,928
Non-controlling interests of Cnhooray Internet	**369,590**	354,482
Total equity	**1,847,950**	1,772,410
Other income	**3,073**	3,121
Other gain and loss	**941**	–
Expenses	**(1,026)**	(10,389)
Profit (loss) for the year	**2,988**	(7,268)
Other comprehensive income (expense) for the year	**108,911**	(2,290,158)
Total comprehensive income (expense) for the year	**111,899**	(2,297,426)

44. LIST OF SUBSIDIARIES (Continued)
Cnhooray Internet (Continued)

	2019 *HK$'000*	2018 *HK$'000*
Profit (loss) for the year attributable to:		
– the owners of Company	**2,390**	(5,814)
– non-controlling interests of Cnhooray Internet	**598**	(1,454)
Profit (loss) for the year	**2,988**	(7,268)
Other comprehensive income (expense) for the year attributable to:		
– owners of Company	**87,129**	(1,832,127)
– non-controlling interests of Cnhooray Internet	**21,782**	(458,031)
Other comprehensive income (expense) for the year	**108,911**	(2,290,158)
Total comprehensive income (expense) for the year attributable to:		
– owners of Company	**89,519**	(1,837,941)
– non-controlling interests of Cnhooray Internet	**22,380**	(459,485)
Other comprehensive income (expense) for the year	**111,899**	(2,297,426)
Dividends paid	**–**	–
Net cash (outflow) inflow from operating activities	**(4,382)**	27,131
Net cash inflow from investing activities	**2,936**	3,075
Net cash inflow from financing activities	**4,906**	2,367
Net cash inflow	**3,460**	32,573

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Plant and equipment	19,281	81
Unlisted investments in subsidiaries	615,584	615,484
Amount due from subsidiaries	3,993,809	4,184,680
Interests in associates	505,648	69,124
	5,134,322	4,869,369
Current assets		
Other receivables, deposits and prepayments	16,796	15,688
Bank balances and cash	35,319	27,805
Financial assets at FVTPL	593,767	605,827
	645,882	649,320
Current liabilities		
Other payables and accrued charges	764	932
Lease liabilities	8,137	–
	8,901	932
Net current assets	636,981	648,388
Total assets less current liabilities	5,771,303	5,517,757
Non-current liabilities		
Amounts due to subsidiaries	2,878,409	2,658,325
Lease liabilities	11,183	–
	2,889,592	2,658,325
Net assets	2,881,711	2,859,432
Capital and reserves		
Share capital	354,111	354,111
Reserves (Note)	2,527,600	2,505,321
	2,881,711	2,859,432

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2018	1,824,979	572,174	79,300	62,216	2,538,669
Loss and total comprehensive expense for the year	–	–	–	(33,348)	(33,348)
At 31 December 2018	1,824,979	572,174	79,300	28,868	2,505,321
Profit and total comprehensive income for the year	–	–	–	22,279	22,279
At 31 December 2019	1,824,979	572,174	79,300	51,147	2,527,600

46. EVENTS AFTER THE REPORTING PERIOD

(a) In 2020, the outbreak of Coronavirus disease 2019 ("COVID-19 outbreak") has spread across the world, including in China and it has negatively affected the Group's business operations. The extent of the impact depends on the extent of the pandemic preventive measures, the duration of the pandemic and the implementation of regulatory policies, which remains volatile at present.

Up to the date of which these financial statements are authorised for issued, the management of the Group considers that the COVID-19 outbreak may significantly affect the rental income and hotel operation income of the Group. The Group is still in the process of assessing the impacts of the COVID-19 outbreak on the financial performance and position of the Group and cannot currently provide a reasonable estimate of the quantitative impacts to the Group. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group going forward.

The COVID-19 outbreak is a non-adjusting event after the financial year end and does not result in any adjustments to the financial statements for the year ended 31 December 2019.

(b) In January 2020, ZhongAn International redeemed all Redeemable Preference Shares held by the Group at consideration of RMB511,894,000, approximately of HK$571,310,000, and the Group subscribed for an additional 588,000,000 new ordinary shares of ZhongAn International at consideration of RMB576,471,000, approximately of HK$643,383,000.

Property held for development/sale

Description		Type of use	GFA (M^2)	Effective % held	Stage of completion	Anticipated completion
1.	Land lot No. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,600	80%	Construction in progress	2021

Properties held for investment

Properties		Type of use	GFA (M^2)	Effective % held
1.	518 car parks at Residence Club House Phase 1, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	16,500	80%
2.	Unit Nos. 101,102 ad 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	20,232	80%
3.	4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	44,000	80%
4.	1,700 car parks at Residence Club House Mangrove West Coast Land lot No. T207-0026 Bin Hai Da Dao Bay Sha He Dong Road, Nanshan District Shenzhen	Car parks	84,834	80%
5.	Levels 1 to 3 of commercial podium The Vi City, Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Commercial	39,434	80%
6.	1,942 car parks Phase 5, Sinolink Garden Taining Road Luohu District Shenzhen	Car parks	72,381	80%
7.	Levels 24 to 36 of office portion and 115 car parks Sinolink Tower Taining Road Luohu District	Commercial and car parks	20,075	80%

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2019

	For the year ended 31 December				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	335,956	331,867	398,261	528,424	**448,908**
(Loss) profit before taxation	(343,018)	(142,872)	212,711	(137,209)	**(209,999)**
Taxation	(48,241)	(72,963)	(66,817)	(85,965)	**(69,188)**
(Loss) profit for the year	(391,259)	(215,835)	145,894	(223,174)	**(279,187)**
Attributable to:					
Owners of the Company	(409,456)	(245,527)	110,088	(267,723)	**(316,575)**
Non-controlling interests	18,197	29,692	35,806	44,549	**37,388**
	(391,259)	(215,835)	145,894	(223,174)	**(279,187)**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
(Loss) profit per share					
Basic	(11.56)	(6.93)	3.11	(7.56)	**(8.94)**
Diluted	(11.56)	(6.93)	3.11	(7.56)	**(8.94)**

	As at 31 December				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	9,665,103	8,952,010	15,088,273	11,362,432	**10,716,927**
Total liabilities	(1,729,732)	(1,642,187)	(3,631,356)	(3,074,784)	**(2,830,968)**
	7,935,371	7,309,823	11,456,917	8,287,648	**7,885,959**
Equity attributable to owners of the Company	6,887,921	6,300,651	9,624,048	6,944,011	**6,582,973**
Non-controlling interests	1,047,450	1,009,172	1,832,869	1,343,637	**1,302,986**
	7,935,371	7,309,823	11,456,917	8,287,648	**7,885,959**